DRAFT RED HERRING PROSPECTUS
Dated November 20, 2007
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Offer

Leading through Innovation

ACME TELE POWER LIMITED

Our Company was incorporated as 'Acme Tele Power Private Limited' on January 14, 2003 under the Companies Act, 1956, as amended. It was converted into a public limited company with effect from August 29, 2005. For details in changes of our registered office, see the section titled "History and Certain Corporate Matters" on page 62 of this Draft Red Herring Prospectus.

Registered Office and Corporate Office: DLF Infinity Tower, Building C, 9th Floor, DLF Cyber City, Phase-II, Gurgaon 122 002, Haryana, India. **Tel:** +91 124 456 1800; **Fax:** +91 124 414 7188; **Email:** ipo@acme.in; **Website:** www.acmetelepower.com, **Contact Person /Compliance Officer:** Mr. Jitendra Kumar

PUBLIC OFFER OF 17,283,580 EQUITY SHARES OF RS. 2 EACH ("EQUITY SHARE") THROUGH OFFER FOR SALE BY THE SELLING SHAREHOLDERS FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] MILLION (HEREINAFTER REFERRED TO AS THE "OFFER"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF UP TO 17,133,580 EQUITY SHARES ("THE NET OFFER") AND A RESERVATION OF UP TO 150,000 EQUITY SHARES FOR EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER WOULD CONSTITUTE UP TO 10.09% OF THE POST OFFER PAID-UP CAPITAL OF ACME TELE POWER LIMITED ("COMPANY"). THE NET OFFER WOULD CONSTITUTE 10.00% OF THE POST OFFER PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE OF FACE VALUE Rs. 2 EACH.
THE FACE VALUE OF THE EQUITY SHARES IS Rs. 2 AND THE FLOOR PRICE IS [●] TIMES THE FACE VALUE AND THE CAP PRICE IS [●] TIMES THE FACE VALUE

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

In terms of Rule 19(2)(b) of the SCRR (as defined herein), this being an Offer for less than 25% of the post Offer capital, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to our Employees, subject to valid Bids being received at or above the Offer Price.

RISK IN RELATION TO THE FIRST OFFER

This being the first public offer of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 2 per Equity Share and the Offer Price is [●] times the face value. The Offer Price (as determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer 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 Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India (the "SEBI"), nor does the SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page x of this Draft Red Herring Prospectus.

IPO GRADING

This Offer has been graded by [●] as [●], indicating [●]. For details, see the section titled "General Information" on page 11 of this Draft Red Herring Prospectus.

SELLING SHAREHOLDERS AND COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENT

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

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
kotak Investment Banking	UBS	citi	Deutsche Bank Group	KARVY Karvy Computershare Private Limited
KOTAK MAHINDRA CAPITAL COMPANY LIMITED Bakhtawar, 3rd Floor, 229, Nariman Point, Mumbai 400 021, India. Tel.: +91 22 6634 1100 Fax. : +91 22 2283 7517 E-mail: acme.ipo@kotak.com Investor Grievances Email id: kmccredressal@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole SEBI Registration No. : INM000008704	**UBS SECURITIES INDIA PRIVATE LIMITED** 2/F, Hoechst House, Nariman Point, Mumbai 400 021, India. Tel: +91 22 2286 2000 Fax: +91 22 2281 4676 Email: acme@ubs.com Investor Grievances Email id: customercare@ubs.com Website: www.ibb.ubs.com/Corporates/indianipo Contact Person: Mr. Avi Mehta SEBI Registration No.: INM000010809	**CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED** 12th Floor, Bakhtawar, Nariman Point, Mumbai 400 021, India. Tel: +91 22 6631 9999 Fax: +91 22 6631 9803 Email: acme.ipo@citi.com Investor Grievances Email id: investors.cgmib@citi.com Website: www.citibank.co.in Contact Person: Rajiv Jumani SEBI Registration No. : INM000010718	**DEUTSCHE EQUITIES INDIA PRIVATE LIMITED** DB House, Hazarimal Somani Marg, Fort, Mumbai 400 001, India. Tel: +91 22 6658 4600 Fax: +91 22 2200 6765 Email and investor grievance id: acme.ipo@db.com Website: www.db.com/ india Contact Person: Mr. Pulkit Bhandari SEBI Registration No.: INM000010833	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot No. 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081, India Tel: +91 40 2342 0815-18 Fax: +91 40 2343 1551 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration No. INR000000221

BID/OFFER PROGRAM

BID/OFFER OPENS ON	**[●], 2008**	**BID/OFFER CLOSES ON**	**[●], 2008**

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
"Acme Tele Power Limited" or "the Company" or "our Company" or "we" or "us" or "our"	Acme Tele Power Limited, a public limited company incorporated under the Companies Act, 1956, as amended

Offer Related Terms

Term	Description
Allotment/Allot	The transfer of Equity Shares from the escrow account created to hold the Equity Shares being offered by the Selling Shareholders, to the Allottee
Allottee	The successful Bidder to whom Equity Shares have been Allotted
Banker(s) to the Offer	[●]
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Offer Closing Date	The date after which the Syndicate will not accept any Bids for the Offer, which shall be notified in an English national newspaper and a Hindi national newspaper, both with wide circulation
Bid / Offer Opening Date	The date on which the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in an English national newspaper and a Hindi national newspaper, both with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid Price	The highest price at which the optional Bids have been made as indicated in the Bid cum Application Form
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding Period/ Offer Period	The period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Offer is being made
BRLMs/Book Running Lead Managers	The book running lead managers, in this case being Kotak Mahindra Capital Company Limited, UBS Securities India Private Limited, Citigroup Global Markets India Private Limited and Deutsche Equities India Private Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Offer Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Offer Price finalized by our Company and the Selling Shareholders, in consultation with the BRLMs which shall be any price within the Price Band
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Offer Account after the Prospectus is filed with the RoC, following which the Selling Shareholders shall give delivery instructions for transfer of Equity Shares to successful Bidders
Designated Stock Exchange	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated November 20, 2007 issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Offer
Eligible NRI	An NRI resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares
Employee	All or any of the following: (a) a permanent employee of the Company or of the Subsidiaries as of the date of filing the Red Herring Prospectus who are Indian nationals based in India as of [•] and are present

Term	Description
	in India on the date of submission of the Bid cum ApplicationForm. (b) a Director of the Company or of the Subsididaries, whether a whole time Director, part time Director or otherwise, as of the date of filing the Red Herring Prospectus who are Indian nationals based in India as of [•] and are present in India on the date of submission of the Bid cum Application Form.
Employee Reservation Portion	The portion of the Offer being up to 150,000 Equity Shares available for allocation to Employees
Equity Shares	Equity shares of our Company of Rs. 2 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholders, the Registrar, the BRLMs, the Syndicate Member and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account will be opened and in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, above which the Offer Price will be finalized and below which no Bids will be accepted
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount
Mutual Fund Portion	5% of the QIB Portion equal to a minimum of 514,008 Equity Shares available for allocation to Mutual Funds only
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Net Offer	Offer less the Employees Reservation Portion, consisting of 17,133,580 Equity Shares to be Allotted in the Offer at the Offer Price
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non Institutional Portion	The portion of the Net Offer being not less than 1,713,358 Equity Shares available for allocation to Non Institutional Bidders
Offer	This public offer of 17,283,580 Equity Shares of Rs. 2 each at the Offer Price by the Company through an offer for sale by the Selling Shareholders under the RHP and the Prospectus.
Offer Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date
Offer Size	17,283,580 Equity Shares of Rs. 2 each to be issued at the Offer Price of Rs. [●] each for cash aggregating up to Rs. [●] million
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Offer Opening Date and extending until the Bid/ Offer Closing Date; and With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Offer Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. [●] and the maximum price (cap of the price band) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which our Company and the Selling Shareholders, in consultation with the BRLMs, finalize the Offer Price
Promoter (s)	Mr. Manoj Kumar Upadhyay, Ms. Mamta Upadhyay and MKU Holdings Private Limited
Promoter Group	In addition to the Promoters, the following persons constitute the Promoter Group of the Company: The following natural persons constitute our Promoter group: (i) Mr. Kishan Milan Upadhyay; (ii) Ms. Sharil Kumari Upadhyay; (iii) Ms. Neelam Pandey; (iv) Ms. Medha Upadhyay;

Term	Description
	(v) Mr. Rambilas Mishra; (vi) Ms. Pratima Mishra; (vii) Ms. Pragya Sharma; (viii) Ms. Bhawana Mishra; and (ix) Ms. Namrata Mishra. The following corporate entities constitute our promotor group: (i) GS Water Treatment Technologies Private Limited; (ii) Acme Life Science Private Limited; (iii) Acme Fuel Cell Private Limited; (iv) Acme Water Treatment Private Limited; (v) Acme Energy Solutions Private Limited; (vi) Acme Cold Chain Solutions Private Limited; (vii) MKU Cyprus Limited; (viii) VRS Infotech Private Limited; (ix) Acme Global Inc.; (x) MKU Canada Inc.; (xi) 2062540 Ontario Inc., Canada; and (xii) Astris sro, Czech Republic.
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information
Public Offer Account	Account opened with the Bankers to the Offer to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Offer being a minimum of 10,280,148 Equity Shares to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
Refund Account	Account opened with an Escrow Collection Bank from which refunds of the whole or part of the Bid Amount, if any, shall be made
Refund Banker	[●]
Registrar/ Registrar to the Offer	Registrar to the Offer, in this case being, Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Net Offer being up to 5,140,074 Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least three days before the Bid/ Offer Opening Date
Selling Shareholders	MKU Holdings Private Limited, Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLMs and the Syndicate Member
Syndicate Agreement	Agreement among the Syndicate, the Company and the Selling Shareholders in relation to the collection of Bids in this Offer
Syndicate Member	Kotak Securties Limited
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The Agreement between the members of the Syndicate, Selling Shareholders and our Company to be entered into on or after the Pricing Date

Company Related Terms

Term	Description
AoA/Articles of Association	Articles of Association of our Company
Auditors	The statutory auditors of our Company, S.R. Batliboi & Co., Chartered Accountants
Board/ Board of Directors	Board of Directors of our Company
MoA/Memorandum of Association	Memorandum of Association of our Company
MKU	MKU Holdings Private Limited
Registered Office	DLF Infinity Tower, Building C, 9th Floor, DLF Cyber City, Phase-II, Gurgaon 122 002, Haryana, India.
Reime	Reime Network Implementation Services AS
Subsidiaries	The subsidiaries of our Company, namely a) Acme Tele Power Cyprus Limited, b) GS Financial Services Private Limited, c) Acme Tele Power Singapore PTE Limited, d) PT Hunter Fungsional Telekom, Indonesia, e) Reime Network Implementation Services AS, f) Reime Jarlsø AS, g) Reime Ghana Limited, h) Reime Cote d'Iviore sprl, i) Reime West Africa Limited, j) Reime DRC sprl, k) Reime Kenya Limited, l) Reime Tanzania Limited, m) Reime Uganda Limited, n) PT Reime Indonesia and o) Reime Phillipines Inc.

Industry Related Terms

Term	Description
AC	Air Conditioner
ARPU	Average Revenue Per User
BTS	Base transceiver station
COAI	Cellular Operators Association of India
DG	Diesel generator
DoT	Department of Telecommunications
EDGE	Enhanced Data rates for GSM Evolution
ESOS	The Employee Stock Option Scheme of our Company as approved in the meeting of our shareholders on October 9, 2007
FCU	Free Cooling Unit
FRP	Fibreglass reinforced plastic
GPRS	General packet radio service
ICWAI	Institute of Cost and Works Accountants of India
LCU	Line Conditioner Units, a sub-component of a PIU
MDI	Methyl diethyl isocynate
NRO	Network Rollout and Operations
PCM	Phase Change Material
PPGI	Pre-painted galvanized iron
PIU	Power Interface Unit
RCP	Rural community phone
RDEL	Rural and remote areas and individual household telephones
RPM	Revenue per minute
R&D	Research and Development
TRAI	Telecommunications Regulatory Authority of India
USO	Universal Service Obligation
VPT	Village public telephone

Conventional / General Terms and Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate

Term	Description
CBI	Central Bureau of Investigation
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
Citi	Citigroup Global Markets India Private Limited
Canada GAAP	Canadian Generally Accepted Accounting Principles
Companies Act	Companies Act, 1956, as amended from time to time
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
Deutsche	Deutsche Equities India Private Limited
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the outstanding number of Equity Shares at the end of that fiscal year
ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Share Purchase) Guidelines, 1999, as amended
EUR	Euro
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, read with rules and regulations thereunder and amendments thereto
FII(s)	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000), as amended from time to time, registered with SEBI under applicable laws in India
Factories Act	The Factories Act, 1948
Financial Year/ Fiscal	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GoI/ Government	Government of India
HUF	Hindu Undivided Family
IASD	International Accounting Standard Board
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
kVA	Kilo volt ampere
Kotak	Kotak Mahindra Capital Company Limited
Kotak Securities	Kotak Securities Limited
MICR	Magnetic Ink Character Recognition
MAT	Minimum Alternative Tax
MoU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of profit and loss account, divided by number of issued equity shares
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the Foreign Exchange Management Act (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited

Term	Description
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Offer of Foreign Security by a Person resident outside India) Regulations, 2000, as amended
P/E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number allotted under the IT Act
PIO	Persons of Indian Origin
Patents Act	Patents Act, 1970
QIB	Qualified Institutional Buyer, as defined under the SEBI Guidelines
RBI	Reserve Bank of India
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana, located at New Delhi
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time
Stock Exchange(s)	The BSE and/ or the NSE as the context otherwise requires
UBS	UBS Securities India Private Limited
UIN	Unique Identification Number
US / USA	United States of America
USD	United States Dollar
US GAAP	United States Generally Accepted Accounting Principles

For additional definitions on currencies disclosed in this Draft Red Herring Prospectus, see the section titled "Presentation of Financial, Industry and Market Data" on page vii of this Draft Red Herring Prospectus.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated consolidated summary financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines included in this Draft Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

The financial statements of our subsidiary, namely, Acme Tele Power (Cyprus) Limited, is prepared in accordance with IFRS as adopted by the European Union and the International Financial Reporting Standards as issued by IASD and the requirements of Cyprus Company Law, CAP.113. The financial statements of our subsidiary, namely, Acme Tele Power Singapore PTE Limited, is prepared in accordance with Singapore financial reporting standards and the financial statements of our subsidiary, namely PT Hunter Fungsional Telekom, Indonesia, is prepared in accordance with Indonesian GAAP

The financial statements of our subsidiaries, namely, Reime Network Implementation Services AS, Reime Jarlsø AS, Reime Ghana Limited, Reime Cote d'Iviore sprl, Reime DRC sprl, Reime Kenya Limited, Reime Tanzania Limited, Reime Uganda Limited, PT Reime Indonesia and Reime Phillipines Inc. are prepared in accordance with Norwegian GAAP. The financial statements of our subsidiary Reime West Africa Limited has been prepared in accordance with Nigrian GAAP. The financial year of each of these subsidiaries commences on January 1 and ends on December 31 of the same year.

There are significant differences between Indian GAAP, US GAAP and IFRS. We have attempted to explain those differences or quantify their impact on the financial data included herein in the section titled "Summary of Differences between Indian GAAP, US GAAP and IFRS" on page 171 of this Draft Red Herring Prospectus. However, we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP or Norwegian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices and IFRS. Any reliance by persons not familiar with Indian accounting practices or IFRS on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

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

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India and all references to "USD" "US $" are to United States Dollars, the legal currency of United States of America. All references to "CYP" are to the Cyprus Pound, the official currency of the Republic of Cyprus. All references to "SGD" are to the Singapore Dollar, the official currency of Singapore. All references to "IDR" are to the Indonesian Rupiah, the official currency of Indonesia. All references to "NOK" are to the Norwegian Kroner, the official currency of Norway. All references to "GHC" are to the Ghanaian Cedi, the official currency of Ghana. All references to "CFA Franc" are to the Communaute Financiere Africaine Franc, the official currency of Côte d'Ivoire. All references to NGN are to the Niara, the official currency of Nigeria. All references to "KES" are to the Kenyan Shilling, the official currency of Kenya. All references to "TZS" are to the Tanzanian Shilling, the official currency of Tanzania. All references to "UGX" are to the Ugandan Shilling, the official currency of Uganda. All references to "PHP" are to the Peso, the official currency of Philippines.

Conversion

Detailed below are the foreign exchange rates as on November 15, 2007 *(Source :Bloomberg)*

1 USD	Rs. 39.2900
1 CYP	Rs. 98.3726
1 SGD	Rs. 27.0257
1 IDR	Rs. 0.0042
1 NOK	Rs. 7.1527
1 NGN	Rs. 0.3293

1 GHC	Rs. 0.0041
1 KES	Rs. 0.5926
1 TZS	Rs. 0.0346
1 UGX	Rs. 0.0232
1 PHP	Rs. 0.9095

Note: Except USD, conversion rates for currencies above mentioned have been derived from their exchange rate with respect to USD and the corresponding conversion rate of USD to Rs.

Federal Reserve Bank of New York, the Rupee appreciated from a rate of Rs.46.5669 = US$1.00, an average for 2003, to a rate of Rs. 40.7204 = US$1.00, an average for the first half year of 2007. The exchange rate on November 15, 2007 was Rs. 39.2900 = US$1.00.

Except where specified, in this Draft Red Herring Prospectus, all figures have been expressed in "throusands".

For additional definitions, see the section titled "Definitions and Abbreviations" on page i of this Draft Red Herring Prospectus. In the section entitled "Main Provisions of the Articles of Association", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Industry and Market Data

Market and industry data used throughout this Draft Red Herring Prospectus has been obtained from publications available in the public domain. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe industry data used in the section titled "Industry Overview" on page 38 of this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources. The extent to which industry and market data used in this Draft Red Herring Prospectus is meaningful depends on the readers' familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

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

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

- our ability to obtain approvals and clearances necessary to operate or grow our business;
- our ability to respond to competition;
- our ability to protect our intellectual property in India and outside India;
- our ability to innovate and constantly invest in research and product development;
- challenges relating to our expansion plans;
- our dependence on a limited number of customers;
- our dependence on key personnel;
- technological failures and natural disasters; and
- developments affecting the Indian economy, specifically the Indian telecommunications industry, and the economies of the regional markets we serve.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages x and 182, respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Selling Shareholders nor the BRLMs nor any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholders and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prior to investing in the Equity Shares, prospective investors should carefully consider all of the information contained in this Draft Red Herring Prospectus, especially the following risk factors, in evaluating the risks associated with our business, industry and the locations we operate in. In particular any potential investor in or purchaser of the Equity Shares should pay particular attention to the fact that we are governed by Indian legal and regulatory requirements which may differ from those which prevail in other countries. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our financial condition or business success. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 182, respectively, of this Draft Red Herring Prospectus. Prospective investors should also note that certain of the statements in this Draft Red Herring Prospectus, including information with respect to our plans and strategy, constitute "forward-looking statements" as discussed in the section titled "Forward-Looking Statements" on page ix of this Draft Red Herring Prospectus.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein. Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP.

Internal Risks

1. We may not be able to adequately protect our intellectual property which may adversely affect our future operations.

Our success depends to a significant extent on our ability to protect and preserve our intellectual property, both existing as well as future, including our patents and trademarks and similar intellectual property. Though we seek to obtain patent protection for our inventions, it is possible that some of these inventions may not be protectable. In India, we have one process patent and four product patents, and have three additional patent applications pending. Despite this, there is always the possibility that the scope of the protection gained will be insufficient or that an issued patent may be deemed invalid or unenforceable. In the event that we do not obtain or adequately protect the intellectual property rights of our new innovations, our future business may be adversely affected.

Effective intellectual property protection may not be available under the laws of every country in which our products are distributed. Though our customer contracts and employment agreements contain standard non-disclosure clauses, we do not generally benefit from specific contractual protections for intellectual property rights not otherwise protected by our patents or trademarks. Furthermore, there can be no assurance that our claims to any intellectual property rights will now or in the future successfully protect what we consider to be our intellectual property from third-party use in any or all of the jurisdictions in which we do business. To the extent that our innovations and products are not protected by patents, trademarks or other intellectual property rights, third parties (including competitors) may be able to make use of our know-how to develop similar intellectual property independently. In addition, it may be possible for third parties to obtain conflicting intellectual property rights that could be necessary for, or useful to, the manufacture, marketing or use of our products and the lack of such rights could limit our ability to continue to sell or develop our products or prevent us from marketing our products.

Policing unauthorized use of intellectual property rights is difficult, especially where multiple jurisdictions are involved. There is no assurance that the steps taken by us to protect our intellectual property will prevent misuse or infringement of our intellectual property rights. Any significant impairment or misuse of our intellectual property rights could harm our business or our ability to compete. Also, protecting our intellectual property rights is costly and time consuming. We have in the past needed and in the future may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. We constantly seek to protect our intellectual property against unauthorised use or infringement, but any such precautions may not provide meaningful protection against competitors or protect the value of our intellectual property.

2. Continuous research and development to develop innovative products and solutions is an inherent part of our strategy and our failure to develop innovative solutions may affect our ability to compete effectively.

We place great emphasis on our research and development activities as our business is driven forward by innovation. Although we have successfully developed products and technologies that have met customers' demands in the past, there can be no assurance that our research and development efforts will continue to successfully develop new products or technologies that could be of commercial use to our customers at an effective cost. Also, there is no assurance that we will be able to effectively attract or retain qualified employees to work on our research and development activities.

Moreover, conducting research and development activities can be a lengthy and expensive process, requiring substantial investments over a long period of time, which may not yield any results in the immediate future. We are also subject to risks of failure and delay inherent in the development of new products and new technologies. Our ability to bring these new products or technologies to commercial viability will depend on a number of factors, including timely introduction to and acceptance by the market and attaining a sufficient market share or pricing that could justify our research and development costs. There is no assurance that our efforts in, and expenditures related to, research and development will necessarily lead to introduction of new products or new technologies and there is no assurance that such new products or new technologies will be commercially successful or will be able to compete effectively.

3. All our intellectual property rights are currently registered only in India which may impact our ability to protect our intellectual property outside of India.

Intellectual property rights for our products, including both patents and trademarks, are currently registered only in India. As we have not applied for protection of these patents in countries outside India within the period prescribed under applicable laws, we will not be able to register our existing patents outside India. Further we face risks of potential infringement of intellectual property rights of third parties in countries where we distribute our products outside India. In addition, India is a party to international agreements which may in the future require it to modify its existing intellectual property protection regime, which may in turn impact our ability to secure appropriate levels of such protection for our products. Furthermore, the risk is amplified because we sell our products outside of India. In doing so, we may infringe on the intellectual property rights of third parties outside of India which may have a material adverse effect on our business.

4. We recently acquired a Norwegian company Reime Network Implementation Services AS and its subsidiaries. There are certain issues in relation to the accuracy, compliance and completeness of Reime's corporate documents and tax filings which may result in payment of penalty under the applicable laws. If we are unable to resolve these matters or we are made subject to payment of penalties, our business and results of operations may be adversely affected.

On October 5, 2007, we acquired Reime Network Implementation Services AS ("Reime"). In the past, Reime and certain of its subsidiaries have failed to comply with certain requirements of the Norwegian Companies Act with respect to the conduct of their board and shareholders meetings including quorum requirements. There is no assurance that Reime or its subsidiaries will comply with these requirements in the future and any such non-compliance may result in penalties under the Norwegian Companies Act. In addition, Reime and Reime Jarlsø have not filed tax returns for 2006 in a timely manner in accordance with the Norwegian Taxation Act, pursuant to which they may incur financial penalties. There can be no assurance that Reime will file tax returns in a timely manner in the future, or that such returns will otherwise comply with the Norwegian Taxation Act.

Any failure to comply with the Norwegian Taxation Act, or other applicable laws and regulations by Reime or its subsidiaries could result in penalties which may affect our business, results of operations or reputation.

5. Our audit reports issued for the Fiscal 2006 and 2007 contained qualifications including those relating to certain violations of the Companies Act. If we are unable to comply with the Companies Act we may be fined and our business and results of operations may be materially adversely affected.

Our audit report for the Fiscal 2006 contained qualifications relating to certain violations of the Companies Act. These qualifications were in relation to approvals for loans to a company in which certain of our directors were interested, and to the non-transfer of required amounts to our general reserve with respect to the distribution of dividends. Our Company has filed an application for compounding the said violations with the Company Law Board and the same may be subject to payment of penalties under the relevant law. In the event we violate the

Companies Act, in the future, we may be penalized under the Companies Act and our business and results of operations may be adversely affected.

In addition, our auditors, in their audit report for the Fiscal 2007, have drawn attention to our decision to derecognize sales based on reassessment of the transfer of risks and rewards. The report also included a statement on certain matters specified in the Companies (Auditors Report) Order, 2003, which was qualified to indicate that, among other issues, our procedures for the physical verification of inventory need to be enhanced to reflect the size of our business. The same report recommended that we improve our internal control systems and the scope of our internal audit system. The report also noted that undisputed statutory dues have not generally been regularly deposited with the appropriate authorities and that our Local Area Tax liability was outstanding for a period of more than six months. Further, the report noted that the auditors were unable to assess whether the price at which the preferential allotment of shares to a company covered in the register maintained under section 301 of the Companies Act is prejudicial to our interests. For details see the section titled "Financial Statements" on page 105 of this Draft Red Herring Prospectus. If we are unable to adequately address these issues, our business and results of operations may be adversely affected.

6. ***If we fail to maintain an effective system of internal controls and procedures, we may be unable to accurately report our financial results and investor confidence and the market for the Equity Shares may be adversely impacted.***

Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We are a relatively young company with limited accounting personnel and other resources with which to address, maintain and develop our internal controls and procedures. In the auditor's report for Fiscal 2006 and 2007, our auditor recommended we strengthen our internal control systems for installation income and purchases of inventory. We will need to further develop accounting and financial capabilities, including the establishment of an internal audit function and development of documentation related to internal control policies and procedures. We will need to take further actions to continue to improve our internal controls. If we are unable to implement solutions to correct any weaknesses in our existing internal controls and procedures, or if we fail to maintain an effective system of internal controls in the future, we may be unable to accurately report our financial results, comply with the relevant Stock Exchange rules and regulations, meet investors' expectations with respect to internal controls and financial reporting or prevent fraud. This may reduce investor confidence and the market price of the Equity Shares may be adversely impacted.

7. ***Rapid technological changes may render our technologies, products or services obsolete and make our plants less competitive.***

A key factor to our continued success is our ability to keep pace with the rapid technological developments in the telecommunications industry and the telecommunications passive infrastructure industry. The telecommunication services industry is characterized by rapid technological change and significant capital requirements. Given the fast pace of technological innovation in the telecommunication sector, we face the risk of our technology becoming obsolete and hence the need to invest significantly large amounts of capital to upgrade our current product and service offerings or develop new product offerings. There is no assurance that we will be able to foresee such changes accurately or complete development of new products and/or technologies in time. New products and technologies may not be developed and/or deployed according to expected schedules or may not achieve commercial acceptance or be cost effective. Failure to achieve commercial acceptance of products offered by us could result in a reduction in profitability. Any such change may materially and adversely affect our business, financial condition and results of operations.

Advancement in technology may require us to make additional capital expenditure to upgrade our manufacturing facilities or may make our competitor's plants more competitive. If we are not able to adequately respond to such technological advancement in time, it may adversely affect our business.

8. ***A significant portion of our revenues can be attributed to a limited number of clients, which may impact our results if a significant client reduces or ceases their business with us.***

We have derived and expect to continue to derive a significant portion of our revenues from a limited number of large clients. For example, in each of Fiscal 2005, Fiscal 2006, Fiscal 2007 and the three months ended June 30, 2007, Bharti Airtel Limited, our largest customer, accounted for approximately 76%, 88%, 81% and 77% of our revenues respectively. Although we provide products and services to other telecommunications operators, we expect that a significant portion of our revenues will continue to be contributed by a limited number of large clients in the near future. In the event of the loss or financial difficulties or any change in capital expenditure plans of any of these clients or some dispute between us and the above mentioned clients, we might not be able to make good the revenue lost from these clients with revenue generated through sales to other customers, and this could result in a material adverse effect on our business, results of operations, financial condition and cash flows.

9. ***In October 2007, we bid for a license to provide telecommunications services in India. If we are granted this license, and decide to use it, our capital expenditure requirements will increase significantly. If we are unable to raise sufficient capital, or if we are unable to effectively manage our business as a telecommunications service provider, our business and results of operations may be adversely affected.***

In October 2007, we bid for a telecommunications license, formally known as a Unified Access Service License in 12 service areas in India. If we are granted a license, and decide to use the license and not pass it on to any of our subsidiaries or third party, we may be required to raise a significant amount of capital to cover the costs of operating as a telecommunications provider and to pay licensing fees. There is no guarantee that we will be able to raise sufficient capital to cover these costs. An inability to raise additional capital required to operate as a telecommunications provider may divert resources and/or management's focus from our existing operations and our business and results of operations may be adversely affected.

Further, we have no experience operating as a telecommunications provider. If we are unable to effectively manage our entry into this new line of business our results of operations may be adversely affected.

10. ***The entire proceeds of the Offer are being paid to Selling Shareholders and will not be available to our Company.***

This Offer is being made by the Selling Shareholders and there is no fresh issue by our Company. Accordingly, the entire proceeds of the Offer are being paid to the Selling Shareholders and would not be available to our Company. The primary objects of the Offer to achieve the benefits of listing of our equity Shares and carry out the divestment of Equity Shares by the Selling Shareholder. We shall bear the costs in relation to the listing fees for our Equity Shares, and we will not receive any proceeds from the sale of the Equity Shares. Consequently, we will need to finance our future business plans out of alternative resources and such financing may not be available on acceptable terms or at all which may have an adverse impact on our financials. All costs and expenses related to the Offer shall be borne by the Selling Shareholders.

11. ***Our Company and our Promoters are involved in certain legal proceedings in relation to our intellectual property rights. Any adverse order in these proceedings could have a material adverse affect on our business and operations.***

Our Company is involved in certain legal proceedings with third parties in relation to our intellectual property rights.

Our Company has filed a criminal compliant against Mr. S.N. Patnaik (a former employee of our Company) and others for breach of confidential information relating to PIU to assist Lambda Eastern Telecommunication Private Limited ("Lambda") in developing a PIU. The complaint is currently pending. Further, our Company has also filed a writ petition before the High Court of Punjab and Haryana, at Chandigarh for transferring the investigation of the said data theft case, worth Rs. 7,546,000 thousand, to the CBI from Haryana Police which is pending.

We have also filed various suits against other private corporate entities and individual persons, for passing off products and infringement of registered patents to which we have an exclusive right. For instance, our Company has filed a suit against Lambda and others, alleging infringement of our rights over the registered patents cubiodal shaped green shelters and PIU. A counter claim has also been filed against our Company in the said suit for revocation/cancellation/rectification of our patents on the said products. Separately, two suits have been filed against our Company and Promoter, MKU Holdings Private Limited by Lambda and others before the High Court of Delhi for a declaration that the manufacturing and sale of their products does not constitute infringement of our Company's patents on the PIU and process for the preparation of phase change material among others. Further a sum of Rs. 2,001 thousand has been claimed as damages against our Company.

Further our Company has also filed suits against Maxfaith Engineers Private Limited in relation to infringement of our patented products Green Shelter and PIU and claimed damages of Rs. 2,000 thousand. The defendants have filed counter claims for revocation of our patents in relation to the same. Our Company has also proceeded against Sevlon Instruments Private Limited and others for the infringement of our patented product PIU.

In the event, the Company does not succeed in obtaining favorable orders in these cases or in the event the third parties are successful in their claims for revocation of these patents, it would have a material adverse effect on our business, prospects and results of operations. For further details see the section titled "Outstanding Litigation and Material Developments" on page 200 of this Draft Red Herring Prospectus.

12. ***We could face significant competition from existing competitors and potential new entrants. Any failure to compete effectively could adversely affect our margins.***

In the current fragmented domestic market of passive infrastructure solutions providers, we seek to distinguish ourselves through our ability to provide end-to-end solutions, as against the standalone solutions provided by our competitors. In the future, there may be increasing competition due to low entry barriers for capital expenditure. Several of our competitors could gain access to greater financial, product development and marketing resources than those available to us and we also face the possibility that some of our clients may become our competitors. There can be no assurance that we will be able to continue to successfully develop, market and sell products that find greater acceptance than those of our current and future competitors.

13. ***We rely on third party suppliers of raw materials and components and are sensitive to fluctuations in price and availability of such raw materials and components.***

In order to manufacture our products we require raw materials and components, including polyurethane, steel and fibreglass reinforced plastic ("FRP") sheets for our green shelters, electronic components for our Power Interface Unit ("PIUs") and coils, compressors and related components for our air conditioning units. We purchase such materials on a quarterly contract basis and, except for our Green Shelters, seek to source raw materials from diverse suppliers to mitigate our reliance on any one supplier. However, there can be no guarantee that we will be able to maintain our diversity of suppliers and we expect to continue to be dependent on a limited number of suppliers for raw materials used in manufacturing our Green Shelters. There is also no guarantee that our suppliers will be able to consistently provide raw materials on time and to the specifications we require. Additionally, the prices of our primary raw materials fluctuate based on a number of factors outside our influence, including overall demand, manufacturing capacity and the price raw materials and components.

We do not have any long-term price guarantees with our raw material suppliers although we seek to negotiate prices in advance for fixed periods. There can be no assurance that the price of our raw materials will not increase in the future or that we will be able to pass on such increases to our customers. Our failure to achieve corresponding sales price increases in a timely manner, sales price erosion without a corresponding reduction in raw material costs, a significant shortage of supply of these goods and delays in availability or failure to renegotiate favourable raw material supply contracts are all factors that could have a material adverse effect on our business, financial condition and results of operations.

14. ***Other than our rate contract with Bharti Airtel Limited, we do not have long-term contracts with our customers.***

Purchases by our customers are mainly through purchase orders on a short-term basis or on a fixed delivery basis. These contracts are usually terminable with notice of 90 days. Other than our long-term contract with Bharti Airtel Limited, we do not have long-term contracts with our customers and there is no guarantee that our present customers will continue to place orders with us. Any loss of any one of our major customers, delay or default in payment by them, reduction in the volume of business with them or restriction in pricing terms for them may adversely affect our business and profitability.

15. ***Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of the manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing operations could be disrupted for reasons beyond our control. These disruptions may include extreme weather conditions, fire and natural catastrophes such as earthquakes. In addition, we are exposed to other operating risks, such as breakdown or failure of equipment, extended disruption to our power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance. As both our manufacturing facilities are concentrated in North India, any significant manufacturing disruption in that region could adversely affect our ability to make and sell products, which could have a material adverse effect on its business, financial condition and future results of operations.

Many companies have set up their manufacturing facilities in Uttaranchal and many more companies are in the process of doing the same. Over time, this could create pressure on existing infrastructure facilities and business logistical support services in Uttaranchal. These shortages and failures may have a material adverse effect on our business.

16. We do not own the "Acme" trademark including the name and logo.

We do not own the "Acme" trademark including the name and logo. Pursuant to an agreement dated September 14, 2007, our Company has assigned and transferred all legal as well as equitable interest, rights, in ten trademark applications, including the "Acme" name and logo, filed by the Company and pending registration before the Registrar of Trademarks. Our Company right to use the name and logo under a non-exclusive license may be terminated in the event MKU Holdings Private Limited's holding in our Company goes below 51%. Consequently, we may be unable to capitalize on our brand recognition. Any such development could materially and adversely affect our business.

17. Due to increasing demand for our products, our dependence on third party manufacturers may increase.

Given the significant increase in demand for our products over the last year, our manufacturing facilities may not have sufficient capacity to cope with future demand. We already outsource some of our production to third parties. In the event that demand for our products exceeds our capacity, we will need to further outsource the manufacturing of our products. We also rely on third party manufacturers to produce various components which we subsequently use to form part of our completed products. As demand for our products increases, our dependence on these third party manufacturers and their components may also increase. There is no assurance that we will be able to find third party manufacturers to produce our products, or the components we use in our completed products, at the expected levels of quality or on terms that are acceptable to us. If, due to these issues, we are not able to maintain sufficient inventory levels for our products, our business could be adversely affected.

18. If we make acquisitions in India or abroad, we may not be successful in integrating the acquired businesses into our operations.

We intend to grow our business by acquiring companies that offer similar products and services. While we may pursue any such opportunities which we believe will enhance value to our shareholders, we may not successfully identify appropriate targets, complete transactions on terms satisfactory to us, integrate acquired businesses effectively, manage newly acquired operations or realize cost savings anticipated in connection with these transactions. Furthermore, we may be unable to arrange financing of acquired businesses on favorable terms, as a result we may elect to fund acquisitions with cash otherwise allocated for other uses in our existing operations. We may also be constrained due to covenants in our existing or future debt facilities.

We may encounter difficulties with respect to integrating future acquisitions. These difficulties include, but are not limited to, possible inconsistencies in systems and procedures (including accounting systems and controls), policies and business cultures, the diversion of management attention from day-to-day business operations, the departure of key employees and the assumption of liabilities. For example, Reime, a company we acquired on October 5, 2007, uses 60 to 90 day payment terms in their contracts. This may create cash liquidity issues when we integrate Reime with our existing business and may require an infusion of capital in the future. Further, we may not be successful in integrating Reime's subsidiaries in Africa, and integrating Reime and its subsidiaries may reduce management's time to focus on other parts of our business.

In the event that we are unable to successfully integrate new acquisitions, we may need to invest in the reorganization of our operations, which may lead to lower operating profits. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

19. We have a limited independent operating history and our future operating results may fluctuate.

We commenced our business in 2003. As a result, we have a limited operating history, which may not provide a meaningful basis for evaluating our business and prospects. We may not have sufficient experience to address the risks frequently encountered by early stage companies, including our potential inability to manage our growth effectively, maintain our profitability or margin, acquire and retain customers, attract, train and retain qualified personnel, maintain adequate control of our costs and expenses, keep up with evolving industry standards and market developments or our ability to respond to competitive market conditions. If we are unsuccessful in addressing any of these risks, our business may be materially and adversely affected.

Our operating results may fluctuate in the future due to a number of factors, many of which are beyond our control. Our results of operations during any Fiscal year and from period to period are difficult to predict. Our business, results of operations and financial condition may be materially adversely affected by:

- our ability to compete effectively;
- changes in growth and demand for our products in our Indian and global markets;
- our ability to innovate and develop products;
- a decrease in international and domestic prices for our products;
- an increase in raw material prices;
- an increase in interest rates at which we can raise debt financing;
- increasing transportation costs, including freight to key export markets, or non-availability of transportation due to strikes, shortages or for any other reason beyond our control;
- strikes or work stoppages by our employees;
- changes in government policies or regulations affecting our industries in India or globally; and
- accidents, natural disasters, outbreaks of diseases or heavy rains.

Due to these factors, our past performance should not be relied upon to predict our future performance.

20. Our business outside India is subject to risks inherent in global operations.

We have a limited history of operations outside India. We currently export a portion of our products and we expect to further expand our global business. As a result, we are, and expect to continue to be, subject to a number of political, regulatory and commercial risks inherent in global operations, including:

- potential infringement of third parties' intellectual property rights and/or lack of adequate protection of our intellectual property rights in countries where we export products;
- currency exchange rate fluctuations, in particular, an appreciation of the Rupee, which could negatively impact our international sales;
- restrictions on the repatriation of capital, including regulations relating to transfer pricing and withholding taxes on remittances and other payments to us;
- differences and unexpected changes in legal and regulatory environments, including data security, confidential information, public security, environmental, health and safety, and labor laws, rules and regulations;
- tariffs, duties, export controls and other trade barriers;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable in certain countries;
- social and political instability, including national or regional general strikes or work stoppages; and
- general global economic conditions and economic conditions specific to our industry or the markets where we operate our business.

We cannot assure you that we will be able to manage these risks, many of which are beyond our control, or that we will be able to ensure compliance with all applicable regulations without incurring additional costs. Furthermore, we cannot assure you that our efforts to expand our exports will be successful or will make our business more profitable.

21. Our inability to manage and maintain our growth effectively could have a material adverse effect on our operations, results of operations and financial condition.

Since our incorporation in 2003, we have experienced rapid growth, with our restated unconsolidated annual net turnover increasing from Rs. 345,885 thousand in Fiscal 2004 to Rs. 6,429,293 thousand in 2007. We have also significantly expanded our operations and employee numbers. We expect to continue to develop and improve our internal systems at locations where we operate in order to help us manage the anticipated future growth of our business. However, we may not be able to effectively manage our infrastructure and employee expansion, open additional operations facilities or hire additional skilled employees as and when they are required to meet the ongoing needs of our clients, and we may not be able to develop and improve our internal systems. Our inability to execute our growth strategy, to ensure the continued adequacy of our current systems, maintain our current growth rate or to manage our expansion effectively could have a material adverse effect on our business, results of operations, financial condition and cash flows.

22. Our dividend payouts may fluctuate in the future.

While we have paid dividends in the past, there can be no assurance as to whether our Company will pay a dividend in the future and if so the level of such future dividends. The declaration, payment and amount of any future dividends of our Company is subject to the discretion of the Directors, and will depend upon, among other factors, our Company's earning, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws, international financial reporting standards or generally accepted accounting principles in India from time to time.

23. Certain properties are not registered in the name of our Company.

Currently our operations are carried out from 10 properties across the country, some of which are leased. In the event of any disputes with the registered owners of these properties, we may no longer be able to access them and may have to seek alternative properties in which to house the facilities and employees situated at these locations. In addition, if any of the owners of these properties do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavourable to us, we could suffer a disruption in our operations which may lead to an adverse effect on our business, financial condition and results of operations.

24. Possible failure to comply with environmental regulations could harm our business.

We are subject to various national and local environmental laws and regulations in the areas where we operate. If more stringent compliance or standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our manufacturing facilities indicate that we are responsible for the release of hazardous substances, we may be subject to additional remediation liability. Further, environmental matters may arise in the future at sites where no problem is currently known to exist or at sites that we may acquire in the future.

25. An inability to renew or maintain the statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.

We require certain statutory and regulatory permits, licenses and approvals to operate our business. We have made renewal applications for our permits and licenses, but have yet to receive certain approvals that have expired or that are required for our business including three patent registration applications, nine trademark registration applications. We have also applied to the Ministry of Communications and Information Technology for license to provide unified access service but are yet to receive approval. Additionally, we have made two applications for license under the Factories Act, 1948, as amended and renewal applications under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 which are yet to be approved by the respective authorities. For details of our licenses and permits, see the section titled "Government and Other Approvals", on page 205 of this Draft Red Herring Prospectus. Additionally, we have yet to apply for registration under the applicable regulations. Any failure to obtain the same, or obtain the other approvals which we have applied for but not received, may adversely affect our business.

26. We may not continue to enjoy our existing tax benefits, which could adversely affect our profitability.

We are currently eligible for 100% and 30% deduction for profits under the Income Tax Act, with respect to our

Pantnagar and Parwanoo manufacturing facilities respectively, and reduced sales tax rates and certain excise duty exemptions. The profitability of the Company may be affected in the future as our tax exemptions will be reduced to 30% in Fiscal 2012 from the Pantnagar manufacturing facility and nil from Fiscal 2013 onwards from the Parwanoo manufacturing facility. There is no assurance that we will continue to enjoy such tax benefits in the future. Any change in Indian tax regulations may result in us losing such benefits and our business results or financial condition may be adversely affected as a result.

27. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

As of September 30, 2007 we had a work force of over 850 persons. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business, financial condition and results of operations. Further, efforts by labor unions to organize our employees may divert management's attention and increase operating expenses and we may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to work stoppages, including strikes, which could aversely affect our business, financial condition and results of operations.

28. We may incur liabilities in relation to product defects.

Our products are complex and, accordingly, they may contain defects or errors, particularly when first developed or as new versions are released. We may not discover such defects or errors until after the product has been released to the clients. Our quality control procedures are designed to identify any defects in our products prior to delivery to customers and we continually monitor our component supply and production processes in an effort to eliminate any such defects, and we generally provide a two year warranty with our products. Nevertheless, there can be no assurance that these procedures will enable us to identify all defects in our products prior to customer delivery or that we will have tested for all conditions in which our products may be used, especially given India's geographical and climatic extremities. In the event that our quality control procedures are found to be inadequate, we may need to recall and/or redesign defective products as well as invest in reorganizing aspects of our component supply and production processes.

While we have not experienced a material product liability claim to date, the sale and support of products entails the risk of such claims, which are likely to be substantial in the light of the use of our products in critical applications. These defects may have legal and financial ramifications including loss of revenue and future orders, increase costs associated with repairing or replacing products, and a negative effect on our goodwill and brand name reputation.

We believe we maintain insurance coverage against risks associated with potential product liability claims which is comparable to the levels of insurance maintained in our industry. We cannot assure you that our current level of insurance coverage will be adequate should we be required to compensate our customers or their users for any harm and damages resulting from the use of our products.

29. Our senior management team is critical to our expansion strategy and continued success. The loss of one or more members of our senior management team could harm our business.

Our future success and expansion strategy substantially depends on the continued services and performance of the members of our management team and other key employees possessing technical and business capabilities, including industry expertise, that are difficult to replace. In particular, the loss of the services of our Managing Director could seriously impair our ability to continue to manage and expand our business. There is intense competition for experienced senior management and personnel with technical and industry expertise in the industry in which we operate, and we may not be able to retain these officers or key employees. Although we have entered into employment and non−competition agreements with all of our executive officers, certain terms of those agreements may not be enforceable and in any event these agreements do not ensure the continued service of these executive officers. In addition, we currently do not maintain "key person" insurance covering any member of our management team. The loss of any of our key employees, particularly to competitors, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, attracting and retaining talented professionals is key to our business growth. Any inability to attract talented professionals may adversely affect our business and growth prospects.

30. Significant shareholders and lenders will continue to have considerable influence over our business.

As on the date of filing this Draft Red Herring Prospectus, the Promoters and Promoter Group had an aggregate equity holding, direct and indirect, of 98.08% in our Company. Our Promoters have, and will continue to have, considerable influence over our business and may take actions that do not reflect the will or best interests of the other shareholders, or our best interests.

In addition, we have entered into various short term and long term financing arrangements that grant the lenders certain rights to determine how we operate. Some of these financings are secured by substantially all of our movable and immovable assets. Pursuant to certain of these agreements, we are required to maintain certain financial ratios and are also required to obtain the consent of the lenders to undertake significant actions, including, among other things, change in beneficial ownership or control, entering into any merger or amalgamation, change the nature of our business, change our constitutional documents and declaration or payment of dividends. There can be no assurance that lenders will grant us any required consents on time or at all. Failure to obtain such consents may lead to the termination of credit facilities and acceleration of all amounts due under the relevant facilities.

31. We may face conflicts of interest in transactions with related parties.

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, other shareholders, Directors, executive officers and the holders of the Equity Shares. Commercial transactions in the future between us and related parties could result in conflicting interests. A conflict of interest may occur between our business and the business of our Promoter Group companies which could have an adverse affect on our operations.

32. Our Company, subsidiaries and promoter are involved in legal proceedings and disputes which may have a material adverse impact on the group.

There are outstanding legal proceedings against us, our Director and our subsidiaries. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals.

Our Company has received two show cause notices from the Excise department for alleged wrong availment of Central Value Added Tax credit of Rs. 1,137 thousand and one civil case involving an aggregate claim of approximately Rs. 14,995 pending against the Company. Further, our Company has filed criminal cases and civil cases against certain private persons and corporations which are pending.

Additionally, our subsdiaries Reime Kenya Limited and Reime Ghana Limited are involved in a civil litigation each involving an aggregate amount of approximately KES 301,000 and USD 369,000, respectively. Further, PT Reime Indonesia and Reime Philippines Inc. are both under the process of liquidation. Any claims that might arise during such processes are the liability of the previous shareholders of the Reime group. Our Promoter and Managing Director, Mr. Manoj Kumar Upadhyay has received a notice from the Chief Judicial Magistrate in relation to certain offences under the Factories Act.

If any of these legal proceedings are determined against our Company, our Promoter or our subsidiary it could have an adverse impact on our business. In addition, new claims and legal proceedings may be instituted or asserted against us from time to time. The results of these claims and legal proceedings cannot be predicted and these claims and legal proceedings, individually or in the aggregate, may have a material adverse effect on our business (both in the near- and long-term), liquidity, financial position or results of operations. For further details see the section titled "Outstanding Litigation and Material Developments" on page 200 of this Draft Red Herring Prospectus.

33. The Equity Shares may be subject to a further dilution as a result of our ESOS.

We have implemented an ESOS for the grant of options to purchase our Equity Shares. The issue of options under ESOS and any exercise of such options, if granted, will result in dilution of your shareholding.

34. We have contingent liabilities and our financial condition and profitability could be adversely affected if any of these contingent liabilities materialize.

Our contingent liabilities as disclosed in our audited consolidated financial statements for the three months ended June 30, 3007 are set out below.

(Rs. in thousands)

Contingent Liabilities	*Amount*
Export Promotion Capital Goods scheme (EPCG) license issued	43,433
Sales tax liability against pending C form pertaining to Fiscal 2004-05	1,376,444
Bank guarantees issued by banks on behalf of company	350

If any of these contingent liabilities materialize, our profitability may be adversely affected. For more details on our financial condition and profitability, see the sections titled "Financial Statements" and "Management Discussion and Analysis" on pages 105 and 182, respectively of this Draft Red Herring Prospectus. There is no assurance that any or all of these contingent liabilities will not become direct liabilities. In the event any or all of these contingent liabilities become direct liabilities, it may have an adverse effect on our business, financial conditions and results of operations.

35. Some of our subsidiaries and promoter group companies have incurred losses in the last three fiscal periods which may adversely affect our results of operations.

Certain of our subsidiaries have incurred losses (as per their financial statements) in recent years, as set forth in the table below.

('In thousands)

Name of the Subsidiary	**Profit/(Loss)**		
	December 31, 2006	**December 31, 2005**	**December 31, 2004**
Acme Tele Power (Cyprus) Limited	USD (44)	Not applicable	Not applicable
Acme Tele Power Singapore PTE Limited	SGD (26)	SGD 10	Not applicable
PT Hunter Fungsional Telekom, Indonesia	IDR (599,157)	Not applicable	Not applicable
Reime Network Implementation Services AS	NOK (1,681)	NOK 2,345	NOK 151
Reime Jarlsø	NOK 4,324	NOK 4	NOK (5,726)
Reime Ghana Limited	GHC (5,614,216)	GHC (388,891)	GHC 855,431
PT Reime Indonesia*	Not applicable	IDR (4,196,009)	IDR (1,074,233)
Reime Philippines Inc.*	Not applicable	PHP (5,844)	PHP (15,273)

** Currently under liquidation.*

In the event that these subsidiaries continue to incur losses or any of our other Subsidiaries incur losses, the Company's consolidated results of operations and financial condition will be adversely affected.

Further our promoter group company VRS Infotech Private Limited has incurred losses of Rs. 14,962 and Rs. 3,000 in Fiscal 2007 and Fiscal 2006 respectively.

36. We plan to trade carbon credits. This is a new industry and there are various uncertainties that apply to the granting and trading of these credits.

We plan to trade carbon credits. The concept of trading carbon credits is new and many uncertainties exist in the industry. We may face significant hurdles in establishing a presence in the market. We will have to expend various resources to build our presence in the industry, diverting resources from our other, established, products and services. The effort required to register and confirm credits may be substantial given that there is very little industry precedent to follow. Further, the market for these credits may not develop enough to sustain a viable business model for carbon credit trading. If a sustainable market for carbon credits does not develop over time, or at all, our results of operations may be adversely affected.

37. All of our key customers are telecommunications companies. If the telecommunications industry enters a significant economic downturn, our sales could be adversely impacted.

A significant portion of our revenue is generated from sales of our products and services to telecommunications companies. If the telecommunications industry enters a significant economic downturn, telecommunications service providers may reduce planned capital spending, particularly on the products and services that we offer. A reduction in orders for our products and services would have a material impact on our business, results of operations, financial conditions and cash flows.

Though the Indian telecommunications industry has shown significant growth especially in recent years due to factors such as economic growth, market saturation, deregulation and favorable demographic changes, there is no assurance that the industry will continue to grow at its current pace or that our current customers will continue to use our products and services.

Telecommunications companies operations are limited by the amount of frequency spectrum available. Additional spectrum is required to maintain quality of service. As the number of callers simultaneously using the same spectrum capacity in a particular Circle (or areas therein) increases towards the maximum capacity of that spectrum, the quality of the service may suffer, which may lead to a loss of subscribers and revenues. If these losses occur, telecommunications companies may reduce their expenditure on passive infrastructure products and energy management services, which may in turn have a material adverse impact on our business and results of operations.

38. We intend to shift from a products focused business model to a products and services business model.

Historically, we provided products to the telecommunications industry. Recently, we have expanded our business model to include the provision of energy management services for the telecommunications industry. While we have been able to achieve our goals as a products provider, we have no experience as a services provider and as such will be required to expend a disproportionate amount of time and other resources to build up our services business. There is no guarantee that we will be able to make a profit as a service provider. Further, efforts to gain entry into the services business may divert management's focus from our existing products business. If we are unable to successfully manage our transition from being a products provider to a products and services provider, our results of operations may be adversely impacted.

39. We have high working capital requirements. If we experience insufficient cash flows or are unable to borrow funds to meet working capital, and other requirements, there may be an adverse effect on our results of operations.

Our business requires a significant amount of working capital. Significant amounts of working capital could be required to finance the purchase of materials, contract initiation costs and the performance of engineering, construction and other work on projects before payments, if any, are received from clients. Circumstances or events which could also create large cash outflows include among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and professional and product liability claims. Significant amounts of capital expenditures are required to purchase, maintain and update plants and equipment that are important to our provision of products and services. There could be situations where the total funds available may not be sufficient to fulfill our commitments, and hence we may need to incur additional indebtedness in the future or utilize cash flows from operations and other activities to satisfy our working capital and capital expenditure needs. If we experience insufficient cash flows or are unable to borrow funds on a timely basis or at all to meet working capital, and other requirements, there may be an adverse effect on our results of operations.

40. We have, in the past 12 months, issued Equity Shares at a price which may be lower than the Issue Price.

In the last twelve months, we have made the following issuances of Equity Shares at a price which may be lower than the Issue Price:

Date of Issue/ Allotment	Number of equity shares	Issue Price per equity share (Rs.)	Face Value per equity share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment
June 25, 2007	12,494	1,390	10	Cash	Preferential allotment
August 7, 2007	28,882,164	Nil	10	Bonus issue (in the ratio of 6:1)	Capitalisation of Profits

Date of Issue/ Allotment	Number of equity shares	Issue Price per equity share (Rs.)	Face Value per equity share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment
October 9, 2007	Split of 33,695,858 equity shares of Rs. 10 each to 168,479,290 Equity Shares of Rs. 2 each				
November 14, 2007	2,856,502	688	2	Cash	Preferential allotment

Note: For details see the section titled "Capital Structure" on page 19 of this Draft Red Herring Prospectus.

41. Our business is subject to seasonal and other fluctuations that may affect our cash flows and business operations.

Our business and operations are affected by seasonal factors, particularly those relating to India's monsoon season in the second quarter of each year. During this period, our operations experience reduced activity as it is not possible to install our products during the heavy rains associated with the monsoon season. Conversely, in the fourth quarter, we generally see an increase in orders due to telecommunication companies trying to spend any remaining budgeted money before the end of the Fiscal year. Such fluctuations may adversely affect our cash flows and our business operations.

External Risk Factors

42. A significant change in Indian regulations and policies and political instability could adversely affect social, political and economic conditions in India generally, the telecommunications industry and our business, results of operations and financial condition in particular.

We are an Indian company and the majority of our business, operations, assets and employees are located in India. Consequently, our financial performance and the market price of the Equity Shares could be affected by changes in exchange rates and controls, interest rates, Governmental policies, including taxation policies, as well as political, social and economic developments affecting India.

During the past decade, the Indian Government has generally pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The general election in 2004 resulted in no party winning an outright majority and a coalition government was formed. There are no assurances that these liberalisation policies will continue in the future. Government corruption, scandals, delays, irregularities and protests against privatisation could slow down the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalisation and deregulation policies could materially adversely affect business and economic conditions in India generally and our business, results of operations and financial condition in particular.

Telecommunications is a highly-regulated industry and telecommunication operators have to ensure compliance with applicable laws and regulations of the relevant authorities. We are unable to predict changes of laws and regulations in the future and the extent to which these changes, if any, may have on telecommunications operators and their demands for passive infrastructure products and solutions, and thus our business. Any introduction of new laws and regulations may reduce demands for passive infrastructure products and solutions of telecommunications operators which may adversely affect our business.

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

South Asia has from time to time experienced instances of civil unrest and hostilities. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a perception that investments in Indian companies involve higher degrees of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares and on the market for our products.

44. Our ability to acquire companies located outside India depends on the approval of the RBI and failure to obtain such approvals could negatively impact our business and financial prospects.

Foreign exchange laws in India presently permit Indian companies to acquire or invest in foreign companies without any prior governmental approval if the transaction amount does not exceed 400% of the net worth of the Indian company as of the date of its most recent audited balance sheet. Acquisitions in excess of the 400% net worth threshold require prior RBI approval. It is possible that a required approval from the RBI may not be obtained. Our failure to obtain approvals for acquisitions of companies located outside India in the future may restrict our international growth, which could adversely affect our business and financial prospects.

45. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

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

46. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy, and the Indian telecommunications sector contained in this Draft Red Herring Prospectus.

Facts and other statistics in this Draft Red Herring Prospectus relating to India, the Indian economy and the Indian telecommunications sector have been derived from various Government publications and obtained in communications with various Indian Government agencies that we believe to be reliable. However we cannot guarantee the quality or reliability of such source of materials. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us or any of our affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. These facts and other statistics include the facts and statistics included in the section titled "Industry Overview" on page 38 of this Draft Red Herring Prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are sated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

47. Concerns about health risks relating to the use of mobile handsets and cell sites may adversely affect our prospects.

Our business may be adversely affected by real or perceived health risks. As research and studies are ongoing, there is no assurance that further research and studies will not definitively demonstrate a link between radio frequency emissions and health concerns, which could decrease the popularity of mobile handsets. Media and other reports have linked radio frequency emissions from mobile handsets and cell sites to various health concerns, including cancer, and to interference with various electronic medical devices, including hearing aids and pacemakers. Concerns over radio frequency emissions may discourage the use of mobile handsets, which could have a material adverse effect on telecommunications wireless sector which may adversely affect our business, results of operations, financial condition and prospects.

48. Our business or operation may be disrupted by technical failures, natural disasters or terrorism.

Our business and operations may be disrupted by technological failures and natural disasters such as earthquakes and floods. They also may be disrupted by sabotage, terrorism, vandalism and other similar occurrences. We maintain insurance coverage against property damage at levels customary for our industry. Damage or disruption to our facilities or operations, as a result of the above mentioned factors, including those covered by insurance, could have a material adverse effect on our business, results of operations, financial condition and prospects. There can be no assurance that any claim under our insurance policies will be honored fully or in part or in a timely manner or payment of such claim would fully compensate us.

49. Volatile conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and can be more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities and the price of the Equity Shares may also be volatile once they are listed.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment. Similar problems could happen in the future and, if they do, they could affect the market price and liquidity of the Equity Shares.

50. There is no prior market for the Equity Shares or any assurance one will develop to provide liquidity for the Equity Shares.

The Equity Shares are a new issue of securities for which there is currently no trading market. Concurrent with this offering, we will apply to list the Equity Shares on the BSE and the NSE. There is no assurance of such listing being obtained. No assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of Holders to sell their Equity Shares or the price at which Holders of the Equity Shares will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or is not sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than the initial offering price of the Equity Shares. Whether or not the Equity Shares will trade at lower prices depends on many factors, including: (i) prevailing interest rates and the market for similar securities; (ii) general economic and political conditions and the condition of the Indian telecommunications industry; and (iii) our financial condition, financial performance and future prospects.

51. Fluctuations in the exchange rate between the Rupee and the US dollar may have a material adverse effect on the value of the Equity Shares in US dollar terms.

The Equity Shares will be listed on the Indian Exchanges and quoted and traded in Rupees. As a result, fluctuations in the exchange rate between the Rupees and the US dollar will affect, among other things, the secondary market price of the Equity Shares.

The exchange rate between the Rupee and the US dollar has changed substantially in the last two decades and could fluctuate in the future. In recent years, the Rupee has appreciated against the US dollar. As per the noon buying rate in the City of New York for cable transfers in Indian Rupees as certified for customs purposes by the Federal Reserve Bank of New York, the Rupee appreciated from a rate of Rs. 46.5669 = USD 1.00, an average for 2003, to a rate of Rs. 40.7204 = US$1.00, an average for the first half year of 2007. The exchange rate on November 15, 2007 was Rs.39.29 = US$1.00.

52. Future issues or sales of Equity Shares may significantly affect the trading price of the Equity Shares.

The market price of the Equity Shares could decline as a result of sales of a large number of Equity Shares on an Indian stock exchange or elsewhere after the offering, or the perception that such sales could occur. Such sales also might make it more difficult for us to issue Equity Shares in the future at a time and at a price that we deem appropriate or favourable. Immediately after the closing of the Offering, we will have an aggregate of up to 171,335,792 Equity Shares outstanding and fully subscribed.

53. Indian dividend taxes or surcharges could negatively affect our tax liability.

The Finance Act, 2005 has fixed the tax on dividends declared, distributed or paid by Indian companies at 12.5%, and levied a surcharge of 10% on tax and education cess of 2% on tax and surcharge. The dividends are taxable in the hands of the companies at the rates applicable to them. Presently the corporate tax rates applied to the income in India is 30% plus a surcharge of 10% of such tax and education cess of 2% on tax and surcharge, aggregating to 33.66%. If we declare/distribute a dividend, we are required to pay additional income tax at a rate of 14.025% (including a surcharge of 10% and education cess of 2% on tax and surcharge) on the dividend so declared or distributed. The Finance Bill, 2007 has proposed that the rate of dividend distribution tax be increased to 15% (excluding surcharge and cess). This or any future changes in tax rates in India on income or the imposition of any additional taxes or surcharges could negatively affect our tax liability.

Notes to Risk Factors:

1. Public offer for sale of 17,283,580 Equity Shares of Rs. 2 each for cash at the Offer Price by the Company through an offer for sale by the Selling Shareholders aggregating Rs. [●] million. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Offer Price. The Offer would constitute 10.09% of the post Offer paid-up capital of our Company. The Net Offer would constitute 10.00% of the post Offer paid up capital of our Company.

2. The net worth of the Company was Rs. 4,503,741 thousand as of June 30, 2007 as per our restated consolidated financial statements prepared in accordance with Indian GAAP and SEBI Guidelines, included in this Draft Red Herring Prospectus.

3. The net asset value per Equity Share was Rs. 935.61 as of June 30, 2007, as per our restated consolidated financial statements prepared in accordance with Indian GAAP and SEBI Guidelines, included in this Draft Red Herring Prospectus. (The NAV has been calculated based on the number of equity shares prior to the bonus issue in August, 2007 and split of equity shares in October, 2007.

4. The average cost of acquisition of our Equity Shares by our each of our Promoters is as follows:

Name of Promoter	No. of Equity Shares	Average Price per share (Rs)
Mr. Manoj Upadhyay	16,382,100	0.05
Ms. Mamta Upadhyay	25,418,400	0.03
MKU Holdings Private Limited	126,031,500	0.05

   The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by the respective Promoter to acquire the Equity Shares, including bonus shares. For details see the section titled "Capital Structure" on page 19 of this Draft Red Herring Prospectus.

5. In terms of Rule 19(2)(b) of the SCRR, this being an Offer for less than 25% of the post–Offer capital, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Offer Price.

6. Our Promoter and Directors are interested in our Company to the extent of their shareholding in our Company and remuneration paid to them. See the sections titled "Capital Structure" and "Our Management" on pages 19 and 80, respectively of this Draft Red Herring Prospectus.

7. None of our Directors have either directly or indirectly undertaken any transactions in our Equity Shares in the six months preceding the date of this Draft Red Herring Prospectus except as stated in "Capital Structure" on page 19 of this Draft Red Herring Prospectus.

8. For details of all the loans and advances made to any persons or companies in whom Directors are interested, see the section titled "Financial Statements" on page 105 of this Draft Red Herring Prospectus.

9. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.

10. Any clarification or information relating to the Offer shall be made available by the BRLMs, the Selling Shareholders and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Member for any complaints pertaining to the Offer.

11. For details of our related party transactions, see the section titled "Related Party Transactions" on page 103 of this Draft Red Herring Prospectus.

12. Investors may note that in case of over-subscription in the Offer, Allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see the section titled "Basis of Allotment" on page 248 of this Draft Red Herring Prospectus.

13. Investors are advised to see the section titled "Basis for Offer Price" on page 29 of this Draft Red Herring Prospectus.

14. For details on conflict of interest which may occur between our business and the business of our Promoter Group companies of our Promoters see risk factor no. 31

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTH AND STRATEGY

We are dedicated to providing innovative energy savings solutions and products to companies operating in the global telecommunications industry. We specialize in providing comprehensive, energy efficient and environmentally friendly passive infrastructure solutions to wireless telecommunications service providers ("telecommunication operators"). Our solutions enable our clients to reduce their energy costs leading to a potential improvement in their operating margins.

In the fragmented domestic market for passive infrastructure solutions, we believe we distinguish ourselves through our ability to provide comprehensive and energy efficient solutions. Since Fiscal 2006, we have expanded our operations overseas and are conducting pilot projects in various markets including Bangladesh, Nigeria, Kenya, Tanzania, Sri Lanka and the Maldives. Our clientele has included leading companies in the Indian wireless telecommunications industry, such as Bharti Airtel Limited, Idea Cellular Limited, Nokia Seimens Network, Spice Telecom, Tata Teleservices Limited as well as international companies such as Brothers Construction Company (Bangladesh), GrameenPhone Limited. (Bangladesh), Broadband Communication Networks Limited (Kenya), Safaricom Limited (Kenya), Zanzibar Telecom Limited (Tanzania), FGP West Africa Limited (West Africa) and Tigo (Private) Limited (Sri Lanka), Wataniya Telecon Maldives Private Limited, among others.

We were established in the year 2003 and have been promoted by Mr. Manoj Kumar Upadhyay, who has over 14 years of experience in the power electronics and telecommunications industry. Originally, we operated as a provider of products and installation and maintenance services to telecommunication operators. In 2007, we began to expand the scope of our business to include the provision of energy management services and turnkey solutions to telecommunication operators.

We operate two manufacturing facilities in India located at Pantnagar in Uttaranchal state and Parwanoo in Himachal Pradesh state, manufacturing the following products and systems:

- Green Shelter –a comprehensive solution which includes the customized fibreglass reinforced plastic ("FRP")/nano-cooled enclosures that house the cell site equipment, including transmitters and receivers, power interface unit ("PIU"), thermal management system and air conditioners, and can be built according to customer specifications;

The following products are included as part of the Green Shelter, and can also be provided on a standalone basis:

- FRP/Nano-Cooled Shelter – shelter with a special coating on the outer skin which increases the reflective index to more than 70% (based on management representations) thereby reducing solar gain into the shelter, and increases the life of the shelter;

- PIU – a device which, maximizes the utilization of grid power and integrates all electrical needs on-site into a footprint of 400x600 millimetres, by:

  - regulating low quality power supply by correcting voltage and frequency;

  - automatic phase selection; and

  - lightning and surge protection.

- Thermal Management System – A system which controls the temperature inside housing or a shelter, comprising of panels fitted with PCM. The panels are used inside the shelters to maintain the temperature inside the shelter. It provides a back-up during power failures and reduces the need to run diesel generators.

- Air Conditioning ("**AC**") with Free Cooling Unit - a telecommunications air conditioning solution that maintains the temperature without running the AC, when the ambient temperature drops below 25 degrees centigrade, thereby lowering the overall running costs associated with using the AC.

In addition, we supply specialized products, such as Line Conditioner Units ("LCU"), to complement our other energy efficient solutions.

We have begun providing energy management solutions to telecommunications operators. In this regard, we operate and manage the passive infrastructure for telecommunication companies with a focus on reducing their overall energy costs.

Our research and development activities are carried out in a modern facility located at Manesar, comprising, as of September 30, 2007, 80 employees, 65 of whom were engineers. We also benefit from the research carried out by our affiliate companies in Canada and the United States. Our corporate and registered office is situated at DLF Cyber City, Gurgaon, Haryana. We have four regional offices, in Kolkata, Mumbai, Chandigarh and Hyderabad. In addition, we are also supported by our agents in various overseas locations such as Portugal, Bangladesh and Venezuela for sales and marketing.

In August 2006, our operations were certified as ISO 9001:2000 compliant. This certification applies to our offices and facilities in Gurgaon, Manesar and Pantnagar and covers the design, manufacture, marketing, servicing and installation of telecommunications equipment. In March 2007, we were conferred "The Valued Partner Award of the Year 2006" by Bharti Airtel Limited in recognition of our overall performance in the passive infrastructure equipment category.

In October 2007, we acquired 100% of the shares of Reime Network Implementation Services ("Reime") from the shareholders of Reime for USD 11,000 thousand. Reime is based in Norway and works with telecommunication companies and technology vendors, focusing on emerging markets. Reime develops and maintains wireless and wireline telecommunication infrastructure across seven countries in Africa. Reime's specific products and solutions include assisting with the roll-out of wireless networks, providing pre-fabricated materials to use at base sites (for cell towers), building towers and building switch yards. Reime is an ISO 9001:2000 certified company.

We intend to leverage Reime's relationships with telecommunication operators in Africa to market our products and solutions. After integrating Reime's operations and employees into our existing operations, we expect to benefit from combining Reime's experience in providing products and services to telecommunication operators in Africa with our experience in providing products which cater to that industry.

Our net turnover increased from Rs. 345,885 thousand in Fiscal 2004 to Rs. 6,474,538 thousand on consolidated basis in Fiscal 2007, registering a CAGR of 165.5%. Our EBITDA margins for the corresponding periods were 29.4% and 37.6%, respectively. Our net profits were Rs. 93,962 thousand and Rs. 2,283,317 thousand on consolidated basis for Fiscal 2004 and Fiscal 2007, respectively, registering a CAGR of 189.6%. Our solutions are currently focused in two main areas: manufacture and sale of telecommunications passive infrastructure hardware and provision of installation and annual maintenance services, which accounted for 96.4% and 3.6%, respectively of the total revenue on a restated unconsolidated basis for Fiscal 2007.

As of September 30, 2007, we had a workforce of 850 persons including 321 employees involved in sales, marketing and project services. We maintain installation teams, as well as support staff, in all the 23 geographic circles defined by the Telecommunications Regulatory Authority of India ("TRAI"). We also provide after-sales services for our customers, including periodic review and repair of individual products.

The demand for our products and services is linked to the growth of base transmission sites, which in turn is driven by the growth in demand for telecommunications services. We believe we are well positioned to leverage our ability to provide comprehensive and energy efficient products and services to meet these needs.

Competitive Strengths

Well positioned in the high-growth Indian telecommunications market

We believe the Indian telecommunications industry and the wireless industry in particular will continue to experience high growth. We believe we have established a track record in supplying innovative and energy efficient products and services to the telecommunications market that will enable us to effectively exploit the significant growth opportunities in India's rapidly expanding wireless telecommunications market. Going forward, wireless broadband through Wi-Max and 3G is expected to support increased investment in wireless networks. Since commencement of operations in 2003, we have emerged as a leading provider of passive infrastructure solutions to wireless telecommunications operators in India and are expanding our presence overseas.

End-to-end infrastructure solutions provider to wireless telecommunications operators

The passive infrastructure solutions market in India is highly fragmented, consisting of a number of companies each providing standalone offerings of products such as enclosures, air conditioning units, voltage regulators and diesel generator ("DG") sets. We provide comprehensive passive infrastructure solutions for telecommunications operators through a range of products such as FRP/Nano-Cooled Shelters, PIUs, Thermal Management Systems, and ACs with Free Cooling Units. These products can be customized to suit user needs, facilitate efficient utilization of power and enable customers to reduce energy costs. Moreover, because we are an integrated infrastructure provider we can ensure that our various products and services meet our quality standards. Integration also allows us to leverage the associated economies of scale and explore opportunities to cross sell our products and services.

Focus on innovative products

We emphasize providing solutions to our customers that meet their requirements by developing innovative products. We have developed a range of innovative products which have been well received by various Indian telecommunication operators and have proven to be commercially successful. sDesigned to be more energy efficient and environmentally friendly, we believe that our products reduce energy costs by up to 40% (based on management representations) for wireless telecommunications operators that are looking to expand in low revenue semi-urban and rural areas. For instance, we have introduced Nano-Cool Shelters as well as shelters with Fibreglass Reinforced Plastic ("FRP") outer skin which has resulted in lower air conditioning costs through higher insulation and reduced solar gain. We employ quality controls to ensure that customers receive quality products.

Strong focus on research and development

Our focus on research and development activities enables us to develop products which we believe are technologically superior to other products. At our research facility situated at Manesar, as of September 30, 2007, we had 80 employees, 65 of which are engineers dedicated to research and development activities. Our in-house research and development team works closely with our marketing team to develop products that address the needs of existing as well as new customers. As of September 30, 2007, we had five patents registered in our name and had made applications for three further patents, one of which is pending final notification of grant. For details, see the section titled "Government and Other Approvals" on page 205 of this Draft Red Herring Prospectus. We intend to continue to invest in our research and development activities and to seek appropriate protection for our intellectual property assets.

Reputed client base

Our clientele has included leading companies in the Indian wireless industry, such as Bharti Airtel Limited, Tata Teleservices Limited, Idea Cellular Limited and Spice Telecom as well as OEMs such as Nokia Seimens Network. Internationally, we have developed relationships with operators and vendors in the telecommunications industry including Safaricom, Brothers Construction Company, GrameenPhone Limited and Zanzibar Telecom. We believe that our client base and our preferred vendor relationships with Indian blue chip telecommunications operators provide us with greater market visibility and reputational benefits and will assist us in continuing to build our market share in India and internationally.

Experienced management team with a proven track record

Our management team has significant experience in the manufacturing, research and development, marketing and customer service sectors of the telecommunications and other technology-based industries. Our Promoter, Mr. Manoj Kumar Upadhyay, has over 14 years of experience in the power electronics and telecommunications industry.

We provide our staff with competitive compensation packages and a corporate environment that encourages responsibility, autonomy and innovation. This has helped us in recruiting high calibre management and employees. We believe that the experience of our management team and its in-depth understanding of the global telecommunication and technology markets will enable us to continue to take advantage of both current and future market opportunities.

Business Strategy

We believe that we are well positioned to grow in the rapidly expanding wireless telecommunications industry. We believe our key competitive strategies are as follows:

Strengthen our position in the Indian market

We are one of the leading passive infrastructure solutions providers to wireless telecommunications operators in India, operating in a fragmented market alongside a few other industry participants. We believe that India is and will continue to be one of the fastest growing markets for wireless telecommunications services for the foreseeable future. We intend to continue to focus on growing our Indian business by leveraging our status as a leading provider of passive infrastructure solutions and by continuing to develop innovative products to cater to the specific needs of our Indian customers. We seek to expand our business through organic and inorganic growth and leverage our existing customer relationships to expand penetration and geographic coverage. We will focus on retaining market share through development of new technologies through our research and development activities and through new equipment installation for new sites and retrofit development for existing sites in more established markets.

Expand the range of products offered

We intend to leverage our existing design and manufacturing capabilities and to continue to invest in research and development to expand our product portfolio. For example, we are developing and bringing to the market "New ACs", which do not have compressors, are gas free and use less power than conventional air conditioners, and fuel cells, which will produce energy more efficiently using the same hydrocarbons. We have introduced (under trial runs currently being carried out) and propose to introduce next generation green shelters, called the GS2 and GS3. We also intend to continue to customize products depending on the specific needs of telecommunications operators. We will utilize our research and development capacities to continue to work with existing and new customers to design and develop products catering to their emerging needs and market opportunities. Our research and development activities are an integral part of our strategy to expand our range of products. We are currently in the process of testing the applicability of our products to other industries.

We are exploring options for claiming carbon credits for our energy efficient products. In this regard, we already have the product methodology approved by the Ministry of Environment and Forests for PIU and Puff Panels and are in process of applying for approval from UNFCC.

Diversify into energy management services and turnkey solutions

To diversify the range of services we offer, we have begun working on complete, end-to-end, solutions for telecommunication companies. In providing end-to-end solutions, we supply Green Shelters, which include the shelter, PCM, PIU and the AC. On a turnkey basis, we provide all of the hardware required to properly and efficiently operate a radio tower site with the exception of the radio frequency transmitting equipment and the base transceiver station components. Our first such project is currently being carried for a private telecommunications company for approximately 500 sites across India. In addition, we install and provide maintenance for the Green Shelters we sell in India. As a part of our energy management services, we operate and manage the passive infrastructure for telecommunication operators with a focus on reducing energy costs.

Expand our presence in international growth markets

In order to increase our market share in the global passive telecommunications infrastructure solutions industry, we plan to expand our overseas operations. We consider our key international markets to be locations where operators experience power supply and climatic conditions similar to those in India. We will continue to utilise the experience and expertise gained in our Indian operations to seek to win and execute orders from international customers. We also intend to exploit opportunities in mature markets, such as Europe and the United States, to expand our retro-fitments business. We will look to continue to develop relationships with overseas agents, who are regional or local providers to telecommunications operators, to market and distribute our products to those operators without our having to incur direct international marketing and business development costs. In addition, our acquisition of Reime, which has experience in providing turnkey services for network rollouts, gives us access to emerging markets.

Enter into strategic agreements with parties to outsource manufacturing activities

We intend to enter into strategic agreements under which manufacturing activities for some of our non-critical components are outsourced to third parties. Outsourcing would allow us to reduce certain production costs as well as free up additional capacity to develop and manufacture critical components. On a trial basis, we have begun outsourcing the manufacturing of polyurethane foam ("PUF") panels. We intend to expand our initial outsourcing efforts to the manufacturing of panels for PIUs.

Grow our business through strategic acquisitions and alliances

As a part of our growth strategy, we intend to undertake key overseas and domestic corporate acquisitions. We will evaluate such acquisitions on a case-by-case basis in order to grow our business, expand our product portfolio and enhance our geographical reach. In line with this strategy, we recently acquired Reime, a Norwegian company which develops and maintains wireless and wireline telecommunication infrastructure in seven countries in Africa.

THE OFFER

The following table summarizes the offer details:

Equity Shares offered by:

The Selling Shareholders *of which*	17,283,580 Equity Shares
Employee Reservation Portion	150,000 Equity Shares
Therefore Net Offer	17,133,580 Equity Shares
of which	
Qualified Institutional Buyers (QIBs) Portion of which	At least 10,280,148 Equity Shares*
Available for Mutual Funds only***	514,008 Equity Shares*
Balance of QIB Portion (available for QIBs Including Mutual Funds)	9,766,140 Equity Shares*
Non-Institutional Portion**	Not less than 1,713,358 Equity Shares*
Retail Portion**	Not less than 5,140,074 Equity Shares available for allocation*
Pre and post-Offer Equity Shares	
Equity Shares prior to the Offer	171,335,792 Equity Shares
Equity Shares after the Offer****	171,335,792 Equity Shares

Use of Offer proceeds

This being an Offer for Sale, our Company will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders.

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* *In the event of over-subscription, allocation shall be made on a proportionate basis.*

** *In the event of under-subscription in any of these categories, the unsubscribed portion may be added to any one of the other categories at the sole discretion of our Company, the Selling Shareholders and the BRLMs.*

*** *In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the QIB Portion to be allocated on a proportionate basis to QIB Bidders.*

**** *As this Offer is through an Offer for Sale, there will be no change in the issued share capital of our Company as a result of the Offer.*

SELECTED FINANCIAL INFORMATION

The following table sets forth summary financial information derived from our financial statements as of and for the Fiscal years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and the three months ended June 30, 2007. As required by the SEBI Guidelines, our financial statements as of and for the Fiscal years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and the three months ended June 30, 2007 have been restated. The summary financial information presented below should be read in conjunction with the financial statements included in this Draft Red Herring Prospectus, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 182.

Summary Statement of Profits and Losses, as Restated

(Amount in Rs. '000)

Particulars	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Income						
Turnover	3,342,366	7,088,346	4,309,436	1,257,722	342,967	2,917
Installation and annual maintenance revenue	59,432	264,031	120,989	13,657	2,918	-
Total	3,401,798	7,352,377	4,430,425	1,271,379	345,885	2,917
Less: Excise duty on turnover	458,980	923,084	493,207	35,967	-	-
Turnover (net)	2,942,818	6,429,293	3,937,218	1,235,412	345,885	2,917
Other income	40,240	39,722	19,381	10,929	1,490	2
Total	**2,983,058**	**6,469,015**	**3,956,599**	**1,246,341**	**347,375**	**2,919**
Expenditure						
Raw materials and components consumed	1,602,016	3,186,408	1,833,950	720,540	241,467	1,596
Manufacturing, maintenance and installation costs	156,519	364,111	208,686	51,033	9,320	117
Personnel expenses	89,120	231,082	84,210	24,374	5,059	37
Operating and other expenses	73,372	275,031	289,035	45,921	9,420	61
Financial expenses	22,085	17,604	2,727	2,221	1,899	4
(Increase)/decrease in inventories	14,099	(38,134)	(92,510)	(35,100)	(20,149)	-
Depreciation/amortization	21,373	46,677	15,072	3,161	133	-
Total	**1,978,584**	**4,082,779**	**2,341,170**	**812,150**	**247,149**	**1,815**
Net profit before tax	**1,004,474**	**2,386,236**	**1,615,429**	**434,191**	**100,226**	**1,104**
Current tax	112,187	264,167	449,387	37,317	7,319	113
Less: MAT credit entitlement	(88,787)	(215,213)	-	-	-	-
Net current tax	23,400	48,954	449,387	37,317	7,319	113
Deferred tax charge/(credit)	2,074	52,569	(44,973)	(2,645)	(1,055)	(10)
Fringe benefit tax	900	3,429	3,000	-	-	-
Total	**26,374**	**104,952**	**407,414**	**34,672**	**6,264**	**103**
Net profit after tax, as restated	978,100	2,281,284	1,208,015	399,519	93,962	1,001
Balance brought forward for appropriations as restated	3,112,961	1,499,253	433,610	93,863	1,001	-

Particulars	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Profit available for appropriations as restated	4,091,061	3,780,537	1,641,626	493,381	94,963	1,001
Utilised for bonus issue	-	-	-	-	1,100	-
<u>Appropriations</u>						
Interim final dividend on equity shares	-	384,096	24,006	5,000	-	-
Tax on interim/final dividend	-	53,869	3,367	701	-	-
Transfer to general reserve	-	229,611	115,000	54,070	-	-
Balance carried forward, as restated	**4,091,061**	**3,112,961**	**1,499,253**	**433,610**	**93,863**	**1,001**

Note:

1. The above statement should be read with the Notes on Adjustments to Restated Summary Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV, IV-A and IV-B

Summary Statement of Assets and Liabilities, as Restated

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Fixed assets, including intangibles						
Gross block	797,885	724,155	196,175	79,410	3,641	22
Less : Accumulated depreciation/amortisation	84,433	63,060	18,367	3,295	133	-
Net block	713,452	661,095	177,808	76,115	3,508	22
Capital work-in-progress including capital advances	56,690	98,066	309,835	-	6,130	-
Total	770,142	759,161	487,643	76,115	9,638	22
Investments	1,330,180	754,138	1,867	36,419	4,143	-
Deferred tax assets, (net)	-	-	48,683	3,710	1,065	10
Current assets, loans and advances						
Inventories	822,637	599,323	469,707	89,816	26,665	-
Sundry debtors	2,456,654	1,673,966	1,054,535	428,065	199,499	2,035
Cash and bank balances	382,047	227,435	586,472	160,388	47,932	305
Other current assets	66,690	61,303	15,602	4,418	963	2
Loans and advances	861,930	732,982	95,596	36,487	10,966	248
Total	4,589,958	3,295,009	2,221,912	719,174	286,025	2,590
Loans, Liabilities and provisions :						
Secured loans	423,409	464,858	13,222	50,200	6,139	-
Unsecured loans	-	-	-	-	199	37
Deferred tax liabilities (net)	5,961	3,886	-	-	-	-
Current liabilities	1,647,739	738,225	780,977	243,758	188,768	1,351
Provisions	99,621	81,696	289,581	51,845	9,990	144
Total	2,176,730	1,288,665	1,083,780	345,803	205,096	1,532
Net worth	4,513,550	3,519,643	1,676,325	489,615	95,775	1,090
Net worth represented by						
Capital	48,137	48,012	48,012	2,000	2,000	100
Profit and Loss Account	4,091,061	3,112,961	1,499,253	433,610	93,863	1,001
General reserve						
Balance as per last accounts	358,671	129,060	54,070	-	-	-
Add: Addition during the period	-	229,611	115,000	54,070	-	-
Less: Utilised for bonus issue	-	-	(40,010)	-	-	-
General reserve (net)	358,671	358,671	129,060	54,070	-	-
Securities premium account						
Add: Addition during the period	17,366	-	-	-	-	-

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Less: Share issue expenses	(1,685)	-	-	-	-	-
	15,681					
Less:- Miscellaneous expenditure (to the extent not adjusted/written off)	-	-	-	(65)	(88)	(11)
Net Worth	4,513,550	3,519,644	1,676,325	489,615	95,775	1,090

Note :

1. The above statement should be read with the Notes on Adjustments to Restated Summary Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV, IV-A and IV-B

GENERAL INFORMATION

Our Company was incorporated as Acme Tele Power Private Limited on January 14, 2003 under the Companies Act. It was converted into a public limited company with effect from August 29, 2005 and the name was changed to Acme Tele Power Limited.

Our Registration Details

Acme Tele Power Limited
DLF Infinity Tower,
Building C, 9th Floor,
DLF Cyber City, Phase-II,
Gurgaon 122 002, Haryana, India.
Registration No.: 55- 35026
CIN: U64202HR2003PTC35026

We are registered with the RoC, NCT of Delhi and Haryana situated at:
Paryavaran Bhawan,
CGO Complex, Lodhi Road,
New Delhi 110 003, India.

Board of Directors of our Company

Name, Designation, Occupation	Address	Age (years)
Mr. Manoj Kumar Upadhyay **Designation**: Managing Director (Non-Independent Director) **Occupation**: Industrialist	F 49, 2nd Floor, Tulip Garden, Sushant Lok 2 and 3, Gurgaon, 122 050 Haryana, India	37
Mr. Sunil Sethy **Designation**: Whole time Director (Non-Independent Director) **Occupation**: Professional	601, Block-33, Heritage City, Gurgaon -122 002, Haryana, India	56
Mr. Virendra Kumar Maurya **Designation**: Independent Director **Occupation**: Industrialist	F-44, 2nd Floor, Tulip Garden, Sushant Lok Phase II, Sector 56, Gurgaon, Haryana, India	43
Mr. Arun Seth **Designation**: Independent Director **Occupation**: Industrialist	A-7, Geetanjali Enclave, New Delhi 110 070, India	56
Mr. Shyam Sunder Bhartia **Designation**: Independent Director **Occupation**: Industrialist	46, Friends Colony (East), New Delhi 110 065, India	55

For further details of our Directors, see the section titled "Our Management" on page 80 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Jitendra Kumar
Acme Tele Power Limited
DLF Infinity Tower,
Building C, 9th Floor,
DLF Cyber City, Phase-II,
Gurgaon 122 002, Haryana, India.
Tel: +91 124 456 1800
Fax: +91 124 414 7188
Email: ipo@acme.in
Website: www.acmetelepower.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refunds etc.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
Bakhtawar, 3rd Floor,
229, Nariman Point,
Mumbai 400 021, India.
Tel.: +91 22 6634 1100
Fax: +91 22 2283 7517
E-mail: acme.ipo@kotak.com
Investor Grievances Email id: kmccredressal@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole
SEBI Registration No. : INM000008704

UBS Securities India Private Limited
2/F, Hoechst House,
Nariman Point,
Mumbai 400 021, India.
Tel: +91 22 2286 2000
Fax: +91 22 2281 4676
Email: acme@ubs.com
Investor Grievances Email id: customercare@ubs.com
Website: www.ibb.ubs.com/Corporates/indianipo
Contact Person: Mr. Avi Mehta
SEBI Registration No. : INM000010809

Citigroup Global Markets India Private Limited
12th Floor, Bakhtawar, Nariman Point,
Mumbai 400 021, India.
Tel: +91 22 6631 9999
Fax: +91 22 6631 9803
Email: acme.ipo@citi.com
Investor Grievances Email id: investors.cgmib@citi.com
Website: www.citibank.co.in
Contact Person: Mr. Rajiv Jumani
SEBI Registration No. : INM000010718

Deutsche Equities India Private Limited
DB House,
Hazarimal Somani Marg,
Fort, Mumbai 400 001, India.
Tel: +91 22 6658 4600
Fax: +91 22 2200 6765

Email and Investor grievances email id: acme.ipo@db.com
Website: www.db.com/india
Contact Person: Mr. Pulkit Bhandari
SEBI Registration No: INM000010833

Syndicate Member

Kotak Securities Limited
Bakhtawar, 1st Floor,
229, Nariman Point,
Mumbai 400 021, India.
Tel: +91 22 6634 1100
Fax: +91 22 6634 3927
Contact person: Mr. Umesh Gupta
E-mail: umesh.gupta@kotak.com
Website: www.kotak.com.

Registrar to the Offer

Karvy Computershare Private Limited
Plot No. 17-24, Vithalrao Nagar,
Madhapur, Hyderabad 500 081, India.
Tel: +91 40 2342 0815-18
Fax: +91 40 2343 1551
Email: einward.ris@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration No.INR000000221

Domestic Legal Advisor to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Amarchand Towers,
216, Okhla Industrial Estate, Phase – III,
New Delhi 110 020, India.
Tel: +91 11 2692 0500
Fax: +91 11 2692 4900

International Legal Advisor to the Offer

Jones Day
31/F Edinburgh Tower,
The Landmark,
15 Queen's Road Central,
Hong Kong.
Tel: +852 2526 6895
Fax: +852 2868 5871

Auditors to the Company

S R Batliboi & Associates
Golf View Corporate Tower B
Near DLF Golf Course
Sector-42, Sector Road,
Gurgaon 122 001, India.
Tel: + 91 124 464 4193
Fax: + 91 98105 30625
E-mail: ey.ind@in.ey.com

Bankers to the Offer and Escrow Collection Banks
[●]

Bankers to the Company

ABN AMRO Bank
11th Floor, Tower C,
Cyber Greens, DLF Cyber City,
Sector 25 A,
Gurgaon 122 002, Haryana, India.
Tel: +91 98991 88999
Fax: +91 124 4181737
Email: atul.khanna @in.abnamro.com
Website: www.abnamro.co.in
Contact Person: Mr. Atul Khanna

Centurion Bank of Punjab Limited
SG-5-6, DLF Galleria,
DLF City, Phase- IV,
Gurgaon 122 002, India.
Tel: + 91 93134 38231
Fax: +124 2570371
Email: mrinalini.rao@centurionbop.co.in
Website: www.centurionbop.co.in
Contact Person: Mr. Mrinalini Rao

Citibank N.A.
Birla Tower,
3rd Floor, West Wing,
25, Barakhamba Road,
New Delhi 110 001, India.
Tel: +91 99100 50500
Fax: +91 11 23766461
Email: nitin1.anand@citi.com
Website: www.citibank.co.in
Contact Person: Mr. Nitin Anand

HDFC Bank Limited
Vatika, Atrium, "A" Block
Golf Course Road, Sector 53,
Gurgaon 122002, Haryana, India.
Tel: +91 93120 82530
Fax: +91 124 4664366
Email: pankaj.grover@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Pankaj Grover

Standard Chartered Bank Limited
K-3, Brahm, Datt Tower,
Sector 18,
Noida 201 301, Uttar Pradesh, India.
Tel: +91 98185 56321
Fax: +91 120 4354474
Email: kumar-
sambhaw.sultania@in.standardchartered.com
Website: www.standardchartered.com
Contact Person: Mr. Kumar Sambhaw Sultania

Statement of Inter-Se Allocation of Responsibility

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

Statement of Inter-se Allocation of Responsibilities for the Offer

S. No.	Activities	Responsibilities	Co-ordinator
1.	Capital Structuring, ESOS, audit of accounts (SEBI Format), restructure board, set-up committees, board and s/holders to approve IPO.	Kotak, UBS, Citi, Deutsche	UBS
2.	Due diligence of Company's operations / management / business plans/legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of all prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	Kotak, UBS, Citi, Deutsche	Kotak
3.	Drafting and approval of all publicity material excluding statutory advertisement including corporate advertisement, brochure, etc.	Kotak, UBS, Citi, Deutsche	UBS
4.	Appointment of Registrar, bankers, printers and	Kotak, UBS, Citi,	Citi

S. No.	Activities	Responsibilities	Co-ordinator
	advertising agency.	Deutsche	
5.	Non-Institutional marketing and retail marketing of the Offer, which will cover, inter-alia, formulating marketing strategies, preparation of publicity budget, finalize media & PR Strategy, finalizing centers for holding conferences for brokers, etc. follow-up on distribution of publicity and Company material including form, prospectus and deciding on the quantum of the Offer material, finalize collection centers.	Kotak, UBS, Citi, Deutsche	Kotak
6.	Domestic Institutional marketing of the Offer, which will cover, inter alia finalizing the list and division of investors for one to one meetings, and finalizing road show schedule and investor meeting schedules.	Kotak, UBS, Citi, Deutsche	Deutsche
7.	International institutional marketing of the Offer, which will cover, inter alia finalizing the list and division of investors for one to one meetings, and finalizing road show schedule and investor meeting schedules and Road show presentation and finalizing FAQs.	Kotak, UBS, Citi, Deutsche	UBS
8.	Finalization of pricing in consultation with the Company.	Kotak, UBS, Citi, Deutsche	UBS
9.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc. The post Offer activities of the Offer will involve essential follow up steps, which must include finalization of listing of instruments and dispatch of refunds, with the various agencies connected with the work such as Registrars to the Offer, Bankers to the Offer and the bank handling refund business. BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements.	Kotak, UBS, Citi, Deutsche	Citi

Monitoring Agency

There is no requirement for a monitoring agency, since this is an offer for sale.

Credit Rating

There is no credit rating for this Offer, since this is an Offer of Equity Shares.

IPO Grading

This Offer has been rated by [●] as [●] (pronounced [●]) indicating [●]. Pursuant to Clauses 5.6B.1 and 6.17.3A of the SEBI Guidelines, the rationale/description furnished by the credit rating agency will be updated at the time of filing the Red Herring Prospectus with the Designated Stock Exchange.

Trustees

The appointment of Trustees is not required, since this is an Offer of Equity Shares,.

Book Building Process

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

1. The Company;

2. The Selling Shareholders;

3. The BRLMs;

4. The Syndicate Member, who is an intermediary registered with SEBI or registered as brokers with the BSE/ the NSE and eligible to act as Underwriters. The syndicate members are appointed by the BRLMs; and

5. Registrar to the Offer.

This being an Offer for less than 25% of the post–Offer capital of the Company, the Offer is being made through the 100% Book Building Process in accordance with the SEBI Guidelines read with Rule 19(2) (b) of the SCRR, wherein at least 60% of the Net Offer will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to our Employees, subject to valid Bids being received at or above the Offer Price.

Pursuant to amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Offer Closing Date. See the section titled "Terms of the Offer" on page 218 of this Draft Red Herring Prospectus for more details.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Offer. In this regard, we have appointed the BRLMs to manage the Offer and procure subscriptions to the Offer.

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

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer)*

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

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see section titled "Offer Procedure - Who Can Bid" on page 225 of the Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN in the Bid cum Application Form (see section titled "Offer Procedure - 'PAN' or 'GIR' Number" on page 242 of this Draft Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section titled "Offer Procedure-Bidder's Depository Account Details" on page 237 of this Draft Red Herring Prospectus) given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer anytime after the Bid/ Offer Opening Date without assigning any reason therefor.

Bid/ Offer Programme

BID/ OFFER OPENS ON	**[●]**
BID/ OFFER CLOSES ON	**[●]**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Offer Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

The Selling Shareholders and the Company reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least one day prior to the Bid /Offer Opening Date.

In case of revision in the Price Band, the Offer Period will be extended for three additional days after revision of the Price Band subject to the Offer Period not exceeding 10 days. Any revision in the Price Band and the revised Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release in two widely circulated newspapers one each in English and Hindi, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Offer Price and allocation of our Equity Shares that are proposed to be sold pursuant to the Offer, but prior to the filing of the Prospectus with RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to conditions to closing, as specified therein.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In million)
Kotak Mahindra Capital Company Limited Bakhtawar, 3rd Floor, 229, Nariman Point, Mumbai 400 021, India.	[●]	[●]
UBS Securities India Private Limited 2/F, Hoechst House, Nariman Point, Mumbai 400 021, India.	[●]	[●]
Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar, Nariman Point, Mumbai 400 021, India.	[●]	[●]
Deutsche Equities India Private Limited DB House, Hazarimal Somani Marg, Fort, Mumbai 400 001, India	[●]	[●]
Kotak Securties Limited Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai 400 021, India.	[•]	[•]

The above mentioned is indicative underwriting and this would be finalized after the pricing and actual allocation of the Equity Shares.

The above Underwriting Agreement is dated [●].

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

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

In the event Kotak fails to satisfy its underwriting obligations discussed above, then Kotak Securities shall be liable to discharge the underwriting obligations of Kotak.

CAPITAL STRUCTURE

Our share capital as at the date of filing of this Draft Red Herring Prospectus with SEBI (before and after the Offer) is set forth below:

(Rs. in thousands, except share data)

		Aggregate value at face value of Rs. 2 each	Aggregate Value at Offer Price
A.	**Authorized Capital#**		
	250,000,000 Equity Shares	500,000	
B.	**Issued, Subscribed And Paid-Up Capital before the Offer**		
	171,335,792 Equity Shares fully paid-up	342,672	
C.	**Present Offer in terms of this Draft Red Herring Prospectus***		
	17,283,580 Equity Shares fully paid-up	34,567	[●]
D.	**Employee Reservation Portion**		
	Up to 150,000 Equity Shares	300	[●]
E.	**Net Offer**		
	Up to 17,133,580 Equity Shares	34,267	[●]
F.	**Issued subscribed and paid up capital after the Offer**		
	171,335,792 Equity Shares each fully paid-up	342,672	
G.	**Securities Premium Account**		
	Before the Offer	1,976,927	
	After the Offer	1,976,927	

\# *Pursuant to a resolution of our shareholders dated October 22, 2003, the authorized share capital of our Company was increased from Rs. 200,000 comprising 20,000 equity shares of Rs. 10 each to Rs. 5,000,000 comprising 500,000 equity shares of Rs. 10 each.*

Pursuant to a resolution of our shareholders dated June 15, 2005, the authorized share capital of our Company was increased from Rs. 5,000,000 to Rs. 10,000,000 comprising 1,000,000 equity shares of Rs. 10 each. Pursuant to a resolution of our shareholders dated August 10, 2005, the authorized share capital of our Company was increased from Rs. 10,000,000 to Rs. 50,000,000 comprising 5,000,000 equity shares of Rs. 10 each. On April 2, 2007 we increased our authorized capital from Rs. 50,000,000 to Rs. 500,000,000 comprising 50,000,000 equity shares of Rs. 10 each. On October 9, 2007, pursuant to resolution of our shareholders we sub-divided our authorized share capital to Rs. 500,000,000 comprising 250,000,000 Equity Shares of Rs. 2 each.

Selling Shareholders

The details of the Equity Shares being offered by each of the Selling Shareholders as a part of the Offer is as follows:

Selling Shareholders	Number of Equity Shares
MKU Holdings Private Limited	12,098,506
Mr. Manoj Kumar Upadhyay	1,728,358
Ms. Mamta Upadhyay	3,456,716

Notes to Capital Structure

1. *Share Capital History of our Company*

Date of Issue/ Allotment	Number of equity shares	Issue Price per equity share (Rs.)	Face Value per equity share (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)
January 14, 2003	10,000	10	10	Cash	Subscription to Memorandum of Association (1)	Nil	100,000
December 4, 2003	110,000	Nil	10	Bonus issue (in the ratio of 11:1)	Capitalization of Profits (2)	Nil	1,200,000
December 4, 2003	80,000	10	10	Cash	Preferential allotment (3)	Nil	2,000,000
June 8, 2005	50	10	10	Cash	Preferential allotment (4)	Nil	2,000,500
February 18, 2006	600,150	10	10	Cash	Preferential allotment (5)	Nil	8,002,000
March 16, 2006	4,001,000	Nil	10	Bonus issue (in the ratio of 5:1)	Capitalization of Profits (6)	Nil	48,012,000
June 25, 2007	12,494	1,390	10	Cash	Preferential allotment(7)	17,366,660	48,136,940
August 7, 2007	28,882,164	Nil	10	Bonus issue (in the ratio of 6:1)	Capitalization of Profits	17,366,660	336,958,580
October 9, 2007	Split of 33,695,858 equity shares of Rs. 10 each to 168,479,290 Equity Shares of Rs. 2 each						336,958,580
November 14, 2007	2,856,502	688	2	Cash	Preferential allotment(8)	1,976,927,032	342,671,584

(1) of 2,000 equity shares of Rs. 10 each and 8,000 equity shares of Rs. 10 each respectively to Mr. K.M. Upadhyay and Ms. Mamta Upadhyay.
(2) of 22,000 equity shares of Rs. 10 each and 88,000 equity shares of Rs. 10 each, respectively to Mr. K.M. Upadhyay and Ms. Mamta Upadhyay
(3) of 15,000 equity shares of Rs. 10 each, 25,000 equity shares of Rs. 10 each and 40,000 equity shares of Rs. 10 each to Mr. K.M. Upadhyay, Ms. Mamta Upadhyay and Mr. Manoj Kumar Upadhyay respectively.
(4) of 10 equity shares of Rs. 10 each to Mr. Anil Chutani, Mr. Shailesh Thakur, Mr. Rajeev Agarwal, Mr. Sandeep Kashyap and Mr. Sudhir Verma respectively.
(5) of 600,150 equity shares of Rs. 10 each to MKU Holdings Private Limited (formerly known as Green Shelters (India) Private Limited)
(6) of 3,000,750 equity shares of Rs. 10 each to MKU Holdings Private Limited, 390,050 equity shares of Rs. 10 each to Mr. Manoj Kumar Upadhyay,605,000 equity shares of Rs. 10 each to Ms. Mamta Upadhyay, 5,000 equity shares to Mr. K.M. Upadhyay and 50 equity shares of Rs. 10 each to Mr. Anil Chutani, Mr. Shailesh Thakur, Mr. Sandeep Kashyap and Mr. Sudhir Verma respectively.
(7) to certain friends and business associates of our Company.
(8) 2,283,066 Equity Shares to DB International (Asia) Limited, 428,088 Equity Shares to Earthstone Holdings Private Limited, 145,348 Equity Shares to Kotak Mahindra Capital Company Limited.

2. *Promoter Contribution and Lock-in*

All Equity Shares which are being locked-in are eligible for computation of promoters contribution and lock in under clause 4.6 of SEBI Guidelines.

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-Offer equity share capital of our Company shall be locked in by the Promoters for a period of three years from the date of Allotment in the Offer.

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

Name of Promoter	Date on which Equity Shares were allotted	Nature of payment of consideration	Face Value per equity share (Rs.)	Issue Price per equity share (Rs.)	Number of Equity Shares	Post-Offer paid up capital (%)
MKU Holdings Private Limited	February 18, 2006	Preferential allotment	10	10	600,150	Not applicable as equity shares of face value Rs. 10 each were split to Equity Shares of face value of Rs. 2 each
	March 16, 2006	Bonus issue (in the ratio of 5:1)	10	Nil	3,000,750	
	August 7, 2007	Bonus issue (in the ratio of 6:1)	10	Nil	21,605,400	
	October 9, 2007	Split of 21,605,400 equity shares of Rs. 10 each to 126,031,500 Equity Shares				73.56%
Ms. Mamta Upadhyay	January 14, 2003	Subscription to Memorandum of Association	10	10	8,000	Not applicable as equity shares of face value Rs. 10 each were split to Equity Shares of face value of Rs. 2 each
	December 4, 2003	Bonus issue(in the ratio of 11:1)	10	Nil	88,000	
	December 4, 2003	Preferential allotment	10	10	25,000	
	March 16, 2006	Bonus issue (in the ratio of 5:1)	10	Nil	605,000	
	June 20, 2007	Purchase of shares from certain existing shareholders	10	1,400	240	
	August 7, 2007	Bonus issue (in the ratio of 6:1)	10	Nil	4,357,440	
	October 9, 2007	Split of 5,083,680 equity shares of Rs. 10 each to 25,418,400 Equity Shares				14.84%
Mr. Manoj Upadhyay	December 4, 2003	Preferential allotment	10	10	40,000	Not applicable as equity shares of face value Rs. 10 each were split to Equity Shares of face value of Rs. 2 each
	September 2, 2005	Purchase of 38,000 Equity Shares from Mr. K.M. Upadhyay and 10 Equity Shares Mr. Rajeev Agarwal	10	10	38,010	
	March 16, 2006	Bonus issue (in the ratio of 5:1)	10	Nil	390,050	
	August 7, 2007	Bonus issue (in the ratio of 6:1)	10	Nil	2,808,360	
	October 9, 2007	Split of 3,276,420 equity shares of Rs. 10 each to 16,382,100 Equity Shares				9.56%
Total					**167,832,000**	**97.96%**

(b) Details of share capital locked in for three year:

Of the 126,031,500 Equity Shares held by MKU Holdings Private Limited, 34,267,159 Equity Shares constituing 20.00% of the post Offer paid up capital of our Company (calculated including options exercisable into not more than 1,567,432 Equity Shares granted under the ESOS pursuant to Board resolution dated November 8, 2007) will be locked in for a period of three years. MKU Holdings Private Limited is exploring the possibility of selling Equity Shares held by it prior to the filing of the Red Herring Prospectus with the RoC, subject to holding 20% of the post Offer paid up capital of our Company.

(c) Details of share capital locked in for one year:

In addition to the lock-in of the Promoter's contribution specified above, the pre-Offer Equity Share capital (other than the Equity Shares being offered in the Offer) comprising 119,785,053 Equity Shares of our Company shall be locked in for a period of one year from the date of Allotment of Equity Shares in this Offer.

Pursuant to Clause 4.15 of the SEBI Guidelines, locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the equity shares is one of the terms of the sanction of the loan. Additionally, where the Equity Shares held by the Promoters are locked-in for a period of three years, the same may be pledged, only if the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Offer.

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Takeover Code as applicable.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter, prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in the hands of the transferees for the remaining period and compliance with Takeover Code, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with SEBI Guidelines, as amended from time to time.

3. The list of top ten shareholders of our Company and the number of Equity Shares held by them.

(a) As of the date of filing of this Draft Red Herring Prospectus with SEBI:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	MKU Holdings Private Limited	126,031,500	73.56
2.	Ms. Mamta Upadhyay	25,418,400	14.84
3.	Mr. Manoj Kumar Upadhyay	16,382,100	9.56
4.	DB International (Asia) Limited	2,283,066	1.33
5.	Earthstone Holdings Private Limited	428,088	0.25
6.	Mr. K.M. Upadhyay	210,000	0.12
7.	Kotak Mahindra Capital Company Limited	145,348	0.08
8.	Mr. R. Balram	64,995	0.04
9.	Mr. R. M. Samy	64,925	0.04
10.	Mr. Sudhir C. Sabharwal	57,470	0.03
	Total	**171,085,892**	**99.85**

(b) As of ten days prior to filing of this Draft Red Herring Prospectus with SEBI, i.e. November 9, 2007 is as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding
1.	MKU Holdings Private Limited	126,031,500	73.56
2.	Ms. Mamta Upadhyay	25,418,400	14.84
3.	Mr. Manoj Kumar Upadhyay	16,382,100	9.56
4.	Mr. K.M. Upadhyay	210,000	0.12
5.	Mr. R. Balram	64,995	0.04
6.	Mr. R. M. Samy	64,925	0.04
7.	Mr. Sudhir C. Sabharwal	57,470	0.03
8.	Mr. Prabhu Dayal Chotani	32,480	0.02
9.	Mr. Prodip Kumar Dey	24,990	0.01
10.	Mr. Nirmal Agarwal	19,950	0.01
11.	Ms. Anju Gupta	19,950	0.01
12.	Ms. Rekha Chawla	19,950	0.01
13.	Ms. Bina Gupta	19,950	0.01
	Total	**168,366,660**	**99.93**

(c) As of two years prior to the date of filing of this Draft Red Herring Prospectus with SEBI, i.e November 19, 2005 is as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding
1.	Ms. Mamta Upadhyay	121,000	60.48
2.	Mr. Manoj Kumar Upadhyay	78,010	39.00
3.	Mr. K.M. Upadhyay	1,000	0.50
4.	Mr. Anil Chutani	10	Negligible
5.	Mr. Shailesh Thakur	10	Negligible
6.	Mr. Sandeep Kashyap	10	Negligible
8.	Mr. Sudhir Verma	10	Negligible
	Total	**200,050**	**100.00**

4. ***Shareholding pattern of our Company before and after the Offer***

The table below presents our shareholding pattern before the proposed Offer and as adjusted for the Offer

Shareholder Category	Equity Shares prior to the Offer		Equity Shares after the Offer	
	No. of Equity Shares	% of paid up capital	No. of Equity Shares	% of paid up capital
Promoters				
MKU Holdings Private Limited	126,031,500	73.56	113,932,994	66.50
Ms. Mamta Upadhyay	25,418,400	14.84	21,961,684	12.82
Mr. Manoj Kumar Upadhyay	16,382,100	9.56	14,653,742	8.55
Sub Total (A)	**167,832,000**	**97.96**	**150,548,420**	**87.87**
Promoter Group				
Mr. K.M. Upadhyay	210,000	0.12	210,000	0.12
Sub Total (B)	**210,000**	**0.12**	**210,000**	**0.12**
Others				
DB International (Asia) Limited	2,283,066	1.33	2,283,066	1.33
Earthstone Holdings Private Limited	428,088	0.25	428,088	0.25
Kotak Mahindra Capital Company Limited	145,348	0.08	145,348	0.08
Others	437,290	0.26	437,290	0.26
Sub Total (C)	**3,293,792**	**1.92**	**3,293,792**	**1.92**
Public (including Employees)(D)	Nil		17,283,580	10.09
Total share capital (A+B+C+D)	**171,335,792**	**100.00**	**171,335,792**	**100.00**

5. Other than Mr. Manoj Kumar Upadhyay, none of our Directors and key managerial personnel hold any Equity Shares.

6. Except as disclosed in the section titled "History and Certain Corporate Matters" on page 62 of Draft Red Herring Prospectus, our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

7. Except as disclosed in the section titled "Capital Structure- Notes to Capital Structure- Share Capital History of our Company" on page 20 of this Draft Red Herring Prospects, our Promoters have not been issued Equity Shares for consideration other than cash.

8. Mr. Sudhir Verma, Mr. Anil Chutani, Mr. Shailesh Thakur and Mr. Sandeep Kashyap sold 60 equity shares of Rs. 1,400 each to Ms. Mamta Upadhyay on June 20, 2007. Except as above, there have been no transactions in the Equity Shares, by the Directors, Promoters, Directors of our MKU Holdings Private Limited and Promoter Group within the last six months.

9. A total of 0.87% of the Offer, i.e. 150,000 Equity Shares, has been reserved for allocation to the Employees on a proportionate basis, subject to valid Bids being received at or above the Offer Price and subject to the maximum Bid in this portion being Rs. [●] million. Only Employees would be eligible to apply in this Offer under the Employee Reservation Portion on a competitive basis. Employees other than as defined in this Draft Red Herring Prospectus are not eligible to participate under the Employee Reservation Portion. Bids by Employees can also be made in the Net Offer Portion to the public and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 150,000 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Offer and the proportionate allocation of the same would be at the sole discretion of our Company and the Selling Shareholders in consultation with the BRLMs.

10. At least 60% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Not less than 10% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to our Employees, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill over from other categories at the sole discretion of our Company and the Selling Shareholders, in consultation with the BRLMs.

11. Except the options granted pursuant to the ESOS Scheme, as disclosed in the section titled "Capital Structure" on page 19 of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.

12. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

13. As this is an offer for sale, our Company will not receive any of the proceeds of the Offer. Our Company has not therefore, raised any bridge loan against the proceeds of the Offer.

14. An oversubscription to the extent of 10% of the Offer can be retained for the purposes of the rounding off to the nearest multiple of the minimum Allotment lot while finalizing the basis of Allotment.

15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares transferred pursuant to the Offer have been listed.

16. For details of interests of our Directors and key management personnel, see the section titled "Our Management" on page 80 of this Draft Red Herring Prospectus. For details of the interests of our

Promoter and Promoter Group, see the section titled "Our Promoters and Promoter Group" on page 91 of this Draft Red Herring Prospectus.

17. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Offer, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may issue Equity Shares pursuant to the ESOS, issue/swap Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of our Company.

18. Except as disclosed above, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

19. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

20. The Equity Shares held by the Promoters are not subject to any pledge. However, there are certain restrictive covenants in the agreements that our Company has entered into our lenders and with some of our shareholders. For further details of the terms of these agreements see the sections titled "History and Certain Corporate Matters- Material Agreements" and "Financial Indebtedness" on pages 75 and 179 of this Draft Red Herring Prospectus.

21. As of the date of filing this Draft Red Herring Prospectus, the total number of holders of Equity Shares are 31.

22. The Company or the Promoters shall not make any payments direct or indirect, discounts, commission allowances or otherwise under this Offer.

23. **Particulars of the ESOS Scheme**

a. The special resolution passed by our Company at its EGM dated October 9, 2007, approved the grant of options under an employee stock option scheme titled "Acme – Employee Stock Option Scheme, 2007" to reward employees for past contribution of employees towards profitable growth, encourage continued excellence and association, retain key team members, attract best talents among others.

The ESOS comprises:

(i) One-time thank you options: for rewarding employees for their contribution in the past based on the number of years of service with the Company and performance rating achieved during this period; and

(ii) Growth options: to enable value creation and sharing in future. The same is classified into two categories:
   a) Time based options: These options would vest in line with the vesting schedule based on continuous association with the Company based on the designation.
   b) Performance based options: These options would vest in line with the vesting schedule only if the performance conditions specified by the Board are achieved in addition to continuous association with the Company.

On October 10, 2007, our Board of Directors approved the ESOS Scheme. Pursuant to the same, options exercisable into not more than 3,369,586 Equity Shares of face value of Rs. 2 each were approved. Each of such option confers a right upon the employee to apply for one Equity Share of the Company, in accordance with the terms and conditions of such issue. On the same date grants of options convertible to an aggregate of 1,567,432 Equity Shares has been made to certain of our employees and Directors.

b. The details of the options granted under the ESOS are described below:

	Description	
1.	Options Granted	1,567,432 Equity Shares
2.	Exercise Price	Rs. 150 per Equity Share
3.	Pricing Formula	Fair market value on the date of grant
4.	Options vested	Nil
5.	Options exercised	Nil
6.	The total number of equity shares arising as a result of exercise of options	3,369,586
7.	Options lapsed	Nil
8.	Variation of terms of options	Nil
9.	Money realized by exercise of options	Nil
10.	Total number of options in force	1,567,432
11	Diluted Earning Per share (EPS) pursuant to offer of shares on exercise of options in accordance with AS 20.	Since the options are issued at a premium to the fair market value, the options granted are not dilutive in nature
12.	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options) Impact of this difference on our profits and EPS	Nil
13.	Weighted-average exercise prices and weighted-average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Not applicable
14.	Impact on the profits and EPS if our Company had followed the accounting policies specified in Clause 13 of the ESOP Guidelines	Nil
15.	Lock-in	Nil

c. The vesting schedule is as follows from November 8, 2007:

Vesting Schedule	Year 1	Year 2	Year 3	Year 4
One time thank you options	100%	0%	0%	0%
Growth options – Time based	25%	25%	25%	25%
Growth options – Performance based	15%	20%	25%	40%

d. The details regarding options granted to Directors and key managerial personnel are set forth below:

No.	Name of Director/Key Managerial Personnel	Fiscal 2008	
		Options granted	No. of Equity Shares issuable upon exercise of options
1.	Mr. Shyam Sunder Bhartia	7,000	7,000
2.	Mr. Virender Kumar	7,000	7,000
3.	Mr. Arun Seth	7,000	7,000
4.	Mr. Sunil Sethy	62,705	62,705
5.	Mr. Sanjay Dhawan	39,630	39,630
6.	Mr. Kapil Kathpalia	32,835	32,835
7.	Mr. Ashutosh Bharadwaj	27,089	27,089
8.	Mr. R.V. Govind	22,173	22,173
9.	Mr. Shahab Rizvi	22,306	22,306
10.	Mr. S.M. Arif	22,151	22,551
11.	Mr. Kamal Pasricha	22,493	22,493
12.	Mr. Romy Chopra	23,042	23,042
13.	Mr. Amitabh Dutta	22,061	22,061
14.	Mr. Ashish Srivastava	21,326	21,326
15.	Mr. Sanjeev Aggarwal	19,120	19,120
16.	Mr. Govind N Pareek	18,384	18,384
17.	Mr. Jitendra Kumar	5,867	5,867

18.	Mr. Atul Sabharwal	24,079	24,079
19.	Mr. Gullick	18,236	18,236

Our Company undertakes to conform to the accounting policies as specified in the Clause 13.1 of the ESOP Guidelines.

e. There are no options granted to employees in any one year amounting to 5% or more of options granted during that year.

f. There are no options granted to employees in any one year amounting to 1% or more of our issued capital (excluding outstanding warrants and conversions) at the time of the grant.

g. Description of the method and significant assumptions used during the year of the grant to estimate the fair values of the options, including the following weighted-average information.

- Method used: Black-Scholes model
- Risk free interest rate: 8.01%
- Expected life: four years
- Expected volatility: Zero volatility
- Expected dividends: Zero
- The price of the underlying share in the market at the time of the option grant: Not applicable

h. None of our Directors, key managerial personnel or any of the employees who have been granted options pursuant to the ESOS have confirmed to our Company that they do not intend to sell any Equity Shares arising from such options for three months after the date of listing of the Equity Shares in this Issue.

i. Until all options granted in the three years prior to the Offer have been exercised or have lapsed, disclosures as per clause 12 of the ESOP Guidelines shall be made either in the Directors Report or in an Annexure thereto.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares. Since this is an offer for sale of our Equity Shares by the Selling Shareholders, our Company will not receive any proceeds from the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by us and the Selling Shareholders in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered through the Book Building Process. The face value of the Equity Shares is Rs. 2 and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Internal Factors

- Well positioned in the high-growth Indian telecommunications market;
- End-to-end infrastructure solutions provider to wireless telecommunications operators;
- Focus on innovative products;
- Strong focus on research and development;
- Reputed client base;
- Experienced management team with a proven track record.

For detailed discussion on the above factors and external factors, which form the basis for deciding the Offer Price see the sections titled "Risk Factors", "Industry", "Our Business - Strengths" on pages x, 38 and 47**,** respectively of this Draft Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from the Company's restated consolidated financial statements prepared in accordance with Indian GAAP and SEBI Guidelines. Some of the quantitative factors, which form the basis for deciding the Offer Price, are as follows:

1. **Earnings Per Share (EPS)**

Financial Period	EPS (Rs.)	Weight
Fiscal 2005	95.10	1
Fiscal 2006	282.03	2
Fiscal 2007	475.57	3
Three months ended June 30, 2007 (annualized)	814.92	4
Weighted Average	534.56	

Note:

- The EPS has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of Equity Shares outstanding during the year.
- The face value of each equity share for the periods mentioned above is Rs. 10. The face value of the Equity Shares have been split to Rs. 2 each in October, 2007.

2. **Price Earnings Ratio (P/E Ratio)**

(i) P/E based on the Fiscal 2007 EPS of Rs. 475.57.is **[●]**at the Floor Price and **[●]** at the Cap Price.

(ii) P/E based on weighted average EPS of Rs. 534.56 is **[●]** at the Floor Price and **[●]** at the Cap Price.

(iii) There are no listed companies with similar business in India, hence no industry P/E has been disclosed.

3. **Average Return on Net Worth**

Financial Period	RoNW(%)	Weight
Fiscal 2005	81.60	1
Fiscal 2006	72.00	2
Fiscal 2007	64.95	3
Three months ended June 30, 2007	86.88	4

Financial Period	RoNW(%)	Weight
(annualized)		
Weighted Average	76.80	

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at end of the year.

4. **Minimum return on increased Net Worth required to maintain pre-Offer EPS**

Since the present Offer is an offer for sale without any fresh issuance of capital by our Company, the pre-Offer and post-Offer EPS would remain the same.

5. Net Asset Value (NAV)

(i)	NAV as at June 30, 2007	Rs. 935.61 per Equity Share
(ii)	NAV after Offer	Rs. 935.61 per Equity Share

Since the present Offer is an offer for sale without any fresh issuance of capital by our Company, the pre-Offer and post-Offer EPS would remain the same.

NAV per Equity Share has been calculated as shareholders' equity less miscellaneous expenses as divided by weighted average number of Equity Shares(The NAV has been calculated based on the number of equity shares prior to the bonus issue in August, 2007 and split of equity shares in October, 2007).

6. **Comparison with other Industry Peers**

There are no comparable listed companies with the same business as our Company and hence this comparison has not been disclosed.

The Offer Price of Rs. [●] is determined by our Company and the Selling Shareholders, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. See the sections titled "Risk Factors", "Our Business" and "Financial Statements" on pages x, 46 and 105, respectively of this Draft Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

Acme Tele Power Limited,
DLF Infinity Tower,
9th Floor, DLF Cyber City,
Phase II,
Gurgaon – 122 002

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

i) the Company or its share holders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For S.R. Batliboi & Associates
Chartered Accountants

Pankaj Chadha
Partner
Membership No: 91813

Place: Gurgaon
Date: November 8, 2007

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

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

1. To the Company - Under the Income-tax Act, 1961 (the Act)

General Tax Benefits

1.1 Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any company is exempt from tax.

1.2 Under section 10(35) of the Act, any income received in respect of the units of a Mutual Fund specified under section 10(23D) is exempt from tax.

1.3 Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998.

1.4 The company is entitled to deduction under section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to fulfillment of conditions specified therein.

Special Tax Benefits

1.5 Section 80IC of the Act, provides for the specified percentage of deduction from the profits and gains derived by the specified undertaking or a specified enterprise from the manufacturing or production of specified articles/goods, subject to such condition as may have been prescribed in this regard.

One of the conditions for availing the above deduction is that the unit should be in a specified area. The Company has represented that its undertaking at Parwanoo, Dist. Solan (HP) & Pant Nagar, Uttrakhand is in the specified area and fulfills all conditions specified under section 80 IC of the Act.

2. To the Members of the Company – Under the Income Tax Act

2.1 Resident Members

General Tax Benefits

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

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as per Finance Act 2006 long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –

   (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;
   (ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

   Provided further that the investment made on or after April 1, 2007 in the long term specified asset does not exceed rupees fifty lakh. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year 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. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

<u>Special Tax Benefits</u>

There are no special tax benefits available to the resident members.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

<u>General Tax Benefits</u>

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

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

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head ‘Profits and Gains under Business or Profession’ arising from taxable securities transactions.

d) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India (‘NHAI’) constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;

(ii) Rural Electrification Corporation Limited (‘RECL’), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; and

Provided further that the investment made on or after April 1, 2007 in the long term specified asset does not exceed rupees fifty lakh. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year 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. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at applicable rates.

i) Taxation of Income from investment and Long Term Capital Gains [other than those exempt u/s 10(38)]

(i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. “Special Provisions Relating to certain incomes of Non-Residents”.

(ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.

(iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

(iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

(v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

Special Tax Benefits

There are no special tax benefits available to the non resident members.

2.3 Foreign Institutional Investors (FIIs)

General Tax Benefits

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).

e) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company (other than those mentioned in point b) above), are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48 of the Act. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; and

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

Special Tax Benefits

There are no special tax benefits available to the Foreign Institutional Investors.

2.4 Venture Capital Companies / Funds

General Tax Benefits

As per the provisions of section 10(23FB) of the Act, income of

▪ Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

▪ Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking,

Which is set up to raise funds for investment in a venture capital undertaking is exempt from income tax. As per the provisions of Income tax Act, “venture capital undertaking” means a domestic company whose shares are not listed in a recognized stock exchange of India and which is engaged in dairy or poultry industry or in the business of:

- Nanotechnology;
- Information technology relating to hardware and software development;
- Seed research and development;
- Bio-technology;
- Research and development of new chemical entities;
- Production of bio-fuels;
- Building and operating composite hotel-cum-convention center wuth seating capacity of more than three thousand; or
- Developing or operating and maintaining or development, operating and maintaining any infrastructure facility.

Special Tax Benefits

There are no special tax benefits available to the Venture Capital Companies / Funds.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. Benefits available under the Gift Tax Act, 1958

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

5. Tax Treaty benefits

In accordance with section 90(2) of the I.T. Act, an investor has an option to be governed by the provisions of the I.T. Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

Notes

a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

c) In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

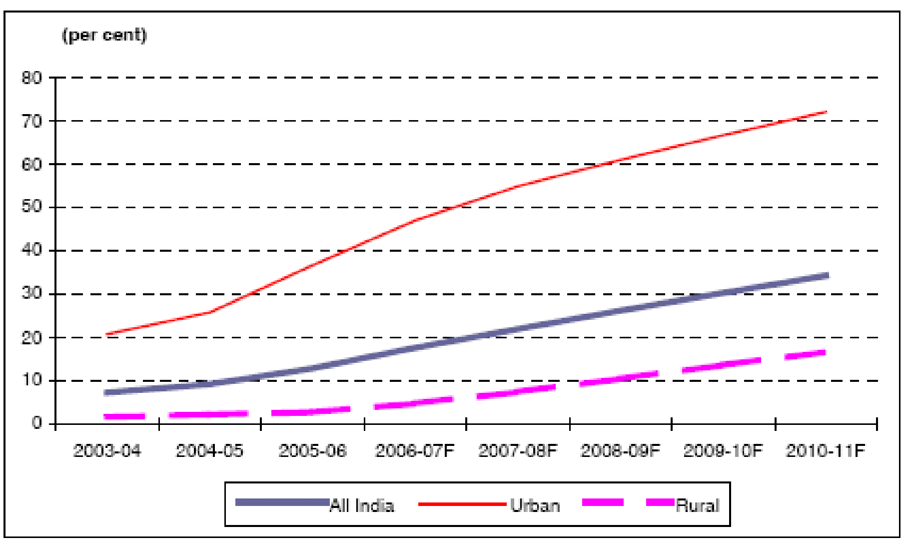
The following information includes extracts from publicly available information, data and statistics and has been extracted from official sources, including resreach by CRISIL and other sources the Company believes to be reliable, but which has not been independently verified. The Company accepts responsibility for accurately reproducing such information, data and statistics, but accepts no further responsibility in respect of such information, data and statistics. Such information, data and statistics may include approximations or rounded numbers.

CRISIL limited has used due care and caution in preparing the Crisinfac Telecom Services Annual Review November, 2007. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL research operates independently of, and does not have access to information obtained by CRISIL's rating division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL research.

Indian Telecommunications Industry – On a growth path

India is one of the fastest growing and amongst the ten largest economies of the world. The telecommunications sector has been a key enabler of this growth. With teledensity increasing from a meagre 2.3% in 1999 to 19.86% at the end of June 2007 and expected to increase to 41.7% by end of March 2012, telecommunication is one of the fastest growing sectors of the Indian economy. Wireless subscribers have increased from 13.29 million in 2002-03 to 165.11 million in 2006-07 registering a four year compounded annual growth rate of 88%. The mobile services segment has been consistently adding more than 5 million subscribers per month since April 2007, after the launch of extended validity prepaid schemes. This momentum is expected to continue in the medium term and the industry is expected to add on an average 3.7 to 4 million subscribers per month during the next five years. *(Source: Crisinfac Telecom Services Annual Review November, 2007)*

Teledensity

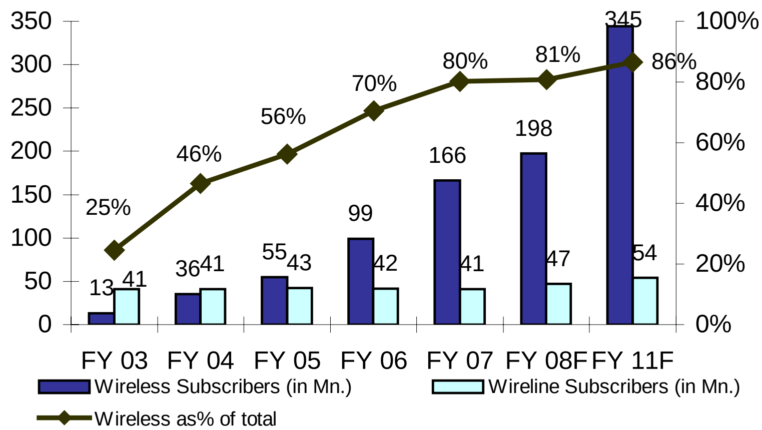


F: Forecast

(Source: CrisInfac Telecom Services Annual Review August, 2006)

CRISIL Research expects the wireless subscriber base to increase from 166 million at the end of March 2007 to 490 million by the end of March 2012. The growth in the subscriber base is estimated to be driven by rapidly increasing coverage, declining cost of handsets and launch of innovative lower denominations tariff plans and increasing affordability due to rising income levels and increasing trend of multiple ownership. The wireless teledensity is also estimated to move from 15 per cent at the end of March 2007 to 41.7 per cent by the end of March 2012. The rural subscriber base is also expected to improve significantly over the next five years. Of 324 million net additions during 2007-2012 period, 143 million subscribers are expected to come from rural India. With this, the urban wireless teledensity is estimated to move from 40 per cent in March 2007 to 83 per cent by the end of March 2012, whereas the rural wireless teledensity is estimated to approach 22 per cent in March 2012 from 4.3 per cent in March 2007. *(Source: Crisinfac Telecom Services Annual Review November, 2007, TRAI)*

Wireline and wireless subscriber base



(Source: CrisInfac Telecom Services Annual Review August 2006)

Industry Growth Drivers

Indian wireless telecommunications industry has experienced significant growth in recent years primarily driven by the country's economic growth, favourable changes in the demographics of the population, deregulation of the telecommunications industry, low existing teledensity and consequently increasing coverage, increase in affordability of mobile telephones and services in the form of falling tariff and innovative tariff packages. With more and more people opting for value added services such as GPRS and EDGE as well as connectivity instruments such as the Blackberry to access the Internet and e-mails, the importance of the mobile phone as an integrated communications device is increasing. The following factors are expected to contribute to growth of the industry:

Favourable economic, demographic and social factors to fuel growth

Several economic, demographic and social factors are likely to fuel subscriber growth in the country. Robust real GDP growth in each of the last three years, a large young, working population, a fast-growing and progressively richer middle class; and disparity in affordability of wireless services versus actual mobile penetration, all indicate the extent of potential demand.

Increased regulatory clarity

Historically, the telecommunications industry was run by the Government under the umbrella of the Ministry of Telecommunications and Information Technology, Department of Telecommunications ("DoT"). The liberalization of this sector began in the early 1990s and since early 1998, all telecommunications services have been opened up to private sector and competition is being encouraged.

This transition, from a government-controlled monopoly to an industry with widespread private sector participation, has been a key factor in the rapid growth of the telecommunications industry in India. Regulatory changes and refinements in recent years have brought greater clarity to existing rules and procedures, and have enabled operators to focus on improving network quality and providing better and cheaper telecommunications services to subscribers under a stable regulatory regime.

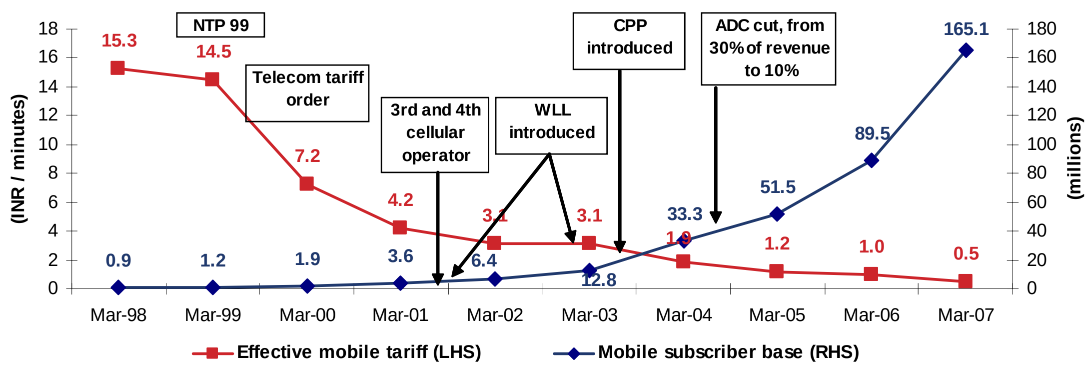
Increase in FDI limits in the telecom sector

In addition, the regulatory regime has fostered healthy competition by allowing significant foreign direct investment participation of up to 74% ownership in telecommunications companies. As a result, companies also have an opportunity to tap foreign investors to raise the capital necessary to invest in infrastructure to accommodate the anticipated expenditure of the Indian wireless telecommunications industry.

Decline in tariff and reduced handset costs

Revenue per minute ("RPM") of mobile calls has fallen significantly since mobile services were first launched. Increased competition and regulatory changes, such as reduction in access deficit charges and licence fees, have led to tariff declines in the past, which is expected to continue in the foreseeable future. Innovative tariff packages, such as prepaid products, which target low usage customers, have reduced the recurring cost of staying mobile. Decrease in mobile handset costs have reduced the entry barriers for new mobile subscribers. The fall in handset costs has been driven by declining import duties, increasing efficiency in scale of production and introduction of low-end models specifically designed for the Indian market. All these factors are contributing significantly to the increase in the nationwide subscriber base.

Effective Mobile Tariff over the years



(Source: TRAI)

Low existing penetration levels and increasing focus on rural areas

India's overall present teledensity and mobile penetration is significantly lower than the global average, indicating that Indian market has considerable potential for growth compared to more developed markets.

Initially, operators provided services only in select towns because high cost structures forced them to keep tariffs high. However, with the reduction in capital and regulatory costs (licence fees) and the slowdown in demand in well-penetrated urban areas, service providers have expanded services into the smaller towns and rural areas.

As of March 2006, operators covered 20 per cent of rural addressable market and 100% of urban addressable market, and thus brought 50% of total addressable market under coverage. Going forward, rural coverage as a percentage of addressable market is expected to go up to 77% by 2010-11 thereby covering 86% of total addressable market. Contribution in net additions from rural areas is expected to increase from 9.6 per cent in 2005-06 to 52.6 per cent in 2010-11. (Source: Crisinfac Telecom Services Annual Review August 2006)

Fall in incremental capital expenditure per subscriber

As the mobile operators are gaining sufficient subscribers, they benefit from economies of scale in terms of high utilization of fixed costs and ability to negotiate better prices from network equipment vendors. This reduction in network equipment costs will result in driving down the total cost for fresh roll – outs undertaken by the operators to expand coverage and capacity as well as bringing down the total capex spend per incremental subscriber.

Increase in pre-paid subscribers

The high growth in the subscriber base is mainly attributable to growth in the number of pre-paid subscribers. The prepaid market segment is expanding significantly, largely due to the availability of recharge vouchers of various denominations (as low as Rs. 50 and in some specific plans even lower) to suit every budget.

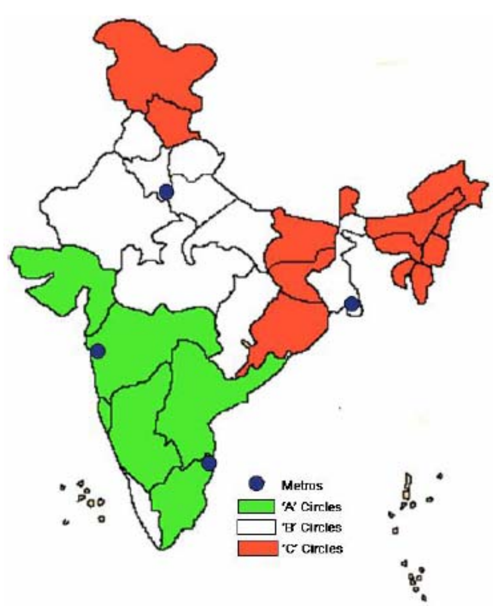
From the perspective of a mobile operator, pre-paid subscribers also are logistically easier to manage than post-paid subscribers as they do not require elaborate sales infrastructure nor do they pose significant credit risks as payments are received upfront. The latest offerings of micro pre-paid plans and extended validity cards by mobile operators have helped in increasing subscriber growth.

Advantages of wireless service over wireline service

India's population is geographically spread out across semi-urban and rural areas and the high capital intensity of providing 'last mile' connectivity to wireline subscribers makes it economically unremunerative to provide wireline services to a large section of the population. Further, fixed costs of wireless operations tend to be much lower to the consumer in comparison to wireline services which have a much higher billing commitment. As a result, the telecom penetration in India has significantly expanded in the wireless sector. As reflected in the relative growth rates of wireline compared to wireless services, India, like the rest of the world, is experiencing a preference for wireless services.

Telecommunication Circles/ Geographies

India has been divided into service areas of different categories depending on various factors such as size, economic potential, population etc. For telecom administration, the country has been divided into 23 circles, most approximately corresponding to state boundaries. There are four metropolitan Circles (Mumbai, Delhi, Kolkata and Chennai) and 19 regional Circles, which are classified into three categories – 'A', 'B' and 'C'. There are five category 'A' Circles, eight category 'B' Circles and six category 'C' Circles.



(Note: Representational Map, Not to scale)

Proportion of net additions by mobile operators

(per cent)	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Metro	100.0	92.0	42.0	-11.0	40.0	34.0	41.0	29.0	29.0	22.5	18.8
A	0.0	6.0	30.0	59.0	33.0	34.0	34.0	37.0	39.0	33.8	33.0
B	0.0	1.0	25.0	45.0	26.0	28.0	20.0	30.0	28.0	35.3	36.4
C	0.0	1.0	3.0	7.0	1.0	4.0	5.0	4.0	4.0	8.4	11.7
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

(Source: CRIS INFAC Telecom Services Annual Review, August 2006)

Although the metropolitan Circles currently account for only 5% of the total population of India, they account for approximately 18.8%, of the total number of subscribers in India. The category 'A', category 'B' and category 'C' Circles, by comparison, currently account for approximately 33.0%, 36.4% and 11.7% of the total number of subscribers, respectively. (Source: CrisInfac Telecom Services Annual Review August 2006)

Recent Developments

On August 29, 2007, TRAI published its recommendations on various aspects of the telecommunications space, including spectrum distribution criteria, merger and acquisitions criteria, combination of technologies and entry of new operators. These recommendations are in the process of being reviewed by DoT.

Indian Telecommunications Passive Infrastructure Industry

The most important requirement for offering quality mobile services is the presence of a robust mobile network.

A typical network can be divided into three parts: Mobile Station (equipment carried by the subscriber), Base Station Subsystem (which controls the radio link with the Mobile Station) and The Network Subsystem (which is the Mobile Services Switching Center).

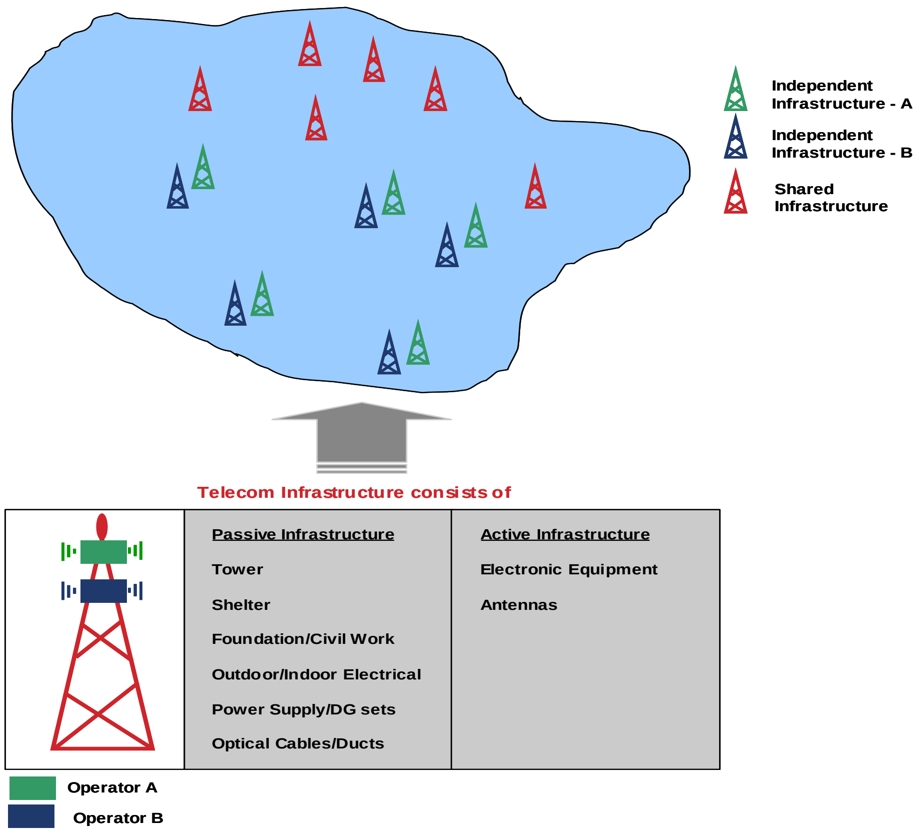
Along with performing the function of switching calls between mobile users, and between mobile and fixed network users, Mobile Services Switching Center also handles the mobility management operations.

The Base Station Subsystem is composed of two parts, the Base Transceiver Station (BTS) and the Base Station Controller. The BTS serves a cell, which could be a few kilometres in diameter and houses radio transceivers that are mounted on towers. The BTS defines a cell and handles the radio link protocols with the Mobile handset. A mobile service area has a large number of BTS's deployed that define and divide the service area into hexagon shape cells (known as cell sites).

These cell sites comprise primarily:

- Active Infrastructure: which includes electronic components such as radio frequency, radio antenna, BTS, microwave equipment, etc.

- Passive Infrastructure: including antenna mounting structure (towers), shelters, power supply, battery banks, invertors, air conditioners, DG sets, cables etc.



Demand for passive infrastructure products and services is dependent on the growth of telecommunications sites, which, in turn, is dependent on growth in demand for Indian telecom services, and wireless services in particular. There is typically a time lag of 8 – 12 months between infrastructure expansion and subsequent subscriber growth.

Driving factors for growth in Telecom Infrastructure

Access to telecommunications is believed to be one of the critical components of economic growth. With about 71% of India's population living in rural areas, the economic and social health of rural India has a significant and direct bearing on its economic development.

Driving factors for growth in telecommunications namely favourable economic, demographic and social factors; increased regulatory clarity; increase in FDI limits in the telecom sector; decline in tariff and reduced handset costs; low existing penetration levels and increasing focus on rural areas are the key drivers for investments in telecom infrastructure – active as well as passive.

Though, India has increased telecommunication access with teledensity increasing to 18.31 in Fiscal 2007, large urban-rural divide still exists in terms of deployment of access lines vis a vis the population that is getting served. Now with increasing purchasing power and increasing affordability of mobile phones, mobile telecom operators are seeing rural India as a further opportunity. Current expansion plans indicate that mobile companies will continue with telecom infrastructure development at a rapid pace over the next few years and this will provide further opportunity for telecom infrastructure companies.

At present mobile operators in the country have low presence in the rural regions. This low penetration of mobile phones in rural India is due to various factors including inadequate BTS infrastructure. However, with increasing saturation in the urban markets, new mobile operators have announced significant expansion plans in rural areas.

Significant capital expenditure plans

CRISIL Research expects the mobile services industry to witness an investment of Rs. 1,100 billion over the next five years. The investment is expected to be incurred to increase coverage and to cater to the rising subscriber base. Significant amount of investment is also expected to be directed towards putting up more cell sites in the existing areas to provide better quality of service and to accommodate continuously increasing minutes of usage. *(Source: Crisinfac Annual Review November, 2007)*

Investment required in passive infrastructure

At the end of March 2007, the number of towers in the country was estimated to be 110,000 to 115,000. With an estimated sharing of 15%, the numbers of BTS's were expected to be 130,000 across the country serving 166 million subscribers. The wireless subscriber base is expected to reach 490 million by the end of March 2012, showing an increase of 324 million over the next five years. Based on the subscriber demand forecast and average subscriber per base transceiver station (BTS), the incremental number of BTS's required to support the expected wireless subscriber base is estimated to be 318,000. *(Source: Crisinfac Telecom Services Annual Review November, 2007)*

Based on the incremental urban and rural subscriber mix along with ground based and roof top proportion and different tenancy rate, CRISIL Research expects that to support 324 million incremental subscribers, 206,000 additional towers would be required over the next five years.

Wireless Investment			
(Rs. million)	**2007-08E**	**2008-09E**	**Cumulative Capex (2007-08 to 2011-12)**
Active Capex	158,848	158,831	**616,765**
Passive Capex	132,488	122,481	**493,011**
Total Capex	**291,337**	**281,311**	**1,109,776**
E: Estimate			

(*Source: Crisinfac Telecom Services Annual Review November, 2007)*

Grants from USO for development of mobile towers

The India Government has imposed a universal service provider levy since Fiscal 2003. Funds collected through this levy are also proposed to be used for providing basic telephony services in remote areas at affordable prices. The process has already started with funds under USO being used to set up village public telephones (VPTs), rural community phones (RCPs), provision of shareable infrastructure for mobile services, broadband connectivity in rural and remote areas and individual household telephones (RDELs).

As per the Outcome Budget 2007-2008, the USO fund has disbursed Rs 18,145.85 million between Fiscal 2003 and Fiscal 2005. Additionally, out of the total allotment of Rs 17,500 million for Fiscal 2006 it had disbursed Rs 6,100 million by December 2006 and had received claims for Rs 12,250 million.

Passive Infrastructure Sharing

The objective of infrastructure sharing is to maximize the use of existing network facilities, which includes network capacity and capabilities. This phenomenon is widely practiced in countries such as the USA, United Kingdom, Australia, Canada, Mexico, Brazil, Puerto Rico and European nations. It is primarily divided into two forms of infrastructure sharing, those being:

- **Passive Infrastructure Sharing:** Site sharing mostly means the sharing of masts (towers) and antennas, shelters and AC Power. This is allowed in several European nations and is also mandatory in some cases.

- **Active Infrastructure Sharing**: This format of sharing, as the name suggests, includes the sharing of radio network systems. In several European nations, this is permitted but in most cases independent control is to be maintained.

There can be different levels of infrastructure sharing between operators but the passive infrastructure can be more easily shared between two or more mobile operators to achieve cost reduction and a speedier rollout in particular service geography. In India, till now the regulator has only allowed sharing of passive infrastructure including towers, shelters, air-conditioners and power generators, but has recently started looking into sharing of active infrastructure such as fiber cables, radio links, network elements, antenna and transmission equipment.

Elements	Extent of sharing in India
Active Components	
Radio Frequency	Not Shared – Not Allowed
Radio Antenna	Not Shared
BTS	Not Shared
Microwave Equipment	Not Shared
Passive Components	
Power Supply	Not Shared
Battery Bank	Not shared
Invertors	Shared
DG Set	Shared
Antenna Mounting Structure	Shared
Air Conditioner	Shared
Fire Extinguisher	Shared
Room/Shelter	Shared

The typical duration of the prevalent site sharing agreements range from two to three years on an average. The types of agreements are broadly classified in two ways:

- **Barter Agreements:** As the name implies, barter agreements are essentially sharing of an equal number of sites amongst two operators. There is no exchange of money in these cases.
- **Revenue Based Agreement:** The other commonly known format of site sharing is the revenue base agreement model. This has essentially two components to it:

    - **Recovery of Capital Expenditure:** The most common practice followed by operators in India is a charge of 10% per annum of the initial capital expenditure incurred to erect the infrastructure being shared plus the incremental charge required to augment capacity for making it shareable. This charge is paid by the tenant operator to the owned operator every year, which is usually reflected as income from other sources by the owner operator and the applicable revenue share based license fee is paid on such income. The figure of 10% is open to negotiations and depends upon the bargaining power and market dynamics in a particular circle.

    - **Sharing of O&M Expenses:** In cases of twin sharing, Operations and Maintenance (O&M) expenditure reportedly increases upon sharing with the second operator. This O&M expenditure is shared equally between the two operators, thus giving substantial savings to each operator when compared to the costs incurred on a single user basis. Recovery of these costs is treated as reimbursement in the accounting books and is netted off from the expenses.

Infrastructure sharing helps to build coverage quickly and in the longer term to build more cost effective coverage in un-serviced areas. This will enable service providers to provide coverage in rural areas where traffic demands are low the costs for network deployment are relatively high.

OUR BUSINESS

Overview

We are dedicated to providing innovative energy savings solutions and products to companies operating in the global telecommunications industry. We specialize in providing comprehensive, energy efficient and environmentally friendly passive infrastructure solutions to wireless telecommunications service providers ("telecommunication operators"). Our solutions enable our clients to reduce their energy costs leading to a potential improvement in their operating margins.

In the fragmented domestic market for passive infrastructure solutions, we believe we distinguish ourselves through our ability to provide comprehensive and energy efficient solutions. Since Fiscal 2006, we have expanded our operations overseas and are conducting pilot projects in various markets including Bangladesh, Nigeria, Kenya, Tanzania, Sri Lanka and the Maldives. Our clientele has included leading companies in the Indian wireless telecommunications industry, such as Bharti Airtel Limited, Idea Cellular Limited, Nokia Seimens Network, Spice Telecom, Tata Teleservices Limited as well as international companies such as Brothers Construction Company (Bangladesh), GrameenPhone Limited. (Bangladesh), Broadband Communication Networks Limited (Kenya), Safaricom Limited (Kenya), Zanzibar Telecom Limited (Tanzania), FGP West Africa Limited (West Africa) and Tigo (Private) Limited (Sri Lanka), Wataniya Telecon Maldives Private Limited, among others.

We were established in the year 2003 and have been promoted by Mr. Manoj Kumar Upadhyay, who has over 14 years of experience in the power electronics and telecommunications industry. Originally, we operated as a provider of products and installation and maintenance services to telecommunication operators. In 2007, we began to expand the scope of our business to include the provision of energy management services and turnkey solutions to telecommunication operators.

We operate two manufacturing facilities in India located at Pantnagar in Uttaranchal state and Parwanoo in Himachal Pradesh state, manufacturing the following products and systems:

- Green Shelter –a comprehensive solution which includes the customized fibreglass reinforced plastic ("FRP")/nano-cooled enclosures that house the cell site equipment, including transmitters and receivers, power interface unit ("PIU"), thermal management system and air conditioners, and can be built according to customer specifications;

The following products are included as part of the Green Shelter, and can also be provided on a standalone basis:

- FRP/Nano-Cooled Shelter – shelter with a special coating on the outer skin which increases the reflective index to more than 70% (based on management representations) thereby reducing solar gain into the shelter, and increases the life of the shelter;

- PIU – a device which, maximizes the utilization of grid power and integrates all electrical needs on-site into a footprint of 400x600 millimetres, by:

  - regulating low quality power supply by correcting voltage and frequency;

  - automatic phase selection; and

  - lightning and surge protection.

- Thermal Management System – A system which controls the temperature inside housing or a shelter, comprising of panels fitted with PCM. The panels are used inside the shelters to maintain the temperature inside the shelter. It provides a back-up during power failures and reduces the need to run diesel generators.

- Air Conditioning ("**AC**") with Free Cooling Unit - a telecommunications air conditioning solution that maintains the temperature without running the AC, when the ambient temperature drops below 25 degrees centigrade, thereby lowering the overall running costs associated with using the AC.

In addition, we supply specialized products, such as Line Conditioner Units ("LCU"), to complement our other energy efficient solutions.

We have begun providing energy management solutions to telecommunications operators. In this regard, we operate and manage the passive infrastructure for telecommunication companies with a focus on reducing their overall energy costs.

Our research and development activities are carried out in a modern facility located at Manesar, comprising, as of September 30, 2007, 80 employees, 65 of whom were engineers. We also benefit from the research carried out by our affiliate companies in Canada and the United States. Our corporate and registered office is situated at DLF Cyber City, Gurgaon, Haryana. We have four regional offices, in Kolkata, Mumbai, Chandigarh and Hyderabad. In addition, we are also supported by our agents in various overseas locations such as Portugal, Bangladesh and Venezuela for sales and marketing.

In August 2006, our operations were certified as ISO 9001:2000 compliant. This certification applies to our offices and facilities in Gurgaon, Manesar and Pantnagar and covers the design, manufacture, marketing, servicing and installation of telecommunications equipment. In March 2007, we were conferred "The Valued Partner Award of the Year 2006" by Bharti Airtel Limited in recognition of our overall performance in the passive infrastructure equipment category.

In October 2007, we acquired 100% of the shares of Reime Network Implementation Services ("Reime") from the shareholders of Reime for USD 11,000 thousand. Reime is based in Norway and works with telecommunication companies and technology vendors, focusing on emerging markets. Reime develops and maintains wireless and wireline telecommunication infrastructure across seven countries in Africa. Reime's specific products and solutions include assisting with the roll-out of wireless networks, providing pre-fabricated materials to use at base sites (for cell towers), building towers and building switch yards. Reime is an ISO 9001:2000 certified company.

We intend to leverage Reime's relationships with telecommunication operators in Africa to market our products and solutions. After integrating Reime's operations and employees into our existing operations, we expect to benefit from combining Reime's experience in providing products and services to telecommunication operators in Africa with our experience in providing products which cater to that industry.

Our net turnover increased from Rs. 345,885 thousand in Fiscal 2004 to Rs. 6,474,538 thousand on consolidated basis in Fiscal 2007, registering a CAGR of 165.5%. Our EBITDA margins for the corresponding periods were 29.4% and 37.6%, respectively. Our net profits were Rs. 93,962 thousand and Rs. 2,283,317 thousand on consolidated basis for Fiscal 2004 and Fiscal 2007, respectively, registering a CAGR of 189.6%. Our solutions are currently focused in two main areas: manufacture and sale of telecommunications passive infrastructure hardware and provision of installation and annual maintenance services, which accounted for 96.4% and 3.6%, respectively of the total revenue on a restated unconsolidated basis for Fiscal 2007.

As of September 30, 2007, we had a workforce of 850 persons including 321 employees involved in sales, marketing and project services. We maintain installation teams, as well as support staff, in all the 23 geographic circles defined by the Telecommunications Regulatory Authority of India ("TRAI"). We also provide after-sales services for our customers, including periodic review and repair of individual products.

The demand for our products and services is linked to the growth of base transmission sites, which in turn is driven by the growth in demand for telecommunications services. We believe we are well positioned to leverage our ability to provide comprehensive and energy efficient products and services to meet these needs.

Competitive Strengths

Well positioned in the high-growth Indian telecommunications market

We believe the Indian telecommunications industry and the wireless industry in particular will continue to experience high growth. We believe we have established a track record in supplying innovative and energy efficient products and services to the telecommunications market that will enable us to effectively exploit the significant growth opportunities in India's rapidly expanding wireless telecommunications market. Going forward, wireless broadband through Wi-Max and 3G is expected to support increased investment in wireless networks. Since commencement of operations in 2003, we have emerged as a leading provider of passive infrastructure solutions to wireless telecommunications operators in India and are expanding our presence overseas.

End-to-end infrastructure solutions provider to wireless telecommunications operators

The passive infrastructure solutions market in India is highly fragmented, consisting of a number of companies each providing standalone offerings of products such as enclosures, air conditioning units, voltage regulators and diesel generator ("DG") sets. We provide comprehensive passive infrastructure solutions for telecommunications operators through a range of products such as FRP/Nano-Cooled Shelters, PIUs, Thermal Management Systems, and ACs with Free Cooling Units. These products can be customized to suit user needs, facilitate efficient utilization of power and enable customers to reduce energy costs. Moreover, because we are an integrated infrastructure provider we can ensure that our various products and services meet our quality standards. Integration also allows us to leverage the associated economies of scale and explore opportunities to cross sell our products and services.

Focus on innovative products

We emphasize providing solutions to our customers that meet their requirements by developing innovative products. We have developed a range of innovative products which have been well received by various Indian telecommunication operators and have proven to be commercially successful. sDesigned to be more energy efficient and environmentally friendly, we believe that our products reduce energy costs by up to 40% (based on management representations) for wireless telecommunications operators that are looking to expand in low revenue semi-urban and rural areas. For instance, we have introduced Nano-Cool Shelters as well as shelters with Fibreglass Reinforced Plastic ("FRP") outer skin which has resulted in lower air conditioning costs through higher insulation and reduced solar gain. We employ quality controls to ensure that customers receive quality products.

Strong focus on research and development

Our focus on research and development activities enables us to develop products which we believe are technologically superior to other products. At our research facility situated at Manesar, as of September 30, 2007, we had 80 employees, 65 of which are engineers dedicated to research and development activities. Our in-house research and development team works closely with our marketing team to develop products that address the needs of existing as well as new customers. As of September 30, 2007, we had five patents registered in our name and had made applications for three further patents, one of which is pending final notification of grant. For details, see the section titled "Government and Other Approvals" on page 205 of this Draft Red Herring Prospectus. We intend to continue to invest in our research and development activities and to seek appropriate protection for our intellectual property assets.

Reputed client base

Our clientele has included leading companies in the Indian wireless industry, such as Bharti Airtel Limited, Tata Teleservices Limited, Idea Cellular Limited and Spice Telecom as well as OEMs such as Nokia Seimens Network. Internationally, we have developed relationships with operators and vendors in the telecommunications industry including Safaricom, Brothers Construction Company, GrameenPhone Limited and Zanzibar Telecom. We believe that our client base and our preferred vendor relationships with Indian blue chip telecommunications operators provide us with greater market visibility and reputational benefits and will assist us in continuing to build our market share in India and internationally.

Experienced management team with a proven track record

Our management team has significant experience in the manufacturing, research and development, marketing and customer service sectors of the telecommunications and other technology-based industries. Our Promoter, Mr. Manoj Kumar Upadhyay, has over 14 years of experience in the power electronics and telecommunications industry.

We provide our staff with competitive compensation packages and a corporate environment that encourages responsibility, autonomy and innovation. This has helped us in recruiting high calibre management and employees. We believe that the experience of our management team and its in-depth understanding of the global telecommunication and technology markets will enable us to continue to take advantage of both current and future market opportunities.

Business Strategy

We believe that we are well positioned to grow in the rapidly expanding wireless telecommunications industry. We believe our key competitive strategies are as follows:

Strengthen our position in the Indian market

We are one of the leading passive infrastructure solutions providers to wireless telecommunications operators in India, operating in a fragmented market alongside a few other industry participants. We believe that India is and will continue to be one of the fastest growing markets for wireless telecommunications services for the foreseeable future. We intend to continue to focus on growing our Indian business by leveraging our status as a leading provider of passive infrastructure solutions and by continuing to develop innovative products to cater to the specific needs of our Indian customers. We seek to expand our business through organic and inorganic growth and leverage our existing customer relationships to expand penetration and geographic coverage. We will focus on retaining market share through development of new technologies through our research and development activities and through new equipment installation for new sites and retrofit development for existing sites in more established markets.

Expand the range of products offered

We intend to leverage our existing design and manufacturing capabilities and to continue to invest in research and development to expand our product portfolio. For example, we are developing and bringing to the market "New ACs", which do not have compressors, are gas free and use less power than conventional air conditioners, and fuel cells, which will produce energy more efficiently using the same hydrocarbons. We have introduced (under trial runs currently being carried out) and propose to introduce next generation green shelters, called the GS2 and GS3. We also intend to continue to customize products depending on the specific needs of telecommunications operators. We will utilize our research and development capacities to continue to work with existing and new customers to design and develop products catering to their emerging needs and market opportunities. Our research and development activities are an integral part of our strategy to expand our range of products. We are currently in the process of testing the applicability of our products to other industries.

We are exploring options for claiming carbon credits for our energy efficient products. In this regard, we already have the product methodology approved by the Ministry of Environment and Forests for PIU and Puff Panels and are in process of applying for approval from UNFCC.

Diversify into energy management services and turnkey solutions

To diversify the range of services we offer, we have begun working on complete, end-to-end, solutions for telecommunication companies. In providing end-to-end solutions, we supply Green Shelters, which include the shelter, PCM, PIU and the AC. On a turnkey basis, we provide all of the hardware required to properly and efficiently operate a radio tower site with the exception of the radio frequency transmitting equipment and the base transceiver station components. Our first such project is currently being carried for a private telecommunications company for approximately 500 sites across India. In addition, we install and provide maintenance for the Green Shelters we sell in India. As a part of our energy management services, we operate and manage the passive infrastructure for telecommunication operators with a focus on reducing energy costs.

Expand our presence in international growth markets

In order to increase our market share in the global passive telecommunications infrastructure solutions industry, we plan to expand our overseas operations. We consider our key international markets to be locations where operators experience power supply and climatic conditions similar to those in India. We will continue to utilise the experience and expertise gained in our Indian operations to seek to win and execute orders from international customers. We also intend to exploit opportunities in mature markets, such as Europe and the United States, to expand our retro-fitments business. We will look to continue to develop relationships with overseas agents, who are regional or local providers to telecommunications operators, to market and distribute our products to those operators without our having to incur direct international marketing and business development costs. In addition, our acquisition of Reime, which has experience in providing turnkey services for network rollouts, gives us access to emerging markets.

Enter into strategic agreements with parties to outsource manufacturing activities

We intend to enter into strategic agreements under which manufacturing activities for some of our non-critical components are outsourced to third parties. Outsourcing would allow us to reduce certain production costs as well as free up additional capacity to develop and manufacture critical components. On a trial basis, we have begun outsourcing the manufacturing of polyurethane foam ("PUF") panels. We intend to expand our initial outsourcing efforts to the manufacturing of panels for PIUs.

Grow our business through strategic acquisitions and alliances

As a part of our growth strategy, we intend to undertake key overseas and domestic corporate acquisitions. We will evaluate such acquisitions on a case-by-case basis in order to grow our business, expand our product portfolio and enhance our geographical reach. In line with this strategy, we recently acquired Reime, a Norwegian company which develops and maintains wireless and wireline telecommunication infrastructure in seven countries in Africa.

Our Products and Services

We manufacture four main products and provide operational assistance and maintenance services to our customers. Our four main products are Green Shelters and Nano-Cooled Shelters, PIUs, Thermal Management Systems (with PCM) and AC with Free Cooling Unit.

Green Shelters and Nano-Cooled Shelters

Our Green Shelter product was launched in 2004. The Green Shelter houses the base transmission system and electronic equipment, and comes fitted with a PIU, PCM, two industrial air conditioning units. The outer FRP skin on our Green Shelters provides greater insulation, is longer lasting and offers better resistance to solar gain than conventional shelters. The advantages of Green Shelters over conventional shelters include:

- higher insulation leading to lower solar gain, hence lower air conditioning requirements and reduced energy costs;
- rust-free, thus suitable for tropical conditions;
- FRP coating ensures no repainting; and
- modular design facilitating faster expansion to meet future needs.

Recently, we have introduced a second generation of Green Shelter, which uses Nano-Cooled panels. These Nano-Cooled panels utilize an alternative nano-coating technique to the standard FRP technique and also offer other advantages, including:

- facilitating better solar reflectivity, which in turn reduces the amount of energy required to cool the shelter;
- longer life expectancies of about 15 years, compared with about seven years for conventional shelters, as well as longer periods between maintenance; and
- environmentally friendly, reducing carbon dioxide and hydrofluorocarbon emissions from blowing agents found in conventional shelters.

We have a modern plant at Pantnagar to produce Nano-Cooled Shelters, with a daily production capacity of 210 shelters.

The benefits of Green Shelters are widely accepted in the industry and several Indian wireless telecommunications operators such as Bharti Airtel Limited, Tata Teleservices Limited and Idea Cellular

Limited have utilized Green Shelters. Our patent for this product is valid until 2024. Several of our customers have started transitioning to Nano-Cooled Shelters and we intend to make this our principal shelter product going forward.

PIU

In 2003, we developed a compact Power Interface Solution, a unit which provides complete AC power management for telecommunications sites, including voltage, frequency regulation, phase selection and lightning and surge protection. We have registered a patent for this product.

A conventional telecommunications site operates on an AC electrical system supported by DG sets. It normally has multiple support systems for its power conditioning, distribution and control, alarm box and fire and smoke detectors, as well as other components. These separate units require a large amount of time for installation as well as subsequent maintenance, occupying significant space and causing safety hazards. In contrast, the PIU ensures quicker installation, minimizes utilization of the DG set, avoiding “Switch Mode Power Supply” damage, ensures reliability and a faster response time and offers an effective solution to the support system unit problems described above. The PIU is designed using similar methods as those used to design semiconductors and occupies 400x600 millimeters of floor space.

The advantages of PIUs over conventional products include:

- greater energy efficiency than that which is typical for the combined efficiency of a servo stabilizer and an isolation transformer;
- compact size reduces overall shelter size, which in turn results in smaller AC and DG requirements, less wiring and reduced interconnection, resulting in faster installation;
- auto phase selection and half cycle voltage correction, also increases utilization of incoming mains resulting in less use of generators;
- employs static electronic parts which require lower maintenance compared with traditional mechanisms;
- product technology and software can be customized based on client needs with over 30 available versions;
- availability of full service solution and maintenance services;
- remote monitoring, and smoke and intruder protection; and
- 70,000 working hours prior to failure (approximately 12 years) and longer life spans compared to standard industry products.

Thermal Management Systems (with PCM)

In 2004, we successfully developed a Thermal Management System that serves as an alternative thermal energy back-up during power failures using electronics and PCM. This system eliminates the need to run high-cost diesel generators for air conditioning during power failures.

PCM is a hydrated salt which can store a large quantity of energy in the form of latent heat that is absorbed and released when the material changes from a solid to a liquid state or vice-versa. These phase changes take place at a constant temperature and the process can be repeated over thousands of cycles without altering the physical or chemical properties of the PCM. PCMs are used within electrical enclosures to reduce the energy demands of proprietary coolers or heaters, sometimes even negating the need for such systems altogether. The use of PCMs is therefore an environmentally friendly solution to cooling needs as PCMs are organic and contain no refrigerants or chemicals. Further, the use of PCMs helps to reduce the need to burn diesel fuel to provide heating or cooling.

The advantages of the Thermal Management System over conventional systems include:

- non-mechanical in nature, electrically and acoustically silent;
- cuts operational costs and lowers time that DG sets run (also reducing DG set costs) as PCMs are charged by mains power or night time low temperatures;
- increases site uptime during AC failure; and
- can be used in regions with peak and off peak energy pricing for temperature control without relying on mains power.

Thermal management system with PCM is installed on standalone basis and within Green Shelters. This system has also been used in the cold storage, transportation, pharmaceutical and construction industries. While many of our competitors manufacture PCM, we believe our advantage lies in our patented product solution which integrates specialized additives and shelter engineering with electronics. We hold a process patent for PCM which is valid until 2024.

Industrial ACs

We manufacture three kinds of ACs, including:

- ACs which are maintenance-free and filter-less;
- Direct current ACs which can function on 24 or 48 volt batteries; and
- ACs with Free Cooling Unit, a specialized AC designed by us specifically for the telecommunications industry. Unlike conventional ACs, these ACs come with an internal microprocessor-controlled Free Cooling Unit that helps wireless telecommunications operators run sites with minimal power consumption.

The ACs with Free Cooling Unit are designed to withstand harsh environments and maintain temperatures without running the compressor when the ambient temperature drops below 25 degrees centigrade. They can also charge the PCM, which provides a source of thermal back-up in times of power failure. We also have developed a customized twin compressor based system in response to the specific needs of certain of our customers.

Our air conditioners offer the following advantages over conventional air conditioners:

- maintenance-free, filter-less and replaceable modules (without Free Cooling Unit);
- tests show a power saving of around a third (with Free Cooling Unit);
- reduced power consumption leads to savings through use of less powerful generators in consumption of energy and fuel; and

We have applied for a patent for our Free Cooling Unit. In addition, we benefit from a patent held by one of our subsidiaries to offer base station enclosures with dual climate chambers. These particular base stations include specially designed ceiling-mounted heat exchangers to keep the shelter temperature between 25 degrees celsius and 45 degrees celsius, while keeping the site batteries at 25 degrees celsius in a separate enclosure using a small DC powered cooling system. This permits the entire site to operate more efficiently during power outages, and provides cost savings during power outages.

Other Products

We also supply specialized products to complement telecommunications enclosure applications such as:

- Line Conditioner Units – these are solid state, automatic voltage regulators that form part of a PIU and that we also sell separately.

- Battery Coolers – these are used in dual climate chambers to maintain batteries at optimum temperatures for efficient performance.

- Solar Charge Controllers – these draw power from panels and control power to solar charge batteries.

- Foldable Flat Panel Nano-Cooled Shelters – these are Nano-Cooled Shelters in which the panels are pre-connected so that assembly at the base site is quicker and easier.

- Heat Exchangers – these function as alternatives to air conditioners and help to equalise inside and outside temperatures, while reducing the overall operating cost of running a telecommunication tower sites when the ambient temperature is less than 35 degrees celsius.

New Products expected to be launched in Fiscal 2008

- Fuel Cells – these are manufactured by one of our group companies, MKU Canada, Inc., and provide reliable backup power supply. We will begin manufacturing fuel cells pursuant to the Technology Transfer Agreement for manufacture of fuel cells dated September 25, 2007 entered by the Company.

- New AC – these use innovative technology to consume up to two-thirds less power than conventional ACs.

Installation and Maintenance Services

We provide, on an annual contract basis, general operational and maintenance support to our customers including supplying maintenance staff, providing mobile DG set facilities (which provide on-site power), refuelling DG sets and providing emergency storage services, processing electricity bill payments and liaising with local electricity authorities. We also provide passive infrastructure operations and maintenance support to mobile telecommunications operators. Our support also covers electricity supply management and alternative energy source management.

We typically enter into 12-month agreements for both annual maintenance contracts and passive infrastructure operations. We have divided our Indian operations into five regional zones. Each zone is headed by a regional business manager and a regional projects and services manager and is divided into circles corresponding to TRAI notifications. Each circle is headed by a product manager, responsible for installation, and a service manager, responsible for subsequent service. Around eight to 10 personnel provide maintenance services in each circle.

Overseas installation and service is handled primarily by our agents, with whom we have pre-existing relationships. This reduces the need for us to directly expend resources or maintain personnel overseas.

Manufacturing Facilities

Our manufacturing activities are carried out at two locations in India; our main facility at Pantnagar (Uttaranchal state), and additional facilities at Parwanoo (Himachal Pradesh state). Our facility at Pantnagar, in operation since March 2006, is spread across an area of approximately 28 acres and is engaged in the manufacture of a number of products such as Green Shelters, panels, PIUs, Line Conditioner Units, Battery Chargers and other sub-assemblies.

The chief machinery employed at our facilities include a fully automated modern panel manufacturing line from PUMA (Italy), a shelter panel processing unit from Tekna (Italy) and assembly lines for products such as air conditioners, PIUs and Line Conditioner Units. The facilities also benefit from a 1,500 kVA power connection from the state electricity board, specialised storage equipment for products and energy efficient air compressors.

Our facilities are designed to be environmentally friendly, employing n-pentane as a foaming agent, instead of the ozone depleting Chlorofluorocarbons in our operations. We also employ additional measures such as encasing the DG sets in acoustic enclosures to minimise noise pollution, using regulation-sized chimneys for the boilers and DG sets to minimise air pollution, and using a 50 cubic meter sewage plant for sewage treatment.

The Pantnagar and Parwanoo facilities are currently eligible for 100% and 30% deduction for profits under the Income Tax Act, respectively and reduced sales tax rates and certain excise duty exemptions. As of September 30, 2007, our manufacturing facilities employed 65 people. We believe that our manufacturing facilities benefit from availability of skilled labour and adequate transportation and infrastructure networks.

Our manufacturing facilities have a combined daily output capacity of 225 PIU, 210 shelters, 276 PCMs and 140 ACs.

Sales and Marketing

In the wireless telecommunications passive infrastructure solutions market, the product is the most important element of the marketing effort and our marketing team seeks to gather feedback from customers to improve existing products and develop new products.

As of September 30, 2007 we employed 22 sales and marketing and project and services staff strategically located in various locations in India and coordinated through four regional offices. In September 2006, we established a team to focus on establishing new clients by approaching potential customers to set up trial sites. We offer these trial site installations to enable potential customers to experience the benefits of our products and we consider that this approach has a high success rate of converting trial sites into new customer accounts. We also seek to strategically acquire companies with desirable customer bases and participate in international trade shows to enhance our visibility outside of India and to develop relationships with international agents in order to service foreign customers.

Orders are procured through a two stage process. In the first stage, we submit bids to provide products and solutions in response to requests for proposals from wireless telecommunications operators. We price our products and solutions on the basis of discussions with potential customers regarding their product specifications and quantity requirements. If we are successful in the bidding process, we are short listed as a products and solutions provider and proceed to execute rate contracts with customers. At the second stage, circle level managers of the various wireless telecommunications operators issue orders to us on a monthly basis for the quantities to be supplied by us to them as per their monthly roll out plans. We enter into rate contracts for which payment is due between seven and 24 days from the date of delivery, provided the customer has received the related billing paperwork. In the event of overdue payments, we initiate a process of contacting the customer first via the telephone, and then via surface mail and site visits, as needed.

Customers

We have sought to capitalize on the quality of our products and our comprehensive product solutions to establish what we consider to be a strong and stable set of customers which generate recurring revenue. Our customers include both domestic as well as international customers, although domestic customers accounted for 99.13% of our revenues in Fiscal 2007. Our domestic clientele includes Bharti Airtel Limited, Tata Teleservices Limited, Idea Cellular Limited, Spice Telecom and Nokia Seimens Networks. Our international customers include Safaricom, Brothers Construction Company, GrameenPhone Limited and Zanzibar Telecom Limited, most of which have been supplied with our products through our agents. Bharti Airtel Limited has been our principal customer but we are diversifying our customer base and seeking to move from rate-based contracts for certain key customers to volume-based contracts for longer periods. This move will allow us to benefit more directly from the expected growth of the industry for the foreseeable future.

With a network of four regional offices and a service support staff of more than 300 persons as of September 30, 2007, we have a strong customer services team which seeks to provide efficient and productive communication between the customers and our Company. We emphasize responsiveness to customers and believe a high uptime is key to customer retention. We work to achieve customer satisfaction in both our products and services by employing rigorous quality control procedures.

Competition

Domestically, we operate in a fragmented market. Though there are no directly competing products for most of our offerings, some companies have developed products with similar functionality. For instance, some companies have attempted to replicate some of our patented core products such as the PIU and the AC with Free Cooling Unit. On a product basis, we consider our principal domestic competitors to be:

- Green Shelters and Nano-Cooled Shelters – we believe we have no direct competitors for the specific shelter product we offer. Other types of shelters are made by Selvon, Lambda and Synergy Telecom (which also offers a packaged solution).

- PIUs – Selvon, Lambda and Synergy Telecom also produce PIUs.

- Thermal Management Systems – PCM-based systems also are manufactured by Synergy Telecom and MaxFaith.

- Industrial air conditioners – Blue Star makes air conditioners for the telecommunications sector.

We believe that there are as yet no direct international competitors for our products but believe several operators seek to develop these products internally as part of their overall telecommunications product offerings.

Suppliers

The raw materials and components for our products are supplied by several vendors. Accordingly, we are generally not dependent on any single supplier for a significant amount of our supplies, with the exception of certain components for our green shelters. We also try to have multiple suppliers for the same items to further reduce dependence, to ensure stock availability and to obtain the best prices. We initially give vendors complete specifications of the item required and estimated monthly and annual quantities. Bids are solicited and a standard breakdown of the costs is requested from each of the prospective suppliers to analyze actual cost.

- Green Shelters and Nano-Cooled Shelters – we use polyurethane and FRP sheets in our green shelters. We purchase these materials from five vendors, of which Jindal is the largest.

- PIUs– we purchase the electronic components for our PIUs from a number of independent vendors and are seeking to outsource production of non-essential components of these units in the near future.

- Industrial air conditioners – we purchase coils, compressors and related components as per our specifications and designs from a number of vendors in order to assemble our air conditioning units.

Research and Development

We place a strong emphasis on research and development activities. Our research is conducted out of a 0.25 acre facility located in Manesar, equipped with modern facilities supported by a team of 80 employees, out of which 65 were engineers as of September 30, 2007. We also rely on the research conducted by our affiliates and group companies located in the United States and Canada. We typically allocate approximately 2% of our revenues solely towards research and development. In November 2006, we entered into an agreement with University of South Australia in which we agreed to finance certain research and development activities specifically relating to our PCM and charge/ discharge systems. This agreement is valid for five years.

New products are developed in consultation with our marketing team and after analysing the requirements of our customers. An integrated engineering department in the research and development department allows us to have shorter development cycles. Currently, research activities are underway in the areas of power saving devices, lightning protection devices for tele-transmission towers, PIUs for telesystems and climatic control devices for telesystems among others.

Intellectual Property

Intellectual property is an important asset in our business and we seek to protect our intellectual property. We currently hold four product patents and one process patent in India. We have also submitted three applications for product patents, one of which is pending final notification of grant from the relevant authorities in India. We currently have one registered trademark and five have been assigned to our Company by our Promoter, Mr. Manoj Kumar Upadhyay. We also have nine pending trademark applications for marks under various classes in India.

Patents

We hold product patents in India for our cuboiad shaped green shelter, foldable shelter, PIU and DC AC products. All of these patents are valid for 20 years from 2004. We also hold a process patent in India for our PCM product which is used in our Thermal Management Systems. This patent also is valid for 20 years from 2004. We are awaiting final notification of grant of a product patent in India for our PCM product. We also have applied for product patents in India for our Free Cooling Unit and Line Conditioner Unit products.

Trademarks

We hold registered trademarks in India for our key product names, including PIU, PCM and LCU. We also have applied for trademark protection in India for our name and logo and for our Green Shelter product, among others.

Quality Control, Quality Assurance and Product Certification

As of September 30, 2007, we had 24 employees responsible for quality control, quality assurance and product certificates. We aim to achieve customer satisfaction in both product and service quality by implementing an effective quality control program; regular training at various levels; continuous monitoring and evaluation of vendors; and employment of sophisticated techniques to encourage continuous process improvements and workplace innovations.

We have established quality control procedures centred around inspecting incoming goods, which is now maturing into vendors delivering direct for most items by a systematic process of vendor monitoring and improvement We also engage in in-process and pre-dispatch inspection and control; soliciting customer response and feedback; and providing vendor support.

We currently hold an ISO 9001:2000 quality management system certificate in relation to the design, manufacture, marketing, servicing and installation of telecommunications equipments for our Gurgaon, Manesar and Pantnagar offices and facilities.

Human Resources

We believe that employees are our key assets and are therefore committed to maintaining a highly motivated and efficient team. As of September 30, 2007 we had 850 employees.

Our employees perform various roles, with around half in sales, marketing, project and services, around a quarter in operations (production, engineering, projects and information technology) staff, and the balance spread across commercial services (purchasing, logistics and storage), finance (including accounting and legal staff), research and development, human resources and administration, corporate positions and various other roles. Our employees are engaged in various aspect of our business, including in:

Commercial	62
Corporate Affairs	1
Engineering	31
Finance and Accounts	48
Human Resources	27
IT	10
Legal and IPR	5
MD Office	5
Operations	259
Projects	7
Project and Services	275
Research and Development	65
Sales and Marketing	47
Value Engineering	8

We understand that the success of our future growth depends in part on our ability to recruit talented individuals. We have a selective recruitment process and recruit directly from leading Indian educational institutions. We provide extensive training to our employees. Individual training needs are identified at the employee's annual review session and we work with leading management schools to provide management training to selected employees.

Property

The following table sets forth the significant properties owned or leased by the Company as of the date hereof:

Location	Area (in acres)	Nature of Interest
Registered and Corporate Office		
DLF Infinity Tower, Building C, 9th Floor, DLF Cyber City, Phase-II, Gurgaon 122 002, Haryana.	0.37	Leasehold, for a period of 36 months from February 1, 2006 with an option to renew for two terms of three years each. (1)
Manufacturing Facilities		
II E, Pantnagar, Udham Singh Nagar	28	Freehold
Sector 4, Crossing Kasauli Road, Parwanoo, District Solan, Himachal Pradesh	0.24	Leasehold, to expire on March 31, 2010 with an option to renew for two terms of three years each.
Research and Development Center		
Plot No. 182 A Sector 3, Industrial Estate, IMT Manesar	0.25	Freehold
Other Units		
Plot No. 90, Sector 5, IMT, Manesar	0.25	Freehold
Plot No. 48, Sector 5, IMT, Manesar	0.25	Freehold

(1) Under the terms of the lease deed our Company cannot terminate the lease deed for a period of 36 months from the date of commencement of the lease ("Lock Up Period"). In the event the Company desires to terminate the lease during such period, the Company must pay all amounts for the remaining Lock Up Period. Our Company is required to pay an amount of Rs. 483,420 per month for the initial period towards rent and an incremental amount of 20% at the end of each, the first and second term.

On November 16, 2007, our Company has entered into an agreement to sale for the purchase of land admeasuring 11.3688 acres situated at Deodhai, Rewari, Haryana for a total consideration of Rs. 132,636,000. Pursuant to the same, on the same date, our Company has entered into a sale deed for the purchase of land admeasuring 7.34375 acres together with 13,333 square yards of the built up structure thereon situated at Deodhai, Rewari, Haryana for a total consideration of Rs. 93,000,000.

In addition we have four regional office in Mumbai, Kolkata, Hyderabad and Chandigarh which are on a leasehold basis. Further, we have nine branch offices across various locations in India leased from various private parties.

Insurance

Our operations are subject to hazards inherent in large-scale equipment manufacturing, such as risk of equipment failure and work accidents. We are also subject to the effects of natural disasters and acts of terrorism. The hazards we face include those that may cause injury and loss of life, damage to and destruction of property and equipment and environmental damage. We have obtained the standard fire and special perils policy for our research and development unit and other units located at Manesar, manufacturing facility at Solan and our registered office. We have obtained two special contingency policies (with fire, fidelity guarantee, burglary. cash covers and storage cum erection risk for certain sites) for our manufacturing facility based in Pantnagar, Uttaranchal. We have additionally obtained a special contingency policy (marine) for our manufacturing facility in Pantnagar, Uttaranchal. We have further availed of a public liability non-industrial policy. Further, we have three subsisting motor vehicle policies and 17 overseas mediclaim policies for certain employees.

Legal Proceedings

We are party to several claims and legal proceedings, including in relation to our intellectual property rights, excise matters among others. In addition, it is possible that new claims and legal proceedings may be instituted or asserted against us from time to time. The results of these claims and legal proceedings cannot be predicted and these claims and legal proceedings, individually or in the aggregate, may have a material adverse effect on our business (both in the near and long-term), liquidity, financial position or results of operations.

Our Company has filed a criminal compliant against Mr. S.N. Patnaik (a former employee of our Company) and others for breach of confidential information relating to PIU to assist Lambda Eastern Telecommunication Private Limited in developing a PIU. The complaint is currently pending. Further, our Company has also filed a writ petition before the High Court of Punjab and Haryana, at Chandigarh for transferring the investigation of the said data theft case, worth Rs. 7,546,000 thousand, to the CBI from Haryana Police which is pending.

We have also filed various suits against other private corporate entities and individual persons, for passing off products and infringement of registered patents to which we have an exclusive right. For instance, our Company has filed a suit against Lambda and others alleging infringement of our rights over the registered patents cubiodal shaped green shelters and PIU. A counter claim has also been filed against our Company in the said suit for revocation/cancellation/rectification our patents on the said products.

Separately, two suits have been filed against our Company and Promoter, MKU Holdings Private Limited by Lambda Eastern Telecommunication before the High Court of Delhi for a declaration that the manufacturing and sale of their products does not constitute infringement of our Company's patents on the PIU and process for the preparation of phase change material among others. Further a sum of Rs. 2,001 thousand has been claimed as damages against our Company. Further our Company and others have filed a suit against other private parties for infringement of our intellectual property rights relating to Green Shelters and PIU.

Separately, Mr. Manoj Kumar Upadhyay, as the occupier of our manufacturing unit at Pantnagar and another received a notice from the Chief Judicial Magistrate, Udham Singh Nagar in relation to certain offences under the Factories Act. Our Company is also a party to proceedings involving statutory authorities and other civil cases. For further details involving us see the section titled "Outstanding Litigation and Material Developments" on page 200 of this Draft Red Herring Prospectus.

Employee Share Option Scheme ("ESOS")

Our Company approved the grant of options under an employee stock option scheme titled "Acme – Employee Stock Option Scheme 2007" to reward for past contribution of employees towards profitable growth, encourage continued excellence and association, retain key team members, attract best talents among others pursuant to a resolution passed by our shareholders on October 9, 2007.

The ESOS comprises:

(i) One-time thank you options: for rewarding employees for their contribution in the past based on the number of years of service with the Company and performance rating achieved; and

(ii) Growth options: to enable value creation and sharing in future. The same is classified into two categories:

    a) Times based options: These options would vest in line with the vesting schedule based on continuous association with the Company based on the designation.
    b) Performance based options: These options would vest in line with the vesting schedule only if the performance conditions specified by the Board are achieved in addition to continuous association with the Company.

On October 10, 2007 our Board approved options exercisable into not more than 3,369,586 Equity Shares of face value of Rs. 2 each were approved. Each of such option confers a right upon the employee to apply for one Equity Share of the Company, in accordance with the terms and conditions of such issue. Grants of options convertible to an aggregate of 1,567,432 Equity Shares has been made to certain of our employees and Directors. For further details see the section titled "Capital Structure" on page 19 of this Draft Red Herring Prospectus.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, certain international treaties and conventions to which India is a signatory and other domestic legislations. The information detailed below has been obtained from the various legislations, international treaties and conventions, and the bye laws of the respective local authorities that are available in the public domain.

Intellectual Property

Our intellectual property assets form a significant portion of our net worth. Our intellectual property includes our registered intellectual property rights, including patents and patent applications made by us in relation to various inventive products and processes and registered, as well as unregistered rights in intellectual property including copyrights in relation to our logo's and products. The salient features of the legal regime governing the acquisition and protection of intellectual property in India are briefly outlined below.

Patent Protection

The Patents Act, 1970 ("Patents Act") is the primary legislation governing patent protection in India. In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain subject matter even if it otherwise satisfies the above criteria.

Non-patentable subject matter includes mere discoveries of scientific principles, abstract theory, methods of treatment, methods of agriculture or horticulture, plants or animals in whole or in part (other than micro-organisms), mathematical or business methods or algorithms, mere schemes, rules or methods of performing mental acts or a method of playing a game, and an invention which in effect is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components. New forms of a known substance that do not result in the enhancement of known efficacy of that substance are also not patentable. Isomers, complexes, combinations and other derivatives of known substances are considered to be the same substance, unless they differ significantly in properties with regard to efficacy. Though inventions relating to computer programs *per se* are disallowed, computer programs with appropriate hardware limitations are patentable.

The term of a granted patent is 20 years from the date of filing of the application for patent.

An invention is novel provided it has not been published anywhere in the world before its priority date or has not been used previously in India otherwise than for the purposes of reasonable trial.

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

The Patents Act also prohibits any person resident in India from making or causing to be made an application for patent outside India, without first filing an application in India or seeking prior permission from the Controller of Patents. Following the filing of a patent application in India, a resident applicant must wait for six weeks prior to filing a foreign application, or may seek and obtain the written permission of the Controller of Patents to file applications in foreign jurisdictions prior to expiry of this six week period. The Controller is required to dispose of requests for permission to file in foreign jurisdictions within 21 days of receipt. Failure to comply with the statutory requirement for prior permission may lead to penal consequences.

The Controller of Patents is required to obtain prior consent of the Central Government before granting foreign filing permission for inventions that may have relevance for defence or atomic energy purposes.

International Patent Protection Mechanisms

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of grant. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to simplify the task of filing across jurisdictions, mechanisms under various international treaties have evolved. The Patent Co-operation Treaty, 1970, ("PCT") is one such treaty mechanism.

A PCT application comprises two phases, i.e.:

a. International phase: wherein an international application is filed at the International Bureau; and

b. National phase: wherein patent applications are filed within each of the countries designated at the International Bureau, each claiming the benefit of the international filing date (and of any application from which the international application claims priority).

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

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

A PCT application claiming the benefit of convention priority would provide the applicant a period of 30 months (in certain jurisdictions 31 months) from the priority date to file corresponding national phase applications.

Trademarks

The Trade Marks Act, 1999 (the "Trademark Act") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for 10 years unless cancelled. If not renewed after 10 years, the mark lapses and the registration for such mark has to be obtained afresh.

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

Trade Secrets and Confidential Information

In India, trade secrets and confidential information do not comprise subject matter of a separate statute. Instead protection may be secured under the laws of contract, tort and equity.

Copyright Protection

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

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption favoring the ownership of the copyright by the registered owner.

Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a 60 year period following the death of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright. The Copyright Act also prescribes certain fair use exceptions which permit certain acts which are otherwise considered copyright infringement.

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

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

International Treaties for Copyright Protection

India is a signatory to the Convention of International Union for the Protection of Literary and Artistic Works (the "Berne Convention"), the Universal Copyright Convention, 1952, (the "UCC") and as a member of the World Trade Organization is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (the "TRIPS Agreement"). The TRIPS Agreement embodies a set of minimum standards that all signatories have to adhere to in respect of all forms of intellectual property protection, including copyright.

The Berne Convention requires that the signatory countries provide the same rights to foreigners from other member countries as to their own nationals and mandates automatic protection not subject to procedural formalities. It also provides for minimum substantive standards of protection, dealing with the duration of copyright and the exclusive rights which the author shall hold.

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

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was incorporated as Acme Tele Power Private Limited on January 14, 2003 under the Companies Act with the Registrar of Companies, NCT at New Delhi. It was converted into a public limited company on August 29, 2005 and consequently the name was changed to Acme Tele Power Limited.

At the time of incorporation Mr. K.M. Upadhyay and Ms. Mamta Upadhyay held the entire equity share capital of our Company. With effect from February 18, 2006, our Company became a subsidiary of MKU Holdings Private Limited. For details relating to MKU Holdings Private Limited, see the section titled "Our Promoters and Promoter Group" on page 91 of this Draft Red Herring Prospectus.

The registered office was located at F-49, 2nd Floor, Tulip Garden, Sushant Lok, 2 & 3 Gurgaon, Haryana 122 050, India at the time of incorporation. Pursuant to Board resolution dated January 10, 2007, the registered office was changed to DLF Infinity Tower, Building C, 9th Floor, DLF Cyber City, Phase-II, Gurgaon, Haryana 122 002, India.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
2003	Our Company was incorporated.
2004	Introduced Green Shelter with PIU, PCM, filterless AC and shelters.
2005	Launch of: • Solar charge controllers • LCU • FCU • DC AC
2006	Launched Nano Cooled Shelter, AC with FCU.
	Granted five patents on various products and solutions.
	Automated manufacturing facility at Pantnagar commissioned to produce products for domestic and international sales.
	Expanded internationally through subsidiaries in Cyprus, Singapore and Indonesia.
	Our Company became a subsidiary of MKU Holdings Private Limited.
2007	Acquisition of Reime Network Implementation Services AS and its subsidiaries through our subsidiary Acme Tele Power (Cyprus) Limited.

Main Objects

The main objects of our Company are:

1. To carry on the business of designing, manufacturing and integration of telecom control and power products and trading thereof.

2. To carry on the business of manufacturers, assemblers, fabricators and traders of electronic products of all types and instruments of all kinds radar equipment, electronic instrument and components consumer and entertainment electronics equipments, office and telecommunication equipment, computer peripherals and software, micro-wave equipment, and equipment for the processing of information technology and for alternate sources of energy and equipment for the automotive, plastics, chemicals, textile and agricultural industries and the manufacture of all their components and sub-assemblies thereof.

3. To carry on the business of electronic engineers, to buy, sell, trade, import, export, process, refine, fabricate, manipulate, distribute, convert, licence, or otherwise deal in all kinds of communication, electrical power and energy, agricultural, automotive, navigational and information technology.

The main objects as contained in our Memorandum of Association enable us to carry on the business that are presently carried out as well as businesses that we propose to carry out.

For details relating our business and operations see the section titled "Our Business" and "Financial Statements" on pages 46 and 105, respectively of this Draft Red Herring Prospectus.

Amendments to our Memorandum of Association

Year	Nature of Amendment
October 22, 2003	Clause V of the Memorandum of Association was replaced with the following: *"The authorized share capital of the Company is Rs. 5,000,000 (Rupees Fifty Lacs) divided into 500,000 (Five Lacs) of equity shares of Rs. 10 (Rupees Ten) each."*
June 15, 2005	Clause V of the Memorandum of Association was replaced with the following: *"The authorized share capital of the Company is Rs. 10,000,000 (Rupees One Crore) divided into 1,000,000 (Ten Lacs) of equity shares of Rs. 10 (Rupees Ten) each."*
August 10, 2005	Clause V of the Memorandum of Association was replaced with the following: "*The authorized share capital of the Company is Rs. 50,000,000 (Rupees Five Crores) divided into 5,000,000 (Fifty Lacs) of equity shares of Rs. 10 (Rupees Ten) each."*
April 2, 2007	Clause V of the Memorandum of Association was replaced with the following: "*The authorized share capital of the Company is Rs. 500,000,000 (Rupees Fifty Crores) divided into 50,000,000 (Five Crores) of equity shares of Rs. 10 (Rupees Ten) each."*
October 9, 2007	Clause V of the Memorandum of Association was replaced with the following: "*The authorized share capital of the Company is Rs. 500,000,000 (Rupees Fifty Crores) divided into 250,000,000 (Twenty Five Crore) of Equity Shares of Rs. 2 (Rupees Two) each."*

Our Subsidiaries

Our Company has the following Subsidiaries, the details of which are described below:

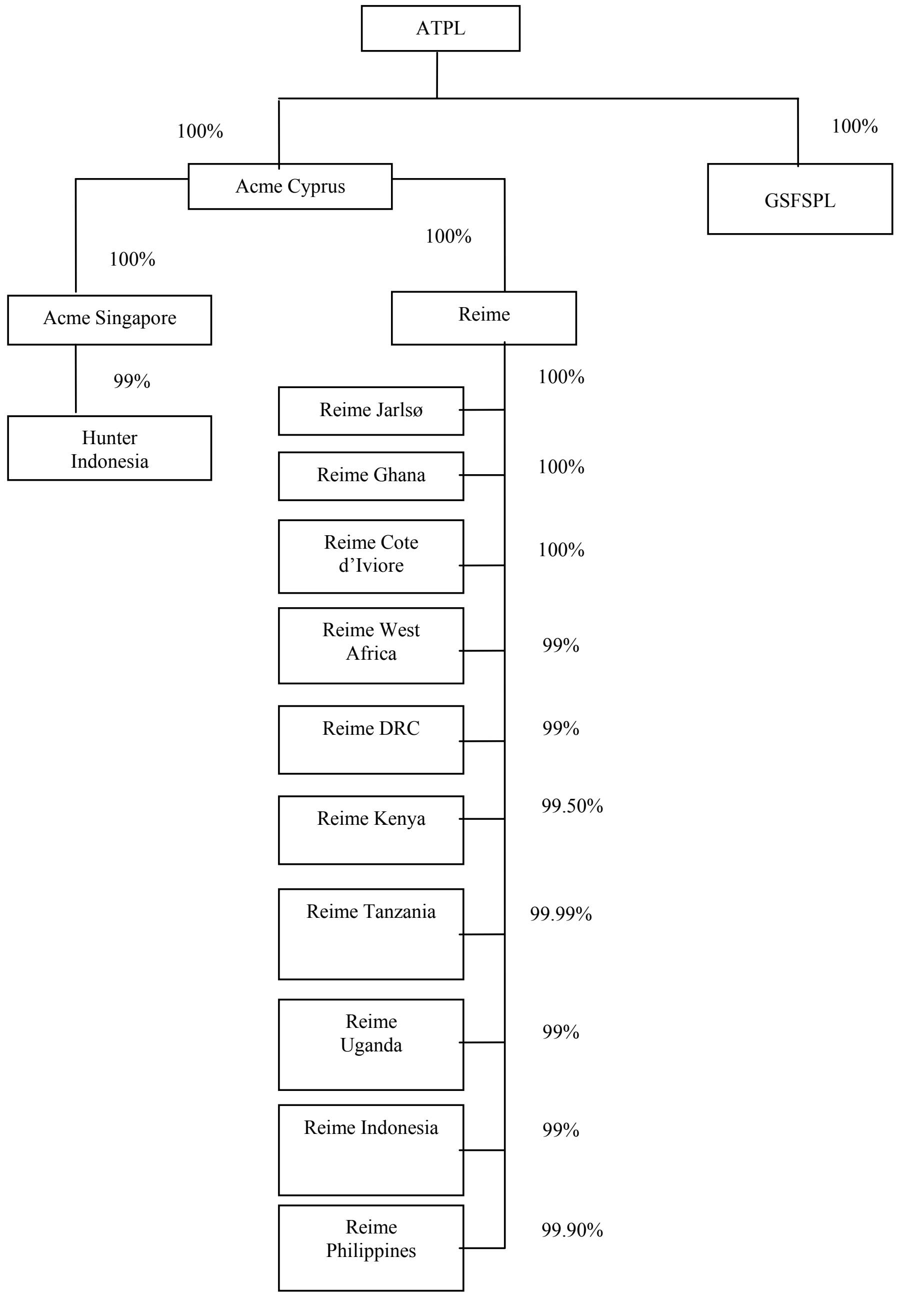
a. Acme Tele Power (Cyprus) Limited ("Acme Cyprus");
b. GS Financial Services Private Limited ("GSFSPL");
c. Acme Tele Power Singapore PTE Limited ("Acme Singapore");
d. PT Hunter Fungsional Telekom, Indonesia ("Hunter Indonesia");
e. Reime Network Implementation Services AS ("Reime");
f. Reime Jarlsø AS ("Reime Jarlsø");
g. Reime Ghana Limited ("Reime Ghana");
h. Reime Cote d'Iviore sprl. ("Reime Cote d'Iviore");
i. Reime West Africa Limited ("Reime West Africa");
j. Reime DRC sprl ("Reime DRC");
k. Reime Kenya Limited ("Reime Kenya");
l. Reime Tanzania Limited ("Reime Tanzania");
m. Reime Uganda Limited ("Reime Uganda");
n. PT Reime Indonesia ("Reime Indonesia"); and
o. Reime Phillipines Inc. ("Reime Phillipines").

All of our Subsidiaries have been recently acquired by our Company, directly or indirectly. For further details regarding these acquisitions see below.

Acme Labs Limited and Acme Global Inc. were subsidiaries of our Company and are no longer subsidiaries of our Company. Acme Labs Limited was incorporated as a subsidiary company of our Company in March 2006 at Cayman Islands, Georgetown as an investment company. Subsequently, pursuant to its dissolution on September 28, 2007, Acme Labs Limited ceased to be a subsidiary of our Company. Our Company through Acme Labs Limited held 100% interest in Acme Global Inc., a State of Delaware corporation incorporated on March 13, 2006 for the purposes of providing research and development services for the intellectual property. On October 31, 2006 Acme Labs Limited sold its entire investment in Acme Global Inc. Subsequently, Acme Global Inc. ceased to be a subsidiary of our Company.

Graphical Representation of our investments

The following chart gives a graphical representation of our investments:



**a.	Acme Tele Power (Cyprus) Limited ("Acme Cyprus")**

Acme Cyprus was incorporated on May 3, 2006 under the name "Twickenham Investments Limited" and its registered office is located at 48, Thermistokli Dervi, Centennai Building Office, 701, 1066, Nicosia, Cyprus. Subsequently on September 12, 2006 its name was changed to its present name. Acme Cyprus is an investment company which is also engaged in the business of *inter alia* holding intellectual property rights.

Our Company acquired 1,000 equity shares of Acme Cyprus (constituting 100% of the issued capital of Acme Cyprus) from Lakoservices Limited pursuant to an agreement of sale and purchase of shares dated June 7, 2006 which is the effective date of acquisition for a total consideration of CYP 1,000. There was no valuation of the equity shares of Acme Cyprus by an independent valuer prior to the acquisition of equity shares in Acme Cyprus.

The equity shares of Acme Cyprus are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Acme Cyprus as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (CYP. 1 each)	Percentage of shareholding
1	Acme Tele Power Limited	904,500	100.00
	Total	**904,500**	**100.00**

Board of Directors

The board of directors of Acme Cyprus currently comprises Mr. Manoj Kumar Upadhyay, Ms. Mayda Nishanian and Ms. Anna Nicolaou.

Financial Performance

As Acme Cyprus has been incorporated in the financial year ending December 31, 2006, the financial results for the financial years ending December 31, 2004 and 2005 do not exist. The audited financial results of Acme Cyprus for the financial year ending December 31, 2006 and six months ending June 30, 2007 are set forth below.

(In. USD.'000)

	December 31, 2006	Six months ending June 30, 2007
Total Revenue	7	34
Profit/(Loss) after tax	(44)	22
Share Capital	2,002	2,002
Reserves and Surplus (excluding revaluation Reserves)	(44)	(23)
Earning Per Share *(USD)*	(0.05)	0.02
Book Value per share *(USD)*	2.16	2.19

b. GS Financial Services Private Limited ("GSFSPL")

GSFSPL was incorporated on May 3, 2007 and its registered office is located at DLF Infinity Tower, Building C, 9th Floor, DLF Cyber City, Phase-II, Gurgaon, Haryana 122 002, India. GSFSPL was incorporated for the purpose of engaging in the business of equipment, leasing and hire and is yet to commence its operations.

Our Company acquired the entire share capital of GSFSPL from MKU Holdings Private Limited on August 21, 2007 for a total consideration of Rs. 20,000 thousand. There was no valuation of the equity shares of GSFSPL by an independent valuer prior to the acquisition of equity shares in GSFSPL.

The equity shares of GSFSPL are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of GSFSPL as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (Rs. 10 each)	Percentage of shareholding
1	Acme Tele Power Limited	2,000,000*	100.00
	Total	**2,000,000**	**100.00**

** 100 equity shares, jointly held with Mr. R.M. Samy*

Board of Directors

The board of directors of GSFSPL currently comprises Mr. Manoj Kumar Upadhyay, Ms. Mamta Upadhyay and Mr. Sanjeev Aggarwal.

Financial Performance

As GSFSPL has been incorporated in Fiscal 2008, the audited financial results for Fiscal 2005, 2006 and 2007 do not exist.

c. Acme Tele Power Singapore PTE Limited ("Acme Singapore")

Acme Singapore was incorporated on April 21, 2005 under the name 'Functional Energy Pte Limited' and its registered office is located at 87, Beach Road, # 02-03, Chye Sing Building, Singapore 189 695. Subsequently on January 12, 2006 the name was changed to "Hunter Functional Telecom PTE Limited". Subsequently, on August 31, 2007 the name was again changed to its present name. Acme Singapore is engaged in the business of importing, exporting and marketing telecommunications equipment among others.

Acme Cyprus acquired Acme Singapore from Jorgen Eriksson, Bovagen pursuant to an agreement dated July 24, 2006 (also the effective date of acquisition) for a total consideration of USD 700,000 (of which USD 450,000 was payable by means of transfer of funds and USD 250,000 was to be kept in escrow until receipt for certain approvals for import of products at a concessional rate). Pursuant to the agreement, USD 350,000 has been paid by Acme Cyprus and USD 100,000 has been provided as a loan to a company promoted selling shareholder. The agreement has expired as its terms. There was no valuation of the equity shares of Acme Singapore by an independent valuer prior to the acquisition of equity shares in Acme Singapore.

Acme Cyprus has entered into a share purchase agreement dated October 19, 2007 with MKU Cyprus Limited ("MKU Cyprus") and Acme Singapore, pursuant to which MKU Cyprus has agreed to acquire the entire paid up capital of Acme Singapore from Acme Cyprus for a total consideration of USD 500,000 subject to certain conditions precedent. The transfer of the shares of Acme Singapore to MKU Cyprus is yet to be effectuated in accordance with the terms of the agreement. Upon such transfer Acme Singapore will become a subsidiary of MKU Cyprus. For details see "Material Agreements" below.

The equity shares of Acme Singapore are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Acme Singapore as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (SGD. 1 each)	Percentage of shareholding
1	Acme Tele Power (Cyprus) Limited	100	100.00
	Total	**100**	**100.00**

Board of Directors

The board of directors of Acme Singapore currently comprises Mr. Manoj Kumar Upadhyay, Ms. Mamta Upadhyay and Mr. Graham Hill.

Financial Performance

As Acme Singapore was incorporated in the financial year ending December 31, 2005, the financial results for the financial year ending December 31, 2004 do not exist. The audited financial results of Acme Singapore for the financial years ending December 31, 2005 and 2006 and six months ending June 30, 2007 are set forth below.

(In. SGD '000)

	December 31, 2005	December 31, 2006	Six months ending June 30, 2007
Total Revenue	120	876	1,422
Profit/(Loss) after tax	10	(26)	29
Share Capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves)	10	(16)	13
Earning Per Share *(SGD)*	99.26	(257.62)	290.35
Book Value per Share *(SGD)*	100.26	(157.36)	132.99

d. PT Hunter Fungsional Telekom Limited ("Hunter Indonesia")

Hunter Indonesia was incorporated on May 13, 2005 and its registered office is located at 30/F, Menara Kadin Indonesia, JI.H.R Rasuna Said Block X – 5, KAV 2-3, Jakarta 12950, Indonesia. Hunter Indonesia is engaged in the business of trading in telecommunication equipments.

Acme Singapore held 99% of the paid up capital of Hunter Indonesia at the time Acme Cyprus acquired Acme Singapore from Jorgen Eriksson, Bovagen vide agreement dated July 24, 2006. Consequently, Acme Cyprus acquired indirect interest in Hunter Indonesia.

Acme Cyprus has entered into a share purchase agreement dated October 19, 2007 with MKU Cyprus and Acme Singapore, pursuant to which MKU Cyprus has agreed to acquire the entire paid up capital of Acme Singapore from Acme Cyprus for a total consideration of USD 500,000 subject to certain conditions precedent. The transfer of the shares of Acme Singapore to MKU Cyprus is yet to be effectuated in accordance with the terms of the agreement. Upon such transfer Hunter Indonesia will become an indirect subsidiary of MKU Cyprus. For details see "Material Agreements" below.

The equity shares of Hunter Indonesia are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Hunter Indonesia as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (IDR.1,000,000 each)	Percentage of shareholding
1	Acme Tele Power Singapore PTE Limited	4,950	99.00
2	Ms. Tinny Kusmiaty	50	1.00
	Total	**5,000**	**100.00**

Board of Directors

The board of directors of Hunter Indonesia currently comprises Mr. Sandeep Kashyap, Mr. Kapil Kumar Kathpalia and Mr. Tinny Kusmiaty.

Financial Performance

As Hunter Indonesia was incorporated in the financial year ending December 31, 2005, the financial results for the financial year ending December 31, 2004 do not exist. The financial statements for the financial year ending December 31, 2005 were not audited. The audited financial results of Hunter Indonesia for the financial years ending December 31, 2006 and six months ending June 30, 2007 are set forth below:

(IDR. in '000, unless otherwise stated)

	December 31, 2006	Six months ending June 30, 2007
Total Revenue	3,261,493	974,107
Profit/(Loss) after tax	(599,157)	462,997
Share Capital	5,000,000	5,000,000

	December 31, 2006	Six months ending June 30, 2007
Reserves and Surplus (excluding revaluation reserves)	(932,761)	(469,765)
Earning Per Share (IDR.)	(119,831.36)	92,599.30
Book Value per share (IDR.)	813,447.78	906,047.08

e. Reime Network Implementation Services AS ("Reime")

Reime was incorporated on November 12, 1999 and its registered office is located at Danholmen 25, 3128 Nøtterøy, Norway. It is engaged in the business of providing products and services to international telecommunication markets with special focus on NRO (network rollout) services, specifically in the African continent. The equity shares of Reime are not listed on any stock exchange.

On October 5, 2007, our subsidiary, Acme Cyprus acquired 5,000 equity shares of NOK 1,000 each in Reime constituting 100% of its paid up capital. Acme Cyprus paid a purchase consideration of USD 11,000 thousand ("Purchase Consideration") for the said shares pursuant to share purchase agreement dated September 14, 2007 ("Agreement"). Of the Purchase Consideration, a sum of USD 2,000 thousand has been placed by Acme Cyprus in escrow, to serve as security from any deduction in accordance with the Agreement and from any other claims which Acme Cyprus may have against the Seller in accordance with the Agreement. For further details of the Agreement, see "Material Agreements" below.

Shareholding Pattern

The shareholding pattern of Reime as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (NOK 1,000 each)	Percentage of shareholding
1	Acme Tele Power (Cyprus) Limited	5,000	100.00
	Total	**5,000**	**100.00**

Board of Directors

The board of directors of Reime currently comprises Mr. Atul Sabharwal, Mr. Gullik Jensen and Mr. Jostein Sundvor.

Financial Performance

The audited financial results of Reime for the financial years ending December 31, 2004, 2005 and 2006 are set forth below.

(NOK. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005	December 31, 2006
Total Revenue	65,130	37,575	15,876
Profit/(Loss) after tax	151	2,346	(1,681)
Share Capital	5,000	5,000	5,000
Reserves and Surplus (excluding revaluation reserves)	3,447	5,794	4,113
Earning Per Share (NOK)	30	469	(336)
Book value per Share (NOK)	1,690	2,159	1,823

f. Reime Jarlsø AS ("Reime Jarlsø")

Reime Jarlsø was incorporated on November 12, 1999 and its registered office is located at Danholmen 25, 3128 Nøtterøy, Norway. Reime Jarlsø is engaged in the business of providing design and engineering services towards the high voltage power distribution markets in Scandinavia as well as servicing the Reime markets with telecommunication towers and supporting accessories.

Reime Jarlsø was a subsidiary of Reime at the time Acme Cyprus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Jarlsø are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime Jarlsø as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (NOK 1,000 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	1,500	100.00
	Total	**1,500**	**100.00**

Board of Directors

The board of directors of Reime Jarlsø currently comprises Mr. Gullik Jensen and Mr. Bjørn Freberg.

Financial Performance

The audited financial results of Reime Jarlsø for the financial years ending December 31, 2004, 2005 and 2006 are set forth below.

(NOK. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005	December 31, 2006
Total Revenue	67,979	67,901	58,103
Profit/(Loss) after tax	(5,726)	4	4,324
Share Capital	1,000	1,000	1,000
Reserves and Surplus (excluding revaluation reserves)	(7,244)	(7,240)	(2,916)
Earning Per Share (NOK)	(5,726)	4	4,324
Book Value per share (NOK)	(6,244)	(6,240)	(1,916)

g. Reime Ghana Limited ("Reime Ghana")

Reime Ghana was incorporated on February 1, 1999 and its registered office is located at Number 4, Awulen Kodjo Street, East Legon, Accra, Ghana. Reime Ghana is engaged in the business of providing NRO services towards wireless and wire line operators and vendors in the Ghanaian market.

Reime Ghana was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Ghana are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime Ghana as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (GHC 1,062.50 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	1,882,353	100.00
	Total	**1,882,353**	**100.00**

Board of Directors

The board of directors of Reime Ghana currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg and Mr. Geir Olsen.

Financial Performance

The audited financial results of Reime Ghana for the financial years ending December 31, 2004, 2005 and 2006 are set forth below.

(GHC. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005	December 31, 2006
Total Revenue	23,767,881	26,439,043	30,072,057
Profit/(Loss) after tax	855,431	(388,891)	(5,614,218)
Share Capital	2,000,000	2,000,000	2,000,000
Reserves and Surplus (excluding revaluation reserves)	537,081	148,190	(5,466,028)
Earning Per Share (GHC)	454	(207)	(2,983)
Book Value per share (GHC)	1348	1141	(1841)

h. Reime Cote d'Ivoire sprl ("Reime Cote d'Ivoire")

Reime Cote d'Ivoire was incorporated on March 16, 2007 and its registered office is located at Bd. Mitterand C56 Carrefour Cooperation Francaise, Rue C43-Lot 2657, 27BP996 Abidjan, Côte d'Ivoire. It is engaged in the business of providing NRO services towards wireless and wire line operators and vendors in the Ivory Coast market.

Reime Cote d'Ivoire was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Cote d'Ivoire are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime Cote d'Ivoire as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (CFA Franc. 5,000 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	2,000	100.00
	Total	**2,000**	**100.00**

Board of Directors

The board of directors of Reime Cote d'Ivoire currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg and Mr. Gier Olsen.

Financial Performance

As Reime Cote d'Ivoire was incorporated in the financial year ending December 31, 2007, the audited financial results for Reime Cote d'Ivoire for the financial years ending December 31, 2004, 2005 and 2006 do not exist.

i. Reime West Africa Limited ("Reime West Africa")

Reime West Africa was incorporated on January 13, 2003 and its registered office is located at 177C Sinari Daranijo Street, Victoria Island, Lagos, Nigeria. It is engaged in the business of providing NRO services towards wireless and wire line operators and vendors in the Nigerian market.

Reime West Africa was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime West Africa are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime West Africa as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (NGN. 1 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	9,950.000	99.50
2	Mr. Gullik Jensen	50.000	0.50
	Total	**10.000.000**	**100.00**

Board of Directors

The board of directors of Reime West Africa currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg and Mr. Frank Hough.

Financial Performance

The audited financial results of Reime West Africa for the financial years ending December 31, 2004, 2005 and 2006 are set forth below.

(NGN. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005	December 31, 2006
Total Revenue	585,175	2,864,141	2,137,131
Profit/(Loss) after tax	42,684	324,024	204,674
Share Capital	5,340	10,000	10,000
Reserves and Surplus (excluding revaluation reserves)	43,180	217,204	221,878
Earning Per Share (NGN)	7.99	32.40	20.47
Book Value per share (NGN)	9.09	22.72	23.19

j. Reime DRC sprl ("Reime DRC")

Reime DRC was incorporated on June 13, 2006 and has its registered office located at 296, RTE. Matadi, Kinchasa, Democratic Republic of Congo. Reime DRC has been incorporated to engage in the business of NRO services towards wireless and wire line operators and vendors in the Congolese market. Reime DRC is yet to commence business.

Reime DRC was a subsidiary of Reime NIS at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime DRC are not listed on any stock exchange.

Shareholding Pattern

While Reime DRC has not issued any equity shares as on November 16, 2007, Reime and Mr. Gullik Jensen have expressed their intention to subscribe to 99 and 1 equity share of USD 100 each, respectively.

Board of Directors

The board of directors of Reime DRC currently comprises Mr. Roar Berg.

Financial Performance

As Reime DRC was incorporated in the financial year ending December 31, 2006, the financial results for the financial years ending December 31, 2004 and 2005 do not exist. As Reime DRC is yet to commence any business the financial results for the financial year ending December 31, 2006 does not exist.

k. Reime Kenya Limited ("Reime Kenya")

Reime Kenya was incorporated on August 16, 2000 and its registered office is located at ABC Place, Wayaki Way, Westlands, Nairobi, Kenya. It is engaged in the business of providing NRO services towards wireless and wire line operators and vendors in the Kenyan market.

Reime Kenya was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Kenya are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime Kenya as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (KES 1,000 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	199	99.50
2	Mr. Gullik Jensen	1	0.50
	Total	**200**	**100.00**

Board of Directors

The board of directors of Reime Kenya currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg, Mr. Rune Karlsen and Mr. Nenad Jancovic.

Financial Performance

The audited financial results of Reime Kenya for the financial year ending December 31, 2004, 2005 and 2006 are set forth below.

(KES. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005	December 31, 2006
Total Revenue	495,962	266,831	565,178
Profit/(Loss) after tax	32,511	34,556	60,269
Share Capital	200	200	200
Reserves and Surplus (excluding revaluation reserves)	59,657	76,213	86,482
Earning Per Share (KES)	162,555	172,780	301,345
Book Value per share (KES)	299,285	382,065	433,410

l. Reime Tanzania Limited ("Reime Tanzania")

Reime Tanzania was incorporated on May 7, 2007 and its registered office is located at 6th floor, International House, Garden Avenue, Dar es Salam, Tanzania. Reime Tanzania was incorporated to engage in the business of providing NRO services towards wireless and wire line operators and vendors in the Tanzanian market. Reime Tanzania is yet to commence any operations.

Reime Tanzania was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Tanzania are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime Tanzania as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (TZS 1,000 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	49,998	99.99
2	Mr. Gullik Jensen	1	Negligible
3	Mr. Jitindra Kapida	1	Negligible
	Total	**50,000**	**100.00**

Board of Directors

The board of directors of Reime Tanzania currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg, Mr. Rune Karlsen and Mr. Nenad Jancovic.

Financial Performance

As Reime Tanzania was incorporated in the financial year ending December 31, 2007, the financial results for the financial years ending December 31, 2004, 2005 and 2006 do not exist.

m. Reime Uganda Limited ("Reime Uganda")

Reime Uganda was incorporated on November 3, 2006 and its registered office is located at Plot 32, Kanjokya Street, Kamwokya, Kampala, Uganda. It is engaged in the business of providing NRO services to wireless and wire line operators and vendors in the Ugandan market.

Reime Uganda was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Uganda are not listed on any stock exchange.

Shareholding Pattern

While Reime Uganda has not issued any equity shares as on November 16, 2007, Reime and Mr. Gullik Jensen have expressed their intention to subscribe to 99 and 1 equity share of UGX 500,000 each, respectively.

Board of Directors

The board of directors of Reime Uganda currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg, Mr. Rune Karlsen and Mr. Nenad Jankovic.

Financial Performance

As Reime Uganda was incorporated in the financial year ending December 31, 2006, the financial results for the financial years ending December 31, 2004 and 2005 do not exist. Further as Reime Uganda commenced business only after December 31, 2006, the financial results for the financial year ending December 31, 2006 does not exist.

n. Reime Indonesia Pt ("Reime Indonesia")

Reime Indonesia was incorporated on November 1, 2002 and its registered office is located at Jl. Sultan Iskandar Muda, Kav. 5 TA, Pondok Indah, Jakarta, Indonesia. It is engaged in the business of providing NRO services to wireless and wire line operators and vendors in the Indonesian market. Reime Indonesia is currently under the process of liquidation.

Reime Indonesia was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Indonesia are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Reime Indonesia as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (IDR 4,600,000 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	990	99.00
2	Mr. Gullik Jensen	10	1.00
	Total	**1,000**	**100.00**

Board of Directors

The board of directors of Reime Indonesia currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg and Mr. Binsar Sitorus,

Financial Performance

As Reime Indonesia is currently under the process of liquidation, the financial results for the year ending December 31, 2006 are not available. The audited financial results of Reime Indonesia for the financial year ending December 31, 2004 and 2005 are set forth below.

(IDR. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005
Total Revenue	50,123,295	62,856,369
Profit/(Loss) after tax	(1,074,233)	(4,196,009)
Share Capital	460,000	4,600,000
Reserves and Surplus (excluding revaluation reserves)	(5,385,204)	(9,467,923)
Earning Per Share (IDR)	(10,742,330)	(4,196,009)
Book Value per share (IDR)	(49,252,040)	(4,867,923)

o. Reime Philippines Inc ("Reime Philippines")

Reime Philippines was incorporated on November 28, 2002 and its registered office is located at Unit 906, Raffles Corporate Centre, Emerald Avenue, Ortigas Centre, Pasig City Metro Manila, Philippines. Reime Philippines is engaged in the business of providing NRO services to wireless and wire line operators and vendors in the Philippine market. Reime Philippines is currently under the process of liquidation.

Reime Philippines was a subsidiary of Reime at the time Acme Cyrus acquired 100% of the equity share capital of Reime. For further details of the acquisition, see "Material Agreements" below.

The equity shares of Reime Indonesia are not listed on any stock exchange.

Shareholding Pattern

The equity shareholding pattern of Reime Philippines as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (PHP 200 each)	Percentage of shareholding
1	Mr. Ramon R Benito	5,994	99.90
2	Ms. Melissa Reyes	3	0.05
3	Ms. Micaelle Real	3	0.05
	Total	**6,000**	**100.00**

The preference shareholding pattern of Reime Philippines as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of preferences shares (PHP 2,200 each)	Percentage of shareholding
1	Reime Network Implementation Services AS	3,992	99.85
2	Mr. Gullik Jensen	4	0.10

S. No.	Name of the shareholder	Number of preferences shares (PHP 2,200 each)	Percentage of shareholding
3	Mr. Bjørn Freberg	2	0.05
	Total	**3,998**	**100.00**

Board of Directors

The board of directors of Reime Philippines currently comprises Mr. Gullik Jensen, Mr. Bjørn Freberg and Mr. Ramon R. Benito.

Financial Performance

As Reime Philippines is currently under the process of liquidation, the financial results for the year ending December 31, 2006 are not available. The audited financial results of Reime Philippines for the financial year ending December 31, 2004 and 2005 are set forth below.

(PHP. in thousands, unless otherwise stated)

	December 31, 2004	December 31, 2005
Total Revenue	116,714	31
Profit/(Loss) after tax	(15,273)	(5844)
Share Capital	10,000	10,000
Reserves and Surplus (excluding revaluation reserves)	(12,753)	(18,598)
Earning Per Share (PHP)	(1,527)	(584)
Book Value per share (PHP)	(275)	(860)

Material Agreements

Share Subscription Agreement

A share subscription agreement dated November 8, 2007 was entered into among MKU Holdings Private Limited ("MKU Holdings"), the Company and DB International (Asia) Limited, Earthstone Holding (Private) Limited, Kotak Mahindra Capital Company Limited (as the "Investors") and Mr. M.K. Upadhyay and Ms. Mamta Upadhyay (as the confirming parties) for subscription of 2,856,502 Equity Shares of Rs. 2 each ("Subscription Equity Shares").

Equity participation and consideration: Pursuant to this agreement, the investors were issued 2,856,502 fully paid-up Equity Shares in the following proportion for the consideration as set forth below:

Name of Investor	Subscribed Equity Shares	Subscription consideration
DB International (Asia) Limited	2,283,066	Rs. 1,570,749,408
Earthstone Holding (Private) Limited	428,088	Rs. 294,524,544
Kotak Mahindra Capital Company Limited	145,348	Rs. 99,999,424

Initial Public Offering: Pursuant to this agreement, the Company has agreed to undertake an initial public offering (IPO) of its Equity Shares within 12 months from the closing of this transaction. Subject to the decision of the BRLMs, the Company has agreed that (a) if the IPO valuation of the Company is less than Rs. 117,810,000 thousand, the minimum difference between the upper and lower price band would be 15% and (b) if the IPO valuation of the Company is more than Rs. 117,810,000 thousand, the minimum difference between the upper and lower price band would be 10%.

In the event, the Company does not undertake an initial public offering; the Investors would have any of the following exit options:

(a) MKU may purchase all of the Subscription Equity Shares from the Investors at the average investment price paid by the Investors; or
(b) MKU will procure a person resident outside India to purchase the Subscription Equity Shares from the Investors at the average investment price paid by the Investors; or
(c) the Company may buy-back all of the Subscription Equity Shares from the Investors at the average investment price paid by the Investors. If the average investment price is higher than the permissible

price under the applicable regulations, MKU shall transfer such number of Equity Shares to ensure that the average investment price is not higher than the permissible price under the applicable regulations.

IPO Adjustment option: In case the floor of the IPO Price Band is lower than the average investment price, each Investor is entitled to exercise its right to require MKU to transfer such number of additional Equity Shares ("Adjustment Equity Shares") of the Company at the lowest permissible price per Equity Share at which the Equity Shares may be sold by a resident to a non-resident under applicable RBI guidelines, as are necessary to ensure that the average acquisition price for the aggregate of Subscription Equity Shares and Adjustment Equity Shares is equal to the lower end of the IPO Price Band. Sale and purchase of such Adjustment Equity Shares, if such right is exercised by the Investors, is to take place prior to the allotment of Equity Shares under the IPO.

Lock-in undertaking: Pursuant to this agreement, MKU and the confirming parties jointly agreed that (a) MKU and the confirming parties shall at all times hold not less than 75% of the total issued and paid-up equity shares capital; and (b) they shall at all times hold not less than 51% of the total issued paid-up equity shares capital and voting rights of the Company without any pledge, mortgage, charge, lien or other encumbrance. MKU undertook that it shall at all times hold not less than 40% of the total issued and paid-up equity shares capital and voting rights of the Company without any pledge, mortgage, charge, lien or other encumbrance. Additionally the confirming parties undertook that (a) the confirming parties shall at all times hold at least 51% of the total issued and paid-up equity shares capital and voting rights of MKU; and (b) the confirming parties shall at all times hold not less than 51% of the total issued paid-up equity shares capital and voting rights of MKU without any pledge, mortgage, charge, lien or other encumbrance.

Right of first refusal: Except for the pre-IPO transfer, offer of Equity Shares under the IPO or transfer of Adjustment Equity Shares as mentioned in the agreement, any offer of Equity Shares proposed by MKU, shall first be offered to the Investors and the Investors may exercise such right to purchase within a period of 30 days from the date of notification.

Indemnity: MKU has agreed to hold each of the Investors harmless against any damages, liabilities, losses, costs or claims arising out of the breach of MKU under this agreement.

Assignment: Neither party can assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this agreement, without the prior written consent of the other parties. However, each Investor is entitled to assign to any of its affiliates or nominees any of its rights under this agreement.

Share Purchase Agreement for acquisition of Reime Network Implementation Services AS

Our subsidiary Acme Cyprus entered into a share purchase agreement ("Agreement") dated September 14, 2007with the shareholders of Reime ("Sellers") for acquisition of 5,000 shares of Reime representing 100% of the share capital of Reime ("Shares").

Acme Cyprus had entered into a binding term sheet dated July 31, 2007 which was replaced by this Agreement. However, if any matter is not explicitly regulated in the Agreement, this Agreement may be supplemented by the terms and conditions of the term sheet.

Consideration: The consideration paid by Acme Cyprus for the Shares was US$ 11,000,000.

Settlement of Payment: The consideration of US$ 11,000,000 was paid in two tranches. The first tranche of US$ 9,000,000 was paid to the Sellers pro rata in accordance with their ownership of Shares. The second tranche of US$ 2,000,000 was transferred to a joint bank account ("Escrow Account") established by the Sellers and is payable to the Sellers 14 months subsequent to the completion of the transaction and subject to terms and conditions of the escrow agreement.

If a deduction of the purchase consideration occurs, such amount shall be deducted in full from the Escrow Account, thus reducing the purchase price accordingly. In the event that the deduction amount is more than the escrow amount of US$ 2,000,000, the Sellers are required to pay such difference to Acme Cyprus immediately.

Management: After the completion, Acme Cyprus is required to start a process to restructure Reime so that the business of Reime is integrated with the existing services division of our Company.

Non-competition: The Sellers have agreed not to engage in any business, directly or indirectly, including as an employee, consultant, director, or otherwise competing with the business of Acme Cyprus or Reime for a period of 24 months from the date of completion of the transaction.

Non-solicitation: Pursuant to the Agreement, the Sellers have also agreed not to employ, facilitate, solicit or endeavor to entice away the employment directly or by any third party of any employee of Acme Cyprus or Reime. The Sellers have agreed not to discourage anyone from taking employment with or to terminate its employment relation with Acme Cyprus or Reime for a period of 24 months from the date of completion of the transaction.

In case the Sellers commit breach of any of the non-compete or non-solicitation clauses, they shall be individually liable and be obliged to pay to Acme Cyprus an amount of 15% of the consideration in addition to pursue any legal remedies that Acme Cyrpus may pursue.

Indemnity: The Sellers have agreed on a several basis that the Sellers will indemnify Acme Cyprus within a period of 24 months from the completion of the transaction for any loss, liability, claim, damage or diminution of value arising from or in connection with the Agreement, on a pro rata basis. However, the Sellers are not liable for any loss below an amount of NOK 150,000 and unless all the losses exceed NOK 500,000. The total liability of the Sellers for breach of warranties shall not exceed 50% of the consideration. And the aggregate liability derived from this Agreement of the Sellers is limited to US$ 11,000,000.

Termination: The Agreement can be terminated by mutual written consent of the Sellers and Acme Cyprus or by either party if the other party is in material breach of certain obligations under the Agreement.

Governing Law: The Agreement is governed by and construed in accordance with Norwegian law.

Share Purchase Agreement for acquisition of Acme Singapore

Acme Cyprus has entered into a share purchase agreement dated October 19, 2007 with MKU Cyprus and Acme Singapore, pursuant to which MKU Cyprus has agreed to acquire 100 equity shares of Acme Singapore constituting 100% of the paid up capital of Acme Singapore from Acme Cyprus for a total consideration of USD 500,000 subject to certain conditions precedent including the pay–off of the entire outstanding loan liability of Citibank N.A sanctioned to Hunter Indonesia (the sanctioned amount being USD 600,000). MKU Cyprus has undertaken to assume all representations, warranties, contingent liabilities, hidden costs or obligations of any nature pertaining to Acme Singapore at no additional cost or consideration.

Under the terms of the agreement, until the date of closing Acme Cyprus and Acme Singapore have agreed not to *inter alia*:

a. create any subsidiaries, or consolidate or merge Acme Singapore with any of its subsidiaries, or wind up Acme Singapore;
b. alter or vary the equity share capital of Acme Singapore;
c. amend any provision of the memorandum and articles of association of Acme Singapore;
d. change the name of Acme Singapore;
e. adopt a dividend policy or make payment of dividends or other distributions to shareholders of Acme Singapore; and
f. avail any loan from any bank or financial institution.

Acme Cyprus and MKU Cyprus have agreed to indemnify and hold harmless each other from and against all and any losses, costs and claims which may be suffered by it as a result of any breach of representation and warranty made in the agreement or failure to perform any covenant.

This agreement is governed by and construed in accordance with Cyprus law. The parties are entitled to terminate the agreement any time prior to closing, in the event the performance of any of the parties obligation are prohibited by a change in applicable law, the representations and warranties of the other party are found to be false, if any winding up, insolvency, bankruptcy or similar proceedings are commenced against the other party and not stayed within a period of 60 days from the date of institution thereof.

The transfer of the shares of Acme Singapore to MKU Cyprus is yet to be effectuated in accordance with the terms of the agreement.

Technology Transfer Agreement

The Company has entered into a technology transfer agreement on September 25, 2007 with MKU Cyprus Limited ("MKU Cyprus").

Grant of license: Pursuant to this agreement, MKU Cyprus has granted to the Company an exclusive license to use the technical know-how and right to use certain patents for all commercial use except for building solutions and for transporation applications in relation to the non-adiabiatic airconditioning cycle ("NACC"), a process to maintain temperature in any part of the world. MKU Cyprus has also agreed to furnish the Company with certain technical information and other assistance on request by the Company.

Consideration: The Company in consideration of the technology license and other benefits granted, has agreed to pay a royalty of five percent (5%) of the net ex-factory sale price of any product using the licensed process NACC exclusive of excise duties and other government impositions.

Limitation on licenses: The Company is prohibited from grant of any sub-license or other right of any kind to any third party in respect of any licensed right without the prior consent of MKU Cyprus.

Indemnification: The Company has agreed to hold MKU Cyprus harmless, from any claims including infringement claims of patents owned by third parties, actual costs, damages, claims arising out of use of the licensed process. In case of any infringement claims, MKU Cyprus has agreed to assist the Company to defend such claims by supplying necessary information.

Term: This agreement shall continue in effect from the effective date until the fifteenth (15^{th}) anniversary of the commencement of commercial production using NACC by the Company.

Termination: Either party may terminate this agreement by written notice at its option or in certain events including (i) failure by the other party to remedy a substantial breach within 60 days of receipt of the notice of breach, (ii) a sale by the other party of all its assets or any substantial part thereof for the benefit of creditors and (iii) the admitted insolvency, bankruptcy, or the dissolution of the other party.

Technology Transfer Agreement for manufacture of Fuel Cell

The Company has entered into a technology transfer agreement for manufacture of fuel cell on September 25, 2007 with MKU Cyprus Limited ("MKU Cyprus").

Grant of license: Pursuant to this agreement, MKU Cyprus has granted to the Company an exclusive license to use the technical know-how and right to use certain patents for manufacturing and selling of energy generation equipments named Fuel Cells for all or any application except for building solutions in any part of the world. MKU Cyprus has also agreed to supply to the Company certain critical components to the extent required.

Consideration: The Company in consideration of the technology license and other benefits granted, has agreed to pay a royalty of five percent (5%) of the net ex-factory sale price of any product using the licensed process NACC exclusive of excise duties and other government impositions.

Limitation on licenses: The Company is prohibited from grant of any sub-license or other right of any kind to any third party in respect of any licensed right without the prior consent of MKU Cyprus.

Indemnification: The Company has agreed to hold MKU Cyprus harmless, from any claims including infringement claims of patents owned by third parties, actual costs, damages, claims arising out of use of the technical assistance provided by MKU Cyprus. In case of any infringement claims, MKU Cyprus has agreed to assist the Company to defend such claims by supplying necessary information.

Term: This agreement shall continue in effect from the effective date until the fifteenth (15^{th}) anniversary of the commencement of commercial production of Fuel Cell by the Company.

Termination: Either party may terminated this agreement by written notice at its option or in certain events including (i) failure by the other party to remedy a substantial breach within 60 days of receipt of the notice of breach, (ii) a sale by the other party of all its assets or any substantial part thereof for the benefit of creditors and (iii) the admitted insolvency, bankruptcy, or the dissolution of the other party.

Assignment and License of trademarks

Pursuant to agreements dated September 14, 2007 our Company has assigned and transferred all legal as well as equitable beneficial interest right title, ownership in the following trademark applications to MKU Holdings Private Limited for a total consideration of Rs. 25,000:

- Application No. 01387203, dated September 26, 2005, for registration of the trademark “Acme” and logo under class 9 is pending with the Trademark Registry, Delhi.
- Application No. 01387204, dated September 26, 2005, for registration of the trademark “Acme” and logo under class 11 is pending with the Trademark Registry, Delhi.
- Application No. 01387205, dated September 26, 2005, for registration of the trademark “Acme” and logo under class 38 is pending with the Trademark Registry, Delhi.
- Application No. 1550118, dated April 16, 2007, for registration of the trademark “Acme” and logo under class 42 is pending with the Trademark Registry, Delhi.
- Application No. 1550117, dated April 16, 2007, for registration of the trademark “Acme” and logo under class 40 is pending with the Trademark Registry, Delhi.
- Application No. 1550116, dated April 16, 2007, for registration of the trademark “Acme” and logo under class 39 is pending with the Trademark Registry, Delhi.
- Application No. 1550115, dated April 16, 2007, for registration of the trademark “Acme” and logo under class 37 is pending with the Trademark Registry, Delhi.
- Application No. 1550114, dated April 16, 2007, for registration of the trademark “Acme” and logo under class 35 is pending with the Trademark Registry, Delhi.
- Application No. 1550112, dated April 16, 2007, for registration of the trademark “Acme” and logo under class 35 is pending with the Trademark Registry, Delhi.
- Application No. 1450070, dated May 2, 2006, for registration of the trademark “Acme All Fresh” and logo under class 11 is pending with the Trademark Registry, Delhi.

Subsequently pursuant to agreement dated September 16, 2007 MKU Holdings Private Limited granted our Company a non-exclusive permission in the form of an irrevocable license to use all or any of the aforementioned trademarks, except the trademark relating to “Acme All Fresh” for a period of 15 years (unless there is a material breach of the terms by our Company). During this period our Company has undertaken to abide by such directives of the licensor keeping in view its corporate philosophy of using the trademark by the group companies. Provided that the terms and provisions of this agreement shall come to an end upon the licensor either through itself or its business associated, promoters and directors holding less than or equal to 51% of our shares.

Strategic and Financial Partners

Our Company currently does not have any strategic and financial partners.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association our Company is required to have no less than three directors and no more than 12 directors. Our Company currently has five directors on the Board. Details of our Board of Directors are provided below:

Name, Father's Name, Designation, Occupation, Tenure, DIN	Address	Age (years)	Other Directorships
Mr. Manoj Kumar Upadhyay S/o Mr. K.M. Upadhyay **Designation**: Managing Director (Non-Independent Director) **Occupation**: Industrialist **Tenure:** for a period of five years from March 26, 2003 and further extended for a period of five years from March 26, 2008 **DIN:** 01282332	F 49, 2nd Floor, Tulip Garden, Sushant Lok 2 & 3, Gurgaon, 122 050 Haryana, India.	37	• Acme Cold Chain Solutions Private Limited; • Acme Energy Solutions Private Limited; • Acme Labs; • Acme Life Sciences Private Limited; • Acme Tele Power (Cyprus) Limited; • Acme Tele Power Singapore PTE Limited; • GS Financial Services Private Limited; • MKU Cyprus Limited; and • MKU Holdings Private Limited.
Mr. Sunil Sethy S/o Mr. Vikram Sethy **Designation**: Whole time Director (Non-Independent Director) **Occupation**: Professional **Tenure:** for a period of five years from February 16, 2007 **DIN:** 00244104	601, Block-33, Heritage City, Gurgaon -122 002, Haryana, India.	56	• Acme Cold Chain Solutions Private Limited.
Mr. Virendra Kumar Maurya S/o Mr. Ramji Maurya **Designation**: Independent Director **Occupation**: Industrialist **Tenure:** Liable to retire by rotation **DIN:** 00740414	F-44, Second Floor, Tulip Garden, Sushant Lok Phase II, Sector 56, Gurgaon 122 002 Haryana, India.	43	• Adhunik Power Systems Private Limited; and • Pragati Electrocom Private Limited.
Mr. Arun Seth S/o Mr. Manmohan Das Seth **Designation**: Independent Director **Occupation**: Industrialist **Tenure:** Liable to retire by rotation **DIN:** 00204434	A-7, Geetanjali Enclave, New Delhi 110 070, India.	56	• BT (India) Private Limited; • BT Telecom India Private Limited; • Tech Mahindra Limited; and • Tech Mahindra (R& D Services) Limited.

Name, Father's Name, Designation, Occupation, Tenure, DIN	Address	Age (years)	Other Directorships
Mr. Shyam Sunder Bhartia S/o Mr. Mohan Lal Bhartia **Designation**: Independent Director **Occupation**: Industrialist **Tenure:** Liable to retire by rotation **DIN:** 00010484	46, Friends Colony (East), New Delhi 110 065**,** India.	55	Indian companies • American Orient Capital Partners (India) Private Limited; • B&M Hotbreads Private Limited; • Birla Cotton Spinning and Weaving Mills Limited; • BT Telecom (India) Private Limited; • Chambal Fertilizers and Chemicals Limited; • Clinsys Clinical Research Limited; • Domino's Pizza India Limited; • Enpro Oil Private Limited; • Enpro-Secan India Limited; • Geo-Enpro Petroleum Limited; • Jaytee Private Limited; • Jubilant Capital Private Limited; • Jubilant Chemsys Limited; • Jubilant Enpro Private Limited; • Jubilant First Trust Healthcare Limited; • Jubilant Infrastructure Limited; • Jubilant Organosys Limited; • Lionel India Limited; • Nikita Resources Private Limited; • Tower Promoters Private Limited. • Vam Holdings Limited; and • Zuari Industries Limited. **Foreign Companies** • Cadista Holdings Inc.; • Cadista Pharmaceuticals Inc.; • CFCL Technologies Limited (Cayman Islands); • CFCL Venture Limited (Cayman Islands); • Clinsys Clinical Research Inc.; • Clinsys Holdings Inc., USA; • Hollister – Stier Laboratories LLC; • HSL Holdings; • Jubilant Discovery Services Inc.; • Jubilant Energy (Holdings) B.V.; • Jubilant Energy Limited Canada; • Jubilant Innovation (USA) Inc.; • Jubilant Organosys (USA) Inc.; • Jubilant Pharma NV; • Jubilant Pharma Pte Limited; • Pharmaceutical Services Inc. NV; • PSI Supply NV; and • Putney Inc.

All the Directors of our Company are Indian nationals.

Brief Biographies of our Directors

Mr. Manoj Kumar Upadhyay, is the Managing Director and also a promoter of our Company. He holds a diploma in electronics from Government Polytechnic, Shahjahanpur, Uttar Pradesh and is an associate member of the Institution of Engineers. He began his career as a research engineer with Benning Gmbh, Germany and subsequently became the technical head of its joint venture in India. In this period he successfully led the modification and adaptation of several critical power systems to suit Indian requirements. He has over 14 years of experience in the power and telecom sector. In 1999 he co-founded Adhunik Power Systems Private Limited with the objective of developing lightning surge protection systems for telecom sites. He was a nominated for the young businessman of the year in 2006 by Ernst and Young. Mr. Upadhyay is presently Chairman of the Expert Committee on Science and Technology and Innovation of ASSOCHAM and is responsible for the R&D and overall development of our Company's business strategies and operations.

Mr. Sunil Sethy, is qualified as a chartered accountant and is a member of the Institute of Chartered Accountant of India. He has over 32 years of experience in corporate management in the areas of finance, accounts and legal matters. Prior to joining our Company in February 2007 as the Director-Finance and Corporate Strategy, he was working as managing director of Chambal Fertilizers and Chemicals Limited. Mr. Sethy has previously worked with Eternit Everest Limited, UB Group, Zuari Industries Limited and Eicher Goodearth Limited among others, in the field of building products, computer hardware and software and tractors. He is a seasoned professional with significant strategic and operational experience in managing and building businesses which have included start ups and spearheading expansion and development in existing entities. Mr. Sethy is responsible for supervising our Company's business strategy, finance and support functions.

Mr. Virendra Kumar Maurya, holds a bachelor's degree in electronics engineering from Bangalore University. He has over 18 years of experience in the telecom industry and currently the chief executive officer and director of Pragati Electrocom Private Limited. Prior to joining our Board in August 2007, he worked with Communication and System Engineering Private Limited and Benning SMC Power Systems Private Limited (a joint venture between Theo Benning of Germany and SM Creative of India).

Mr. Arun Seth, holds a bachelor's degree in engineering from Indian Institute of Technology, Kanpur as well as a MBA from Indian Institute of Management, Calcutta. He has over 30 years of commercial and technical expertise in IT and telecommunications industry in India. Prior to joining our Company in August 2007, he worked with UB Group's Corporate Management Division as a senior vice president. In addition to being a board member of Indian Institute of Management, Lucknow, he is also a charter member and trustee of the Delhi Chapter of The Indus Entrepreneurs. Mr. Seth is also a member of the executive committee of the NASSCOM, India's leading industry association for IT and BPO, and is the founding Chairman of the BPO forum for NASSCOM. Presently, Mr. Seth is also the Chairman of Indian operations of global telecom major British Telecom and is spearheading British Telecom's efforts in corporate and social responsibility in India.

Mr. Shyam Sunder Bhartia, is a qualified cost accountant from the ICWAI and is a fellow member of the ICWAI. He has over 25 years experience in the Indian chemicals, foods, infrastructure, oil and gas and information technology sectors. He joined our Board in August 2007. He is currently the chairman and managing director of Jubilant Organosys Limited. Mr. Bhartia has also served as a director on the Board of Directors of Air India, and as a member of the Board of Governors of Indian Institute of Management, Ahmedabad, and Indian Institute of Technology, Mumbai. He is also a member of executive committee of the Federation of Indian Chambers of Commerce and Industry.

Remuneration of our Executive Directors

Mr. Manoj Kumar Upadhyay is entitled to the following remuneration with effect from April 1, 2006 pursuant to a resolution passed by the shareholders of our Company dated April 3, 2006:

Salary	Rs. 4,150,000 per month
Perquisites	Medical expenses incurred for himself and his family subject to a maximum ceiling of one month's salary in a year or three months salary for a period of three years, club fees subject to a maximum of two clubs (excluding admission and life membership fees), gratuity not exceeding half a month's salary for each completed year of services, car with driver and a telephone.

Mr. Manoj Kumar Upadhyay will be entitled to the following remuneration with effect from March 26, 2008 pursuant to a resolution passed by the shareholders of our Company dated October 9, 2007:

Salary	Rs. 5,500,000 per month In addition, Mr. Upadhyay will also be entitled to perquisites including accommodation, house maintenance allowance together with reimbursement of expenses and/or allowance for utilization of gas, electricity, water, medical reimbursement, leave travel concession for himself and family members, club fees and medical insurance, which will be restricted to Rs. 2,500,000 per annum.

Mr. Sunil Sethy is entitled to the following remuneration with effect from February 16, 2007 pursuant to a resolution passed by the shareholders of our Company dated February 17, 2007.

Salary:	Rs. 400,000 to Rs. 1,200,000 per month		
Special allowance:	Rs. 125,000 to Rs. 500,000 per month		
Performance based incentive	Payable on a quarterly basis up to 50% of the total remuneration.		
Perquisites:	a		Accomodation at a premise rented by the Company at Rs. 169,500 per month which can be increased as decided by the Board of Directors but this shall not exceed 50% of the basic salary. He shall further be entitled to such special leave as decided by the Board of Directors including, annual bonus or ex-gratia, leave travel assistance for self and family, educational assistance, medical reimbursement, petrol expenses, personal accident insurance, club fees among others.
	b	(i)	Contribution to Provident fund and Superannuation fund, provided that such contribution shall not be taxable under the Indian Income Tax Act of 1961
		(ii)	Gratuity at the end of term.
		(iii)	Encashment of leave at the end of term
	c	(i)	Motor Vehicle on Company business and phone/other communication facility shall not be treated as perquisites.
		(ii)	Insurance cost of said vehicles is to be borne by the Company.
Maximum proportion allottable to Perquisites:	The aggregate value of such perquisites shall not exceed 100% of the entire salary comprising basic salary and special allowance.		
	He shall be entitled to the employee stock options as may be formulated by the Company.		

Our Company, pursuant to Board resolution dated September 5, 2007, pays its non-executive Directors sitting fees of Rs. 20,000 and Rs. 10,000 for every meeting of its Board and Committee respectively.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or Allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. None of our Directors are related to each other or to our key managerial personnels. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. For further details see the section titled “Our Management- Remuneration of Directors” below.

Our Directors have no interest in any property acquired by our Company within two years of the date of filing of this Draft Red Herring Prospectus.

Except as stated in this Draft Red Herring Prospectus and in particular the section titled “Related Party Transactions” on page 103 of this Draft Red Herring Prospectus, our Directors do not have any other interest in our business.

Borrowing powers of the Board

Pursuant to a resolution dated August 6, 2007 passed by our shareholders in accordance with provisions of the Companies Act, our Board has been authorised to borrow any sum or sums of money from time to time at its discretion for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserve not set apart for any specific purpose) by a sum not exceeding Rs. 150,000 thousand.

Corporate Governance

Our Board has been constituted in compliance with the Companies Act and listing agreements with the Stock Exchanges, including the requirements of the SEBI circular SEBI/CFD/DIL/CG/1/2004 dated October 29, 2004, which notifies revised corporate governance guidelines for listed entities.

Our Board has five Directors, of which the Managing Director of our Board is an executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, we have two executive Directors and three independent Directors on our Board.

Committees of the Board

Our Company has constituted the following committees for compliance with corporate governance requirements:

a. Audit Committee

The Audit Committee constituted pursuant to the Board meeting held on September 5, 2007 comprises Mr. Shyam S. Bhartia (Chairman), Mr. Arun Seth and Mr. Virendra Kumar. All the members of the Audit Committee are independent directors, within the meaning of Clause 49 of the Listing Agreement.

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and its terms of reference include the following:

(i) investigation of any activity within the terms of reference;
(ii) seeking any information from any employee;
(iii) obtaining outside legal or other professional advice;
(iv) securing attendance of outsiders with relevant expertise, if it considers necessary;
(v) oversight of our Company's financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
(vi) recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and fixation of audit fees;
(vii) approval of payment to statutory auditors for any services rendered by the statutory auditors;
(viii) reviewing with the management, the annual financial statements, before submission to our Board for approval, with particular reference to:
    - matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act.
    - changes, if any, in accounting policies and practices and reasons for the same.
    - major accounting entries involving estimates, based on the exercise of judgement by management.
    - significant adjustments made in the financial statement arising out of audit findings.
    - compliance with listing and other legal requirements relating to financial statements.
    - disclosure of related party transactions.
    - qualification in draft audit report.
(ix) reviewing, with the management, the quarterly financial statements before the submission to the Board for approval;
(x) reviewing the adequacy of internal audit function, if any, including the structure of the internal department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
(xi) discussion with internal auditors any significant findings and follow up thereon;

(xii) reviewing the findings of any internal investigations by the internal auditors into matters, where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matters to the Board;

(xiii) discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xiv) reviewing the Company's financial and risk management policies;

(xv) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

(xvi) carrying out such other function as may be referred to the Committee by the Board of Directors and/or Committees of the Directors of our Company;

(xvii) to review the following information:

- the management discussion and analysis of financial condition and results of operation.
- statement of significant related party transactions submitted by the management.
- management letter/letters of internal control weaknesses issued by statutory auditors
- the appointment, removal and terms of remuneration of the Chief Internal Auditor.

b. Remuneration Committee

The Remuneration Committee constituted pursuant to the Board meeting held on September 5, 2007 comprises Mr. Arun Seth (Chairman), Mr. Shyam S. Bhartia and Mr. Virendra Kumar. The terms of reference of the Remuneration Committee are as follows:

(i) To recommend/ review the remuneration of whole time Directors, including the Managing Directors on the basis of their performance and defined assessment criteria;

(ii) To ensure that the remuneration policy of the Company is directed towards rewarding performance based on periodic basis;

(iii) To ensure that the remuneration policy is in consonance with the existing industry practice and market trend;

(iv) To ensure that senior management are fairly rewarded for their individual contribution to the Company's overall performance;

(v) To determine all the elements of remuneration package of all Directors i.e. salary, benefits, bonuses, stock options, pensions etc;

(vi) To determine component and performance linked incentives along with the performance criteria, if any; and

(vii) To determine service contracts, notice period and severance fees.

c. Investors Grievance Committee

The Investors Grievance Committee constituted pursuant to the Board meeting held on September 5, 2007 is responsible for the redressal of shareholder grievance. The Investor Grievances Committee comprises Mr. Virendra Kumar (Chairman), Mr. Manoj Kumar Upadhyay and Mr. Sunil Sethy. Mr. Jitendra Kumar, our Company Secretary, is the compliance officer of the Committee and Mr. Sunil Sethy has been authorised to approve transfer of securities of our Company.

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

(i) to consider and approve requests for transfer and transmission of securities of our Company;

(ii) to consider and approve requests for dematerialisation/rematerialisation of share certificates;

(iii) to consider and approve requests for issue of fresh share certificates on replacement, sub-division/consolidation, issue of duplicate share certificates on loss, whether by theft, misplacement or otherwise;

(iv) to monitor the matters of litigation related to shareholders and take decisions relating thereto;

(v) to look into redressal of shareholders compliant related to transfer/transmission of shares, non-receipt of share certificates, balance sheets, declared dividends;

(vi) to oversee the performance of the registrar and transfer agents;

(vii) to recommend the measures for overall improvement in the quality of investor services;

(viii) such other activities resulting from statutory amendments/modifications from time to time.

d. ESOS Committee

The Compensation Committee was constituted pursuant to the Board meeting held on November 8, 2007 for the implementation, administration and superintendence of the ESOS. It comprises Mr. Arun Seth (Chairman), Mr. Manoj Kumar Upadhyay and Mr. Virendra Kumar.

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

(i) The quantum of options to be granted under an ESOS per employee and in aggregate;

(ii) The conditions under which options vested in employees may lapse in case of termination of employment for misconduct;

(iii) The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;

(iv) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;

(v) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(vi) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the ESOS Committee:
- the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
- for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
- the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.

(vii) The grant, vest and exercise of option in case of employees who are on long leave; and

(viii) The procedure for cashless exercise of options.

Shareholding of our Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in our Company. The following table details the shareholding of our Directors, as at the date of this Draft Red Herring Prospectus.

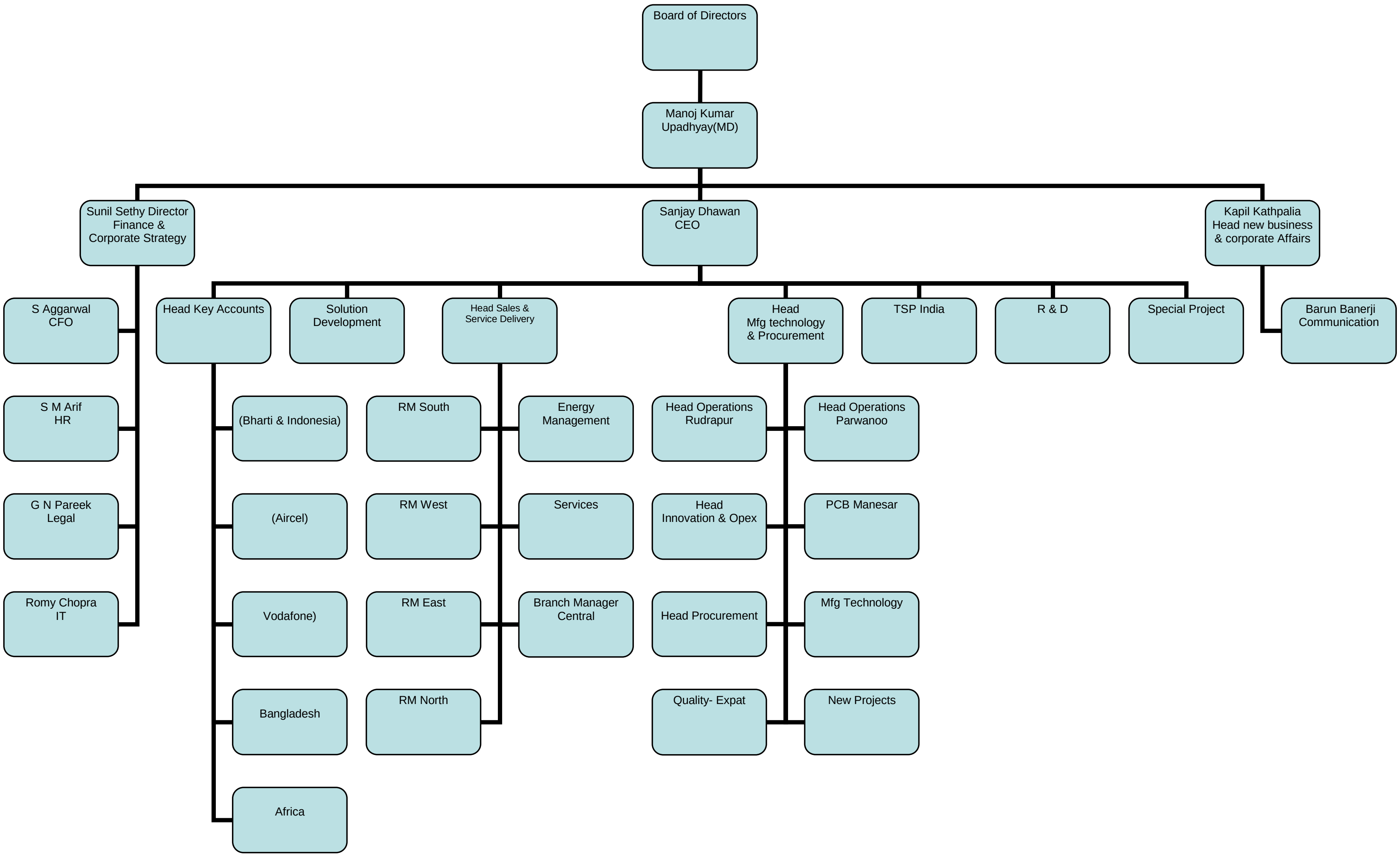
Shareholder	Equity Shares owned before the Offer		Equity Shares owned after the Offer	
	No. of shares	% of paid up capital	No. of shares	% of paid up capital
Mr. Manoj Kumar Upadhyay	16,382,100	9.56	14,653,742	8.55

Changes in our Board of Directors during the last three years

Serial No.	Name	Date of Appointment	Date of Cessation
1.	Ms. Mamta Upadhyay	January 14, 2003	August 7, 2007
2.	Mr. Krishan Milan Upadhyay	January 14, 2003	August 7, 2007
3.	Mr. S. R Sethi	July 1, 2006	September 4, 2006
4.	Mr. Sunil Sethy	February 16, 2007	Continuing
5.	Mr. Shyam Sunder Bhartia	August 7, 2007*	Continuing
6.	Mr. Arun Seth	August 7, 2007*	Continuing
7.	Mr. Virendra Kumar Maurya	August 7, 2007*	Continuing

** appointed as additional directors and confirmed pursuant to shareholders resolution dated September 29, 2007*

Managerial Organizational Structure



Key Managerial Personnel

In addition to Mr. Manoj Kumar Upadhyay, the following are the key managerial personnel of our Company. All of the key managerial personnel are permanent employees of our Company. For details relating to the profile of Mr. Manoj Kumar Upadhyay see the section titled "Our Management- Brief Profile of our Directors" above. The details regarding our key managerial personnel are as follows:

Mr. Sanjay Dhawan, our chief executive officer, holds a bachelor's degree in Technology (Chemical) from Institute of Technology, Banaras Hindu University and holds a MBA from Indian Institute of Management, Ahmedabad. Prior to joining our Company on April 1, 2007, he worked with DCM Limited, Cadbury India Limited and Shriram Fertilizers & Chemicals Limited. He has over 26 years of experience. As he joined our Company in April 2007, he did not receive any remuneration in Fiscal 2007.

Mr. Kapil Kathpalia, our head new business, corporate affairs and corporate communications, holds a bachelor's degree (honours) in chemical engineering from Birla Institute of Technology and Sciences, Pilani and holds a MBA from Indian Institute of Management, Kolkata. Prior to joining our Company on April 10, 2006, he worked with Hanke Tissue Sp. Zo.o, Poland, Horizon Pulp and Paper Estonia, Ballarpur Industries Limited and Smithkline Beecham. He has over 20 years of experience and is responsible for providing direction and strategy for development of telecom markets, ensuring business collections, technical support, installation and servicing. He received approximately Rs. 3,496 thousand as remuneration in Fiscal 2007.

Mr. R. Venkatesh Govind, our head research and development, holds a bachelors degree in technology (mechanical engineering) from the Indian Institute of Technology, Madras. He has over 28 years of experience having previously worked for companies including TATA Motors, Ashok Leyland, Kinetic Engineering and Bajaj Auto Limited. He joined our Company on February 1, 2007. He received Rs. 550 thousand as remuneration in Fiscal 2007.

Mr. Sanjeev Aggarwal, our Chief Financial Officer is a qualified Chartered Accountant. Prior to joining our Company in December 14, 2006, he worked with M/s. Lovelock and Lewes, Northgate Lithotripters Limited and Jindal Polyfilms Limited. He has over 17 years of experience in the industry. He received Rs. 780 thousand as remuneration in Fiscal 2007.

Md. S. M. Arif, our Vice President Human Resources (Telepower) holds a B.A. (Hons) and a Master of Social Work degree from University of Delhi. Prior to joining our Company on October 24, 2007, he worked for companies including ITC Limited Group, TCS, HCL, Reliance Industries, HCL Comnet, Nextag India Private Limited, Aptara. He has approximately 29 years of experience in the industry. As he joined our Company in October 2007 he did not receive any remuneration in Fiscal 2007.

Mr. Kamal Pasricha, our head new projects, holds a bachelor degree in mechanical engineering (honours) degree from Birla Institute of Technology and Sciences, Pilani. He has over 26 years of experience in the industry and his prior experience includes working with TATA Motors, Maruti Udyog Limited, Coca Cola India Inc. and Elextrolux AB. He joined our Company on July 6, 2006 and he received Rs. 2,157 thousand as remuneration in Fiscal 2007.

Mr. Romy Chopra, our Vice President Group IT, holds a masters degree in Mathematics from Delhi University and a MBA from Indira Gandhi National Open University, New Delhi. He has over 23 years of experience in the industry. Prior to joining our Company on October 1, 2007, he worked with Indian Oil Corporation Limited, DCM Toyota Limited, Ester Industries Private Limited, Rajasthan Petro Synthetics Limited, Schneider Electric India Private Limited and Bax Global India Private Limited. As he joined our Company in October 2007 he did not receive any remuneration in Fiscal 2007.

Mr. Ashish Srivastava, our Vice President Sales and Marketing (Aircel), holds a Bachelor Degree in Mechanical Engineering from Indian Institute of Technology Kanpur and a MBA (Finance and Marketing) from University of Illinois, Chicago, USA . He has over 22 years of experience in the industry. Prior to joining our Company on October, 8, 2007, he worked with Tata Engineering and Locomotive Company Limited, 3M Corp, Austin USA, Birla 3M Limited, Converge Labs Corporation, Beta Lasermike Limited, MHD LLC, and FIBCOM India Limited. As he joined our Company in October 2007 he did not receive any remuneration in Fiscal 2007.

Mr. Amitabh Dutta, our Vice President Sales and Marketing (Vodafone), holds a Masters in Business Management degree from Ohio State University. Prior to joining our Company on October 23, 2007, he worked with Siemens PCN Limited, RPG Telecom, Modi Xerox Limited, UDI Yellow Pages Private Limited, DCM Data Products Limited, Levers and Unilevers Inc. He has over 27 years of experience in strategic and corporate planning, sales and operations management, account management, marketing and brand management, Communications and divesture experience. As he joined our Company in October 2007 he did not receive any remuneration in Fiscal 2007.

Mr. Ashutosh Bharadwaj, our head of operations Rudrapur, has a PGDBM degree from IMT, Ghaziabad. He has approximately 20 years of experience, having previously worked for companies including Hindustan Coca Cola Breweries Private Limited, Reebok India Company, Perfetti India Limited and Cadbury India Limited. He joined our Company on December 4, 2006 and received Rs. 1,277 thousand as remuneration in Fiscal 2007.

Mr. Govind Narayan Pareek, our head legal and secretarial holds a Bachelor of Commmerce (Honours) and LL.B degree from University of Calcutta. He is also qualified as an Associate Company Secretary from the Institute of Company Secretaries of India and Institute of Cost & Works Accountant of India. He has over 26 years of experience in the industry. Prior to joining our Company in September 18, 2007 he worked with Electrometal (India) Limited, Usha Alloys & Steels Limited, Topsel Agencies, Usha Martin Industries Limited, ITC Classic Finance Limited, Hindustan Motors Limited among others. As he joined our Company in September 2007, he did not receive any remuneration in Fiscal 2007.

Mr. Jitendra Kumar, our Company Secretary, holds a Bachelor of Science (Honours) Degree from Utkal University, Orissa and also holds MBA (Finance) from Indira Gandhi National Open University. He further holds a bachelor' s degree in law from Utkal University and an Associate Company Secretary degree from Institute of Company Secretaries of India. He has over 14 years of experience in the industry. Prior to joining our Company on August 17, 2006, he worked for companies including B.L. Kashyap and Sons Limited, Anand Nishikawa Company Limited and Hotel Clarks Varanasi Limited. He received Rs. 421 thousand as remuneration in Fiscal 2007.

Mr. Shahab Rizvi, our Vice President, Telecom Services, holds a B.E (Electronics and communications) from the University of Pune and Post Graduate Diploma In marketting management from the Bangalore University. Prior to joining our Company on February 15, 2007 he worked for companies including Ericssion India Private Limited, Bharti Airtel Limited and Global Tele Systems. He was a part of the team that implemented India's first multiband network in Delhi and commissioned the first in building solution in the Airtel Delhi Network in India. He has over 14 years of experience in project management, network planning and management and budget/resource planning and control and technical support. He received Rs. 444 thousand as remuneration in Fiscal 2007.

None of our key managerial personnel's are related to each other.

Other Personnels

In addition to the key managerial personnel mentioned above, the following are key employees of certain Subsidiary companies:

Mr. Atul Sabharwal, our Head, strategic mergers and acquisitions of Acme Cyprus, has a bachelor's degree (honours) in Economics from the St. Xavier's College, Calcutta, and holds a degree in Master of Business Administration from the Australian Graduate School of Management, Sydney, Australia and the Wharton School, Pennsylvania, USA. Prior to joining our group, he worked with IBM, USA; Pricewaterhouse Coopers, USA, Time Warner USA, the Boston Consulting Group, Australia and News Corporation, India. In addition his consulting experience has spanned multiple Fortune 500 clients globally. He has over 10 years of experience in corporate strategy, organization strategy, supply chain management, mergers and acquisitions, negotiations and business development and is responsible for providing strategic advice, and direction for development of the business of the Company. In addition he implements our merger and acquisition strategy and is responsible for being an ambassador for our Company in overseas jurisdictions.

Mr Gullik Anthon Jensen, chief executive officer of Reime NIS, has a Bachelor of Commerce Degree (Honours) from the Norwegian School of Management. Prior to joining Reime NIS on July 27, 1992, he worked for Kaldnes AS, Norsk Informasjonsteknologi AS, Oslo University Press and Nordengruppen AS.

He has over 30 years of experience in management positions both at chief executive officer and chief financial officer level and is today responsible for the international business activities of the Company.

Shareholding of the key managerial personnel

Except Mr. Manoj Kumar Upadhyay who holds 468,060 Equity Shares in our Company, none of the other key managerial persons hold any Equity Shares.

Bonus or profit sharing plan of the key managerial personnel

Except the ESOS, there is no bonus or profit sharing plan for our Key Managerial Employees. For details of the ESOS, see the section titled "Capital Structure" on page 19 of this Draft Red Herring Prospectus.

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business, or to the extent of their shareholding in our Company. None of our key managerial personnel are related to each other or to our Directors.

Changes in the Key Managerial Personnel

The changes in our key managerial personnel in the last three years up to the date of filing this Draft Red Herring Prospectus are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Rajeev Agarwal	June 1, 2005	November 5, 2005	Resignation
Ms. Poonam Sharma	March 10, 2006	July 10, 2006	Resignation
Mr. Rajneesh Arora	February 15, 2006	December, 2006	Resignation
Mr. Kapil Kathpalia	April 10, 2006	Continuing	Appointment
Mr. R. Viswanathan	April 14, 2006	October 27, 2007	Retirement
Mr. Kamal Pasricha	July 6, 2006	Continuing	Appointment
Mr. A. Venkat Madhavan	July 31, 2006	December 31, 2006	Resignation
Mr. Jitendra Kumar	August 17, 2006	Continuing	Appointment
Mr. Devi Dayal Garg	October 16, 2006	June 21, 2007	Resignation
Mr. Ashutosh Bharadwaj	December 4, 2006	Continuing	Appointment
Mr. Sanjeev Aggarwal	December 14, 2006	Continuing	Appointment
Mr. Jagdish Aggarwal	February 1, 2007	May 31, 2007	Resignation
Mr. R. V. Govind	February 1, 2007	Continuing	Appointment
Ms. Neena Bhatnagar	April 2, 2007	June 15, 2007	Resignation
Mr. Sanjay Dhawan	April 1, 2007	Continuing	Appointment
Mr. Govind N Pareek	September 18, 2007	Continuing	Appointment
Mr. S. M. Arif	October 24, 2007	Continuing	Appointment
Mr. Romy Chopra	October 1, 2007	Continuing	Appointment
Mr. Ashish Srivastava	October 8, 2007	Continuing	Appointment
Mr. Amitabh Dutta	October 23, 2007	Continuing	Appointment

OUR PROMOTERS AND PROMOTER GROUP

The individual promoters of our Company are:

a. Mr. Manoj Kumar Upadhyay; and
b. Ms. Mamta Upadhyay.

The corporate promoter of our Company is:

a. MKU Holdings Private Limited.

Together with the individual promoters, the "Promoters".

Mr. Manoj Kumar Upadhyay, 37 years, (Voter ID: Not available and Driving Licence No: M-21,161/MT/GZE/2003), is the Managing Director and also a promoter of our Company. He holds a diploma in electronics from Government Polytechnic, Shahjahanpur, Uttar Pradesh and is an associate member of the Institution of Engineers. He began his career as a research engineer with Benning Gmbh, Germany and subsequently became the technical head of its joint venture in India. In this period he successfully led the modification and adaptation of several critical power systems to suit Indian requirements. He has 14 years of experience in the power and telecommunication sector. In 1999 he co-founded Adhunik Power Systems Private Limited with the objective of developing lightning surge protection systems for telecom sites. He was nominated for the young businessman of the year in 2006 by Ernst and Young. Mr. Upadhyay is presently Chairman of the Expert Committee on Science and Technology and Innovation of ASSOCHAM.

Ms. Mamta Upadhyay, 33 years (Voter ID: Not available and Driving License No. Not available) is joint promoter of our Company along with Mr. Manoj Kumar Upadhyay. She is a graduate in Commerce and also holds a Diploma in fashion design. Ms. Upadhyay was a director of our Company from the incorporation of our Company until August, 2007.

Both our individual promoters reside at F 49, 2nd Floor, Tulip Garden, Sushant Lok 2 & 3,Gurgaon, 122 050 Haryana, India. For other details relating to our Mr. Manoj Kumar Upadhyay see the section titled "Our Management" on page 80 of this Draft Red Herring Prospectus.

MKU Holdings Private Limited ("MKU")

MKU was incorporated under the Companies Act on January 4, 2005 as "Green Shelters (India) Private Limited". Subsequently on June 13, 2007 it changed its name to its present name. The registered office of MKU is located at 104, Munish Plaza, 20, Ansari Road, Daryaganj, New Delhi 110 002, India.

MKU was incorporated to engage in the business of manufacturing, assembling, fabricating and trading of polyurethane foam products of all types like shelters, sheets, panels and all types of structures. Pursuant to shareholders resolution dated May 9, 2007, MKU altered its main object to engage in the business of investment and to buy, sell, hold, underwrite, invest in, finance, acquire whether by way of direct subscription, market purchase or otherwise, trade in and deal in shares, debenture, debenture stocks etc.

The equity shares of MKU are not listed on any stock exchange.

<u>Shareholding Pattern</u>

The shareholding pattern of MKU as on November 16, 2007 is as follows

S. No.	Name of the shareholder	Number of shares held (Rs. 10 each)	Percentage of shareholding
1.	Ms. Mamta Upadhyay	600,650	98.44
2.	Mr. Manoj Kumar Upadhyay	9,500	1.56
	Total	**610,150**	**100.00**

MKU is promoted by Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay. There has been no change in management of MKU since its incorporation.

Board of Directors

The board of directors of MKU currently comprises Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay.

Financial Performance

As MKU was incorporated in Fiscal 2005, the financial statement for MKU was prepared for the 15 months ending March 31, 2006. The audited financial results of MKU for the 15 months ending March 31, 2006 and Fiscal 2007 are set forth below:

(Rs. in '000, unless otherwise stated)

	15 months ending March 31, 2006	Fiscal 2007
Total Revenue	Nil	289,468
Profit/(Loss) after tax	Nil	288,699
Share Capital	6,102	6,102
Reserves and Surplus (excluding revaluation reserves)	Nil	288,699
Earning Per Share (Rs.)	Nil	473.16
Book Value per share (Rs.)	9.60	482.84

The details of MKU's permanent account number, registration number, CIN and the address of the Registrar of Companies where it is registered are as follows:

Registration Number	131813
CIN	U25206DL2005PTC131813
Address of the RoC	The Registrar of Companies National Capital Territory Delhi and Haryana.

Common Pursuits

Currently, our Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by our Company or our Subsidiaries.

Interest in promotion of the Company

Our Company is promoted by Mr. Manoj Kumar Upadhyay, Ms. Mamta Upadhyay and MKU. As on the date of filing of this Draft Red Herring Prospectus, Mr. Manoj Kumar Upadhyay holds 16,382,100 Equity Shares, Ms. Mamta Upadhyay holds 25,418,400 Equity Shares and MKU holds 126,031,500 Equity Shares.

Additionally, Mr. Manoj Kumar Upadhyay is the husband of Ms. Mamta Upadhyay. The Promoters and the Promoter Group companies confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus or any property proposed to be acquired by our Company.

Except as stated above, our Promoters have no other interest in the promotion of our Company.

Payment of benefits to the Promoters during the last two years

Except as stated in the section titled "Financial Statements - Related Party Transactions" on page 123 of this Draft Red Herring Prospectus, there has been no payment of benefits to the Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Other Confirmations

Our Company confirms that the details of the permanent account numbers, bank account numbers and passport numbers or CIN or registration number of our Promoters will be submitted to the Stock Exchanges.

Further, our Promoters and members of our Promoter Group, have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, none of our Promoters nor members of our Promoter Group have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Promoter Group

In addition to our Promoters named above, the following natural persons and companies form a part of our Promoter Group pursuant to Clause 6.8.3.2(m) of the SEBI Guidelines.

The natural persons who are part of our Promoter Group (due to their relationship with our Promoters), other than our Promoters named above, are as follows:

Name of the Person	Relationship with Promoter
Mr. Kishan Milan Upadhyay	Father of Mr. Manoj Kumar Upadhyay
Ms. Sharil Kumari Upadhyay	Mother of Mr. Manoj Kumar Upadhyay
Ms. Neelam Pandey	Sister of Mr. Manoj Kumar Upadhyay
Ms. Medha Upadhyay	Daughter of Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay
Mr. Rambilas Mishra	Father of Ms. Mamta Upadhyay
Ms. Pratima Mishra	Mother of Ms. Mamta Upadhyay
Ms. Pragya Sharma	Sister of Ms. Mamta Upadhyay
Ms. Bhawana Mishra	Sister of Ms. Mamta Upadhyay
Ms. Namrata Mishra	Sister of Ms. Mamta Upadhyay

The companies which are a part of the Promoter Group, other than the Promoter named above, are as follows:

1. GS Water Treatment Technologies Private Limited;
2. Acme Life Science Private Limited;
3. Acme Fuel Cell Private Limited;
4. Acme Water Treatment Private Limited;
5. Acme Energy Solutions Private Limited;
6. Acme Cold Chain Solutions Private Limited;
7. MKU Cyprus Limited;
8. VRS Infotech Private Limited;
9. Acme Global Inc.;
10. MKU Canada Inc.;
11. 2062540 Ontario Inc., Canada; and
12. Astris sro, Czech Republic.

1. GS Water Treatment Technologies Private Limited ("GSWTT")

GSWTT was incorporated under the Companies Act on July 26, 2006 as 'Acme Enviro Science Private Limited'. Subsequently on April 11, 2007 the name was changed to its present name. The registered office of GSWTT is located at 104, Munish Plaza, 20, Ansari Road, Daryaganj, New Delhi 110002, India.

GSWTT is engaged in the business of manufacturing, supplying, installation of "Sewage Treatment Plants" (STP), waste water purification plants, water filtrations plant at the residential/industrial/commercial buildings all across the country to recycle waste water, improve water treatment plants on turnkey basis or otherwise, purification of water in the buildings itself through STP, waste water purification plants, collection and distribution of recycled water. GSWTT commenced operations only after Fiscal 2007.

The equity shares of GSWTT are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of GSWTT as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of shares held (Rs. 10 each)	Percentage of shareholding
1	MKU Holdings Private Limited	1,009,900	100.00
2	Mr. Manoj Upadhyay*	100	0.01
	Total	**1,010,000**	**100.00**

**nominee of MKU Holdings Private Limited*

Board of Directors

The board of directors of GSWTT currently comprises Mr. Kamal Pasricha and Mr. Sanjeev Aggarwal.

Financial Performance

As GSWTT was incorporated in Fiscal 2007, the financial results for Fiscal 2005 and 2006 do not exist. The audited financial results of GSWTT for Fiscal 2007 are set forth below:

(Rs. in '000, unless otherwise stated)

	Fiscal 2007
Total Revenue	Nil
Profit/(Loss) after tax	Nil
Share Capital	5,100
Reserves and Surplus (excluding revaluation Reserves)	Nil
Earning Per Share (Rs.)	Nil
Book Value per share (Rs.)	9.69

2. Acme Life Science Private Limited ("Acme Life Science")

Acme Life Science was incorporated under the Companies Act on September 15, 2005 and its registered office is located at 136E, A/2, Mayur Vihar – III, Delhi 110 096, India. It is engaged in the business of manufacturing, buying, selling and trading in all kinds of pharmaceutical products, cosmetics, healthcare products amongst others. The equity shares of Acme Life Science are not listed on any stock exchange. Acme Life Science is yet to commence any operations.

Shareholding Pattern

The shareholding pattern of Acme Life Science as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of shares held (Rs. 10 each)	Percentage of shareholding
1	Mr. Manoj Kumar Upadhyay	5,000	50.00
2	Ms. Mamta Upadhyay	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors

The board of directors of Acme Life Science currently comprises Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay.

Financial Performance

As Acme Life Science was incorporated in Fiscal 2006, the financial results for Fiscal 2005 do not exist. The audited financial results of Acme Life Science for Fiscal 2006 and 2007 are set forth below:

(Rs. in ’000s, unless otherwise stated)

	Fiscal 2006	**Fiscal 2007**
Total Revenue	Nil	Nil
Profit/(Loss) after tax	Nil	Nil
Share Capital	100	100
Reserves and Surplus (excluding revaluation reserves)	Nil	Nil
Earning Per Share (Rs.)	Nil	Nil
Book Value per share (Rs.)	(12.03)	(0.23)

3. Acme Fuel Cell Private Limited (“Acme Fuel Cell”)

Acme Fuel Cell was incorporated under the Companies Act on May 8, 2006 and its registered office is located at located at 136E, A/2, Mayur Vihar – III, Delhi 110 096, India. It is engaged in the business of manufacturing, installing, fabrication, improving water treatment plants on turnkey basis and generation, distribution of all types of bio fuels, bio gas, and alternate energy sources. Acme Fuel Cell is yet to commence any operations.

The equity shares of Acme Fuel Cell are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Acme Fuel Cell as on November 16, 2007 is as follows:

S. No.	**Name of the shareholder**	**Number of shares held (Rs. 10 each)**	**Percentage of shareholding**
1	MKU Holdings Private Limited	9,900	99.00
2	Mr. R.M.Samy*	100	1.00
	Total	**10,000**	**100.00**

** nominee of MKU Holdings Private Limited*

Board of Directors

The board of directors of Acme Fuel Cell currently comprises Mr. K M Upadhyay and Ms. Mamta Upadhyay.

Financial Performance

As Acme Fuel Cell was incorporated in Fiscal 2007, the financial results for Fiscal 2005 and 2006 do not exist. The audited financial results of Acme Fuel Cell for Fiscal 2007 is set forth below:

(Rs. in ’000, unless otherwise stated)

	Fiscal 2007
Total Revenue	Nil
Profit/(Loss) after tax	Nil
Share Capital	100
Reserves and Surplus (excluding revaluation Reserves)	Nil
Earning Per Share (Rs.)	Nil
Book Value per share (Rs.)	4.19

4. Acme Water Treatment Private Limited (“Acme Water Treatment”)

Acme Water Treatment was incorporated under the Companies Act on July 26, 2006 and its registered office is located at 136E, A/2, Mayur Vihar – III, Delhi 110 096, India. It is engaged in the business of production and supply of drinking water, bottle capping machines, water purification, waste water treatment plants. Acme Water Treatment currently does not have any operations.

The equity shares of Acme Water Treatment are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Acme Water Treatment as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of shares held (Rs. 10 each)	Percentage of shareholding
1	MKU Holdings Private Limited	9,900	99.00
2	Mr. R. M. Samy *	100	1.00
	Total	**10,000**	**100.00**

**Nominee of MKU Holdings Private Limited*

Board of Directors

The board of directors of Acme Water Treatment currently comprises Mr. K.M. Upadhyay and Ms. Mamta Upadhyay.

Financial Performance

As Acme Water Treatment was incorporated in Fiscal 2007, the financial results for Fiscal 2005 and 2006 do not exist. The audited financial results of Acme Water Treatment for Fiscal 2007 are set forth below:

(Rs. in '000, unless otherwise stated)

	Fiscal 2007
Total Revenue	Nil
Profit/(Loss) after tax	Nil
Share Capital	100
Reserves and Surplus (excluding revaluation Reserves)	Nil
Earning Per Share (Rs.)	Nil
Book Value per share (Rs.)	4.19

5. Acme Energy Solutions Private Limited ("Acme Energy Solutions")

Acme Energy Solutions was incorporated under the Companies Act on August 31, 2006 and its registered office is located at 136E, A/2, Mayur Vihar – III, Delhi 110 096, India. It is engaged in the business of electric power plants, solar power plants and other power plants based on any sources of energy. Acme Energy Solutions currently does not have any operations.

The equity shares of Acme Energy Solutions are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Acme Energy Solutions as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of shares held (Rs. 10 each)	Percentage of shareholding
1	MKU Holdings Private Limited	9,900	99.00
2	Mr.R.M Samy*	100	1.00
	Total	**10,000**	**100.00**

**Nominee of MKU Holdings Private Limited*

Board of Directors

The board of directors of Acme Energy Solutions currently comprises Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay.

Financial Performance

As Acme Energy Solutions was incorporated in Fiscal 2007, the financial results for Fiscal 2005 and 2006 do not exist. The audited financial results of Acme Energy Solutions for Fiscal 2007 are set forth below:

(Rs. in '000, unless otherwise stated)

	Fiscal 2007
Total Revenue	Nil
Profit/(Loss) after tax	Nil
Share Capital	100
Reserves and Surplus (excluding revaluation Reserves)	Nil
Earning Per Share (Rs.)	Nil
Book Value per share (Rs.)	4.19

6. Acme Cold Chain Solutions Private Limited ("Acme Cold Chain Solutions")

Acme Cold Chain Solutions was incorporated under the Companies Act on August 26, 2006 and the registered office is located at 104, Munish Plaza, 20, Ansari Road, Daryaganj, New Delhi 110 002, India. It is engaged in the business of air conditioning, refrigeration and cold storages. Acme Cold Chain Solutions commenced operations after Fiscal 2007.

The equity shares of Acme Cold Chain Solutions are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of Acme Cold Chain Solutions as on November 16, 2007 is as follows:

S. No.	**Name of the shareholder**	**Number of shares held (Rs. 10 each)**	**Percentage of shareholding**
1	MKU Holdings Private Limited	3,009,500	99.98
2	Mr. Manoj Kumar Upadhyay*	100	Negligible
3	Ms. Mamta Upadhyay*	100	Negligible
4	Mr. Sunil Sethy*	100	Negligible
5	Mr. Sanjeev Aggarwal*	100	Negligible
6	Mr. Avtar Singh*	100	Negligible
	Total	**3,010,000**	**100.00**

** nominees of MKU Holdings Private Limited*

Board of Directors

The board of directors of Acme Cold Chain Solutions currently comprises Mr. Manoj Kumar Upadhyay and Mr. Sunil Sethy.

Financial Performance

As Acme Cold Chain Solutions was incorporated in Fiscal 2007, the financial results for Fiscal 2005 and 2006 do not exist. The audited financial results of Acme Cold Chain Solutions for Fiscal 2007 are set forth below:

(Rs. in '000, unless otherwise stated)

	Fiscal 2007
Total Revenue	Nil
Profit/(Loss) after tax	Nil
Share Capital	30,100
Reserves and Surplus (excluding revaluation Reserves)	Nil
Earning Per Share (Rs.)	Nil
Book Value per share (Rs.)	9.87

7. VRS Infotech Private Limited ("VRS")

VRS was incorporated on March 16, 2006 to carry on business as traders, processors, buyers, distributors, dealers in all kinds of information technology, technology items, including computers and data processing equipments, components among others. The registered office of VRS is located at 104, Munish Plaza,20, Ansari Road, Daryaganj, New Delhi 110 002, India. VRS is yet to commence operations.

The equity shares of VRS are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of VRS as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (Rs. 10 each)	Percentage of shareholding
1	MKU Holdings Private Limited	5,000	50.00
2	MKU Holdings Private Limited and Mr. R.M. Samy (jointly held)	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors

The board of directors of VRS currently comprises Mr. Rama Murthy Muthusamy and Mr. Sanjay Dhawan.

Financial Performance

As VRS was incorporated in Fiscal 2006, the financial results for Fiscal 2005 do not exist. The audited financial results of VRS for Fiscal 2006 and 2007 are set forth below:

(Rs. in '000, unless otherwise stated)

	Fiscal 2006	Fiscal 2007
Total Revenue	Nil	Nil
Profit/(Loss) after tax	(3)	(15)
Share Capital	100	100
Reserves and Surplus (excluding revaluation reserves)	(3)	(18)
Earning Per Share (Rs.)	(0.3)	(1.50)
Book Value per share (Rs.)	8.50	7.23

8. MKU Cyprus Limited ("MKU Cyprus")

MKU Cyprus was incorporated on May 5, 2006 under the name "Wickman Holdings Limited" and has its registered office at 48, Thermistokli Dervi, Centennai Building Office, 701, 1066, Nicosia, Cyprus. Subsequently its name was changed to "Green Shelter Innovation Limited" and on June 26, 2007 its name was again changed to its present name. It is an investment company which is engaged in the business of *inter alia* holding intellectual property rights. MKU Cyprus currently does not have any operations.

The equity shares of MKU Cyprus are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of MKU Cyprus as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (CYP. 1 each)	Percentage of shareholding
1	MKU Holdings Private Limited	231,700	100.00
	Total	**231,700**	**100.00**

Board of Directors

The board of directors of MKU Cyprus currently comprises Mr. Manoj Kumar Upadhyay, Ms. Mayda Nishanian and Ms. Anna Nicolaou.

Financial Performance

As MKU Cyprus has been incorporated in the financial year ending December 31, 2006, the financial results for the financial year ending December 31, 2004 and 2005 do not exist. The audited financial results of MKU Cyprus for the financial year ending December 31, 2006 are set forth below

(USD in '000, unless otherwise stated)

	December 31, 2006
Total Revenue	Nil
Profit/(Loss) after tax	(26)
Share Capital	202
Reserves and Surplus (excluding revaluation reserves)	(136)
Earning Per Share (USD)	(0.97)
Book Value per share (USD)	0.28

9. ACME Global, Inc. ("ACME Global")

ACME Global was incorporated on March 13, 2006 and has its registered office at 5241, 42nd ST NW, Washington DC, 20015. It is engaged in the business of research and development. The equity shares of ACME Global US are not listed on any stock exchange.

On October 31, 2006, ACME Labs sold its equity shares in ACME Global to MKU Cyprus.

Shareholding Pattern

The shareholding pattern of ACME Global as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of equity shares (USD. 1 each)	Percentage of shareholding
1	MKU Cyprus	100	100.00
	Total	**100**	**100.00**

Board of Directors

The board of directors of ACME Global currently comprises Mr. Atul Sabharwal.

Financial Performance

As ACME Global has been incorporated in the financial year ending December 31, 2006, the financial results for the financial years ending 2004 and 2005 do not exist. The audited financial results of ACME Global for the nine months ending December 31, 2006 are set forth below:

(USD. in '000s, unless otherwise stated)

	Nine months ending December 31, 2007
Total Revenue	950
Profit/Loss after tax	44
Share Capital	1
Reserves and Surplus (excluding revaluation reserves)	44
Earning Per Share (USD)	453.89
Book Value per share (USD)	435.36

10. MKU Canada Inc. ("MKU Canada")

MKU Canada was incorporated on May 30, 2007 and the registered office is located at 6-2175, Dunwin Drive, Mississauga, Ontario, Canada L5L 1X2. It is engaged in the business of developing and manufacturing fuel cell systems.

The equity shares of MKU Canada are not listed on any stock exchange.

Shareholding Pattern

The shareholding pattern of MKU Canada as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of shares held (CAD. 10 each)	Percentage of shareholding
1	MKU Cyprus Limited	1,000	100.00
	Total	**1,000**	**100.00**

Board of Directors

The board of directors of MKU Canada currently comprises Mr. Barry Polisuk, Mr. Anthony Durkacz and Mr. Atul Sabharwal.

Financial Performance

As MKU Canada was incorporated in the financial year ending December 31, 2007, the financial results for financial year ending December 31, 2004, 2005 and 2006 do not exist.

11. 2062540 Ontario Inc., Canada ("Ontario")

Ontario was incorporated on January 12, 2005 and the registered office is located at 6-2175, Dunwin Drive, Mississauga, Ontario, Canada L5L 1X2. It was incorporated as a holding company and does not carry out any activities.

The equity shares of Ontario are not listed on any stock exchange.

Shareholding Pattern

The equity shareholding pattern of Ontario as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Number of shares held of CAD 1 par value	Percentage of shareholding
1	MKU Canada	100	100.00
	Total	**100**	**100.00**

In addition, MKU Canada holds 738 preference shares, CAD 1 paid up in total.

Board of Directors

The board of directors of Ontario currently comprises Mr. Barry Polisuk, Mr. Anthony Durkacz and Mr. Atul Sabharwal.

Financial Performance

As Ontario was incorporated in the financial year ending December 31, 2005, the financial results for financial year ending December 31, 2004 do not exist. Stand alone audited financial statements in relation to Ontario are not available. In accordance with applicable US GAAP and Canadian GAAP, the financial statements of Ontario was audited as a part of its holding company's audited consolidated statements during the financial year December 31, 2005 and 2006.

12. Astris sro, Czech Republic ("Astris")

Astris was incorporated on May 11, 1992 and the registered office is located at ASTRIS s.r.o Benesov, Cernoleska, 1929 zip code 256 01, Czech Republic. Astris is engaged in the business of research and development in fuel cell and manufactures fuel cells and fuel cell stacks.

The equity shares of Astris are not listed on any stock exchange.

Shareholding Pattern

The equity shareholding pattern of Astris as on November 16, 2007 is as follows:

S. No.	Name of the shareholder	Paid in share capital in CAD '000	Percentage of shareholding
1	Ontario	407	100.00
	Total	**407**	**100.00**

Board of Directors

The board of directors of Astris currently comprises Mr. Radek Kotoucek and Ms. Ivana Sedova.

Financial Performance

The audited financial results of Astris for the financial year ending December 31, 2004, 2005 and 2006 are set forth below:

(in CAD '000, unless otherwise stated)

	December 31, 2004	December 31, 2005	December 31, 2006
Total Revenue	867	638	401
Profit/(Loss) after tax	169	(28)	7
Share Capital	5	5	407
Reserves and Surplus (excluding revaluation reserves)	(219)	(247)	(241)
Earning Per Share (USD)	Not applicable	Not applicable	Not applicable
Book Value per share (USD)	Not applicable	Not applicable	Not applicable

Companies from which Promoters have disassociated in the last three years

(a) On November 7, 2006 Mr. Manoj Kumar Upadhyay, our Promoter sold 6,000 equity shares of Adhunik Power Systems Private Limited to Mr. Krishna Kanth Tripathi, which constituted 30 % of the shareholding of Adhunik Power Systems Private Limited.

(b) On September 9,2006, Mr. Manoj Kumar Upadhyay, our Promoter sold 7,000 equity shares of India Legal Consultants Private Limited to Mr. R. M. Samy, which constituted 70% of the shareholding of India Legal Consultants Private Limited, as the company was non operational.

Above mentioned disassociations by our Promoters were on account of transfer of holdings for commercial purposes.

Other Confirmations

None of our Promoter Group companies have become sick companies under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955, as amended and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of our Promoter Group companies, to the Registrar of Companies for striking off their names.

Litigation

For details see the section titled "Outstanding Litigation and Material developments" on page 200 of this Draft Red Herring Prospectus.

Related Party Transactions

For details of the related party transactions, see the section titled "Related Party Transactions" on page 103 of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

Our Company has various transactions with related parties, including the following:

- Holding company
- Subsidiaries;
- Certain Key Managerial Personnel; and
- Relatives of key management personnel
- Enterprises owned or significantly influenced by key management personnel or their relatives
- Fellow Subsidiaries
- Certain Promoter Group entities.

For details on our Company's related party transactions see the section titled "Financial Statements" on page 105 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

Interim dividends are declared by the Board after considering the interim financial statement for the period for which interim dividends are declared. Interim financial statements are prepared considering the profit before depreciation and taxes, depreciation for the full year, taxation including the deferred tax and any anticipated losses for the year. Final dividends are declared at the AGM of the shareholders based on the recommendations by our Board. Generally, the factors that may be considered by our Board before making any recommendations for the dividend are future expansion plans and capital requirements of our Company, profit earned during the financial year, liquidity of our Company and applicable taxes on dividend in hands of recipients including dividend distribution tax payable by the Company. The policy as described above may be amended as decided by the Board from time to time. Our Board may also from time to time pay interim dividends.

The dividend paid by our Company in the last five Fiscals is as provided herein:

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
Face Value Per share	10	10	10	10	10
Dividend (Rs. in '000)	Nil	Nil	5,000	24,006	384,096
Dividend Tax (Rs. in '000)	Nil	Nil	701	3,367	53,869
Dividend per equity share (Rs.)	Nil	Nil	25.00	120.00	80.00
Dividend rate (% to paid up capital)	Nil	Nil	250%	1,200%	800%

The Board pursuant to its meeting held on August 7, 2007, declared an interim dividend at a rate of 400% on the paid-up equity share capital of our Company, aggregating Rs 192,548 thousand subject to tax. The dividend was paid and distributed to the shareholders whose names appeared in the register of members as on August 3, 2007.

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL STATEMENTS

FINANCIAL INFORMATION

The financial statements, including notes to accounts, significant accounting policies and the qualifications as given in the Auditors report are set forth below:

AUDITORS REPORT

To
The Board of Directors
Acme Tele Power Limited
DLF Infinity Tower
Gurgaon
India

Dear Sirs,

1. We have examined the restated financial information of Acme Tele Power Limited ("the Company") annexed to this report for the purposes of inclusion in the offer document (the "Prospectus") prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of Schedule II to the Companies Act, 1956 (the "Act") and the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 (the "SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, as amended to date.

2. We have examined such restated financial information taking into consideration:

   a) the terms of reference received from the Company vide their letter dated February 10, 2007, requesting us to carry out work on such financial information, proposed to be included in the Prospectus of the Company in connection with its proposed IPO; and
   b) the (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.

3. Such restated financial information has been compiled by the management from

   a) the audited unconsolidated financial statements of the Company as at and for the three months period ended June 30, 2007 and as at and for each of the years ended March 31, 2007, 2006, 2005, 2004 and 2003 which were audited in accordance with auditing standards generally accepted in India. Audit of the unconsolidated financial statements of the Company as at and for the years ended March 31, 2005 and 2004 was conducted by S.Tekriwal and Associates, Chartered Accountants, New Delhi, and as at and for the year ended March 31, 2003 was conducted by Ashwani Garg and Associates, Chartered Accountants, Delhi. Accordingly, we have placed reliance on the restated financial information examined and reported upon by S.Tekriwal and Associates for the said years and have not carried out any additional procedures thereon.

   b) the audited consolidated financial statements of the Company, its subsidiaries (hereinafter collectively referred to as the "Group") as at and for the three months period ended June 30, 2007 and as at and for the years ended March 31, 2007 and 2006 which were audited in accordance with auditing standards generally accepted in India. We have not audited the financial statements of subsidiaries of the Company. Those financial statements have been audited by other auditors and our opinion in sofar as it relates to amounts included for these subsidiaries is based solely on the reports of the other auditors.

4. This report is being issued for the purpose of incorporating the same in the offer document to be issued by Acme Tele Power Limited in connection with the proposed offer for sale of equity shares by certain shareholders.

5. In accordance with the requirements of Schedule II of the Act, the SEBI Guidelines and the terms of our engagement agreed with you, we report that:

a) We have examined the restated unconsolidated summary statement of assets and liabilities of the Company as at June 30, 2007, March 31, 2007 and 2006 and the related restated unconsolidated summary statement of profits and losses and cash flows for the three months period ended June 30, 2007 and the years ended March 31, 2007 and 2006 and the notes thereon (these statements, hereinafter are collectively referred to as "Restated Current Unconsolidated Summary Statements");

b) S.Tekriwal and Associates, the previous auditors of the Company, have examined the restated unconsolidated summary statement of assets and liabilities of the Company as at March 31, 2005, 2004 and 2003 and the related restated unconsolidated summary statement of profits and losses and cash flows for each of the years then ended (these restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows and the notes thereon, as examined and reported upon by S.Tekriwal and Associates, hereinafter are collectively referred to as "Restated Prior Year Unconsolidated Summary Statements"). The report dated November 8, 2007 submitted by them is attached herewith; and

(The Restated Current Unconsolidated Summary Statements and the Restated Prior Year Unconsolidated Summary Statements are hereinafter collectively referred to as "Restated Unconsolidated Summary Statements" and are attached in Section I to this report- Annexure I, II and III).

c) We have examined the attached restated consolidated summary statements of assets and liabilities of the Company as at June 30, 2007 and March 31, 2007 and 2006 and the related restated consolidated summary statement of profits and losses and cash flows for the three months period ended June 30, 2007 and the years ended March 31, 2007 and 2006 and the notes thereon (these statements, hereinafter are collectively referred to as "Restated Consolidated Summary Statements" and are attached in Section II to this report - Annexure I, II and III).

6. Based on our examination and also as per the reliance placed on the report dated November 8, 2007 submitted by S.Tekriwal and Associates as referred to in paragraph 5 above, for the respective years we are of the opinion that the restated financial information have been made after incorporating:

a) such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV and Annexure IV-A to Restated Unconsolidated Summary Statements and Annexure IV and Annexure IV-A to Restated Consolidated Summary Statements;

b) the impact of changes in accounting policies adopted by the Company as at and for the three months period ended June 30, 2007 or prior to that, adjusted with retrospective effect in the Restated Unconsolidated Summary Statements and in the Restated Consolidated Summary Statements,

c) adjustments for the material amounts in the respective financial years to which they relate.

d) there are no extraordinary items which need to be disclosed separately in the summary statements; and

e) qualifications in the auditors' reports, which do not require any adjustments to the summary statements since the financial impact of the same would not be material, have been disclosed in Annexure IV to Restated Unconsolidated Summary Statements and Annexure IV to Restated Consolidated Summary Statements.

7. We have not audited any unconsolidated financial statements of the Company or consolidated financial statements of the Group as of any date or for any period subsequent to June 30, 2007. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company or the Group as of any date or for any period subsequent to June 30, 2007.

8. We have also examined the unconsolidated financial information of the Company as at and for the three months period ended June 30, 2007 and the years ended March 31, 2007 and 2006, listed below, which is proposed to be included in the Offer document, as approved by the Board of Directors of the Company and annexed in Section I to this report. S.Tekriwal and Associates, vide their report dated November 8, 2007 attached herewith, have examined such unconsolidated financial information of the Company as at and in respect of each of the years ended March 31, 2005, 2004 and 2003, proposed to be included in the offer document, as approved by the Board of Directors of the Company and annexed in Section I to this report:

(i) Details of Other Income, as appearing in Annexure IV-C;
(ii) Details of Dividends declared by the Company, as appearing in Annexure IV-D;
(iii) Capitalization Statement, as appearing in Annexure IV-E;
(iv) Details of Secured and Unsecured Loans, as appearing in Annexure IV-F;
(v) Details of Investments as appearing in Annexure IV-G;
(vi) Details of Sundry Debtors as appearing in Annexure IV-H;
(vii) Details of Loans and Advances as appearing in Annexure IV-I;
(viii) Statement of Accounting Ratios, as appearing in Annexure IV-J
(ix) Statement of Tax Shelters, as appearing in Annexure IV-K;.
(x) Details of Current liabilities and Provisions, as appearing in Annexure IV-L

9. We have also examined the consolidated financial information of the Company as at and for the three months period ended June 30, 2007 and the years ended March 31, 2007 and 2006, listed below, which is proposed to be included in the Offer document, as approved by the Board of Directors of the Company and annexed in Section II to this report:

(i) Details of Other Income, as appearing in Annexure IV-C;
(ii) Details of Dividends declared by the Company, as appearing in Annexure IV-D;
(iii) Capitalization Statement, as appearing in Annexure IV-E;
(iv) Details of Secured and Unsecured Loans, as appearing in Annexure IV-F;
(v) Details of Investments as appearing in Annexure IV-G;
(vi) Details of Sundry Debtors as appearing in Annexure IV-H;
(vii) Details of Loans and Advances as appearing in Annexure IV-I;
(viii) Statement of Accounting Ratios, as appearing in Annexure IV-J
(ix) Details of Current liabilities and Provisions, as appearing in Annexure IV-K

10. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us or by S.Tekriwal and Associates or by Ashwani Garg and Associates, nor should this report be construed as a new opinion on any of the financial statements referred to herein. Our audits referred to in paragraph 3 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

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

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Pankaj Chadha
Partner
Membership No: 91813
Place: Gurgaon
Date: November 8, 2007

Annexure I : Summary Statement of Profits And Losses, As Restated

(Amount in Rs. '000)

Particulars	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Income						
Turnover	3,342,366	7,088,346	4,309,436	1,257,722	342,967	2,917
Installation and annual maintenance revenue	59,432	264,031	120,989	13,657	2,918	-
Total	3,401,798	7,352,377	4,430,425	1,271,379	345,885	2,917
Less: Excise duty on turnover	458,980	923,084	493,207	35,967	-	-
Turnover (net)	2,942,818	6,429,293	3,937,218	1,235,412	345,885	2,917
Other income	40,240	39,722	19,381	10,929	1,490	2
Total	**2,983,058**	**6,469,015**	**3,956,599**	**1,246,341**	**347,375**	**2,919**
Expenditure						
Raw materials and components consumed	1,602,016	3,186,408	1,833,950	720,540	241,467	1,596
Manufacturing, maintenance and installation costs	156,519	364,111	208,686	51,033	9,320	117
Personnel expenses	89,120	231,082	84,210	24,374	5,059	37
Operating and other expenses	73,372	275,031	289,035	45,921	9,420	61
Financial expenses	22,085	17,604	2,727	2,221	1,899	4
(Increase)/decrease in inventories	14,099	(38,134)	(92,510)	(35,100)	(20,149)	-
Depreciation/amortization	21,373	46,677	15,072	3,161	133	-
Total	**1,978,584**	**4,082,779**	**2,341,170**	**812,150**	**247,149**	**1,815**
Net profit before tax	**1,004,474**	**2,386,236**	**1,615,429**	**434,191**	**100,226**	**1,104**
Current tax	112,187	264,167	449,387	37,317	7,319	113
Less: MAT credit entitlement	(88,787)	(215,213)	-	-	-	-
Net current tax	23,400	48,954	449,387	37,317	7,319	113
Deferred tax charge/(credit)	2,074	52,569	(44,973)	(2,645)	(1,055)	(10)
Fringe benefit tax	900	3,429	3,000	-	-	-
Total	**26,374**	**104,952**	**407,414**	**34,672**	**6,264**	**103**
Net profit after tax, as restated	978,100	2,281,284	1,208,015	399,519	93,962	1,001
Balance brought forward for appropriations as restated	3,112,961	1,499,253	433,610	93,863	1,001	-
Profit available for appropriations as restated	4,091,061	3,780,537	1,641,626	493,381	94,963	1,001
Utilised for bonus issue	-	-	-	-	1,100	-
Appropriations						
Interim final dividend on equity shares	-	384,096	24,006	5,000	-	-
Tax on interim/final dividend	-	53,869	3,367	701	-	-
Transfer to general reserve	-	229,611	115,000	54,070	-	-
Balance carried forward, as restated	**4,091,061**	**3,112,961**	**1,499,253**	**433,610**	**93,863**	**1,001**

Note:

1. The above statement should be read with the Notes on Adjustments to Restated Summary Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV, IV-A and IV-B

As per Auditors report of even date

For S.R. BATLIBOI & ASSOCIATES	For and on behalf of the Board of Directors of ACME Tele Power Limited	
Chartered Accountants		
Sd/- per Pankaj Chadha	Sd/- Manoj Kumar Upadhyay	Sd/- Sunil Sethy
Partner Membership No: 91813	Managing Director	Director-Finance & Corporate Strategy
	Sd/-	
Place: Gurgaon	Jitendra Kumar	
Date: November 8, 2007	Company Secretary	

Annexure II : Summary Statement of Assets And Liabilities, As Restated

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Fixed assets, including intangibles						
Gross block	797,885	724,155	196,175	79,410	3,641	22
Less : Accumulated depreciation/amortisation	84,433	63,060	18,367	3,295	133	-
Net block	713,452	661,095	177,808	76,115	3,508	22
Capital work-in-progress including capital advances	56,690	98,066	309,835	-	6,130	-
Total	770,142	759,161	487,643	76,115	9,638	22
Investments	1,330,180	754,138	1,867	36,419	4,143	-
Deferred tax assets, (net)	-	-	48,683	3,710	1,065	10
Current assets, loans and advances						
Inventories	822,637	599,323	469,707	89,816	26,665	-
Sundry debtors	2,456,654	1,673,966	1,054,535	428,065	199,499	2,035
Cash and bank balances	382,047	227,435	586,472	160,388	47,932	305
Other current assets	66,690	61,303	15,602	4,418	963	2
Loans and advances	861,930	732,982	95,596	36,487	10,966	248
Total	4,589,958	3,295,009	2,221,912	719,174	286,025	2,590
Loans, Liabilities and provisions :						
Secured loans	423,409	464,858	13,222	50,200	6,139	-
Unsecured loans	-	-	-	-	199	37
Deferred tax liabilities (net)	5,961	3,886	-	-	-	-
Current liabilities	1,647,739	738,225	780,977	243,758	188,768	1,351
Provisions	99,621	81,696	289,581	51,845	9,990	144
Total	2,176,730	1,288,665	1,083,780	345,803	205,096	1,532
Net worth	4,513,550	3,519,643	1,676,325	489,615	95,775	1,090
Net worth represented by						
Capital	48,137	48,012	48,012	2,000	2,000	100
Profit and Loss Account	4,091,061	3,112,961	1,499,253	433,610	93,863	1,001
General reserve						
Balance as per last accounts	358,671	129,060	54,070	-	-	-
Add: Addition during the period	-	229,611	115,000	54,070	-	-
Less: Utilised for bonus issue	-	-	(40,010)	-	-	-
General reserve (net)	358,671	358,671	129,060	54,070	-	-
Securities premium account						
Add: Addition during the period	17,366	-	-	-	-	-
Less: Share issue expenses	(1,685)	-	-	-	-	-
	15,681					
Less:- Miscellaneous expenditure (to the extent not adjusted/written off)	-	-	-	(65)	(88)	(11)
Net Worth	4,513,550	3,519,644	1,676,325	489,615	95,775	1,090

Note :

1. The above statement should be read with the Notes on Adjustments to Restated Summary Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV, IV-A and IV-B

As per Auditors report of even date

For S.R. BATLIBOI & ASSOCIATES	For and on behalf of the Board of Directors of ACME Tele Power Limited	
Chartered Accountants		
Sd/- per Pankaj Chadha	Sd/- Manoj Kumar Upadhyay	Sd/- Sunil Sethy
Partner Membership No: 91813	Managing Director	Director-Finance & Corporate Strategy
	Sd/-	
Place: Gurgaon	Jitendra Kumar	
Date: November 8, 2007	Company Secretary	

Annexure III: Statement of Cash Flows, As restated

(Amount in Rs. '000)

Particulars	Period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
A. Cash flow from operating activities						
Profit before taxation after taking impact of adjustments excluding tax	**1,004,474**	**2,386,236**	**1,615,429**	**434,191**	**100,226**	**1,104**
Adjustments for:						
Depreciation/amortization	21,373	46,677	15,072	3,161	133	-
Provision for doubtful debts & advances	72	1,807	109,906	-	-	-
Preliminary expenses written off	-	-	65	23	23	3
Loss/(Profit) on sale/disposal of fixed assets	-	3,542	(2,942)	-	-	-
Irrecoverable balances written off	1,821	4,282	1,072	-	-	-
Profit on sale of Investments	(141)	-	(309)	(1,869)	-	-
Unrealised Foreign exchange loss (net)	-	6,642	2,483	-	-	-
Interest expenditure	8,950	4,030	518	2,221	1,024	-
Dividend income from current investments	(19,637)	(10,853)	(1,810)	(250)	-	-
Gain on settlement of interest rate swap	(10,574)	-	-	-	-	-
Interest on fixed deposit receipts	(2,911)	(20,806)	(11,047)	(4,097)	(1,390)	(2)
Operating profit before working capital changes	1,003,427	2,421,557	1,728,437	433,380	100,015	1,105
Movements in working capital :						
Increase in Trade & other receivables (including margin money with Banks)	(831,721)	(1,072,036)	(795,722)	(294,612)	(208,284)	(2,298)
Increase in inventories	(217,451)	(129,616)	(379,891)	(26,207)	(26,665)	-
Increase / (decrease) in current liabilities	899,264	(18,546)	560,437	58,991	190,513	1,383
Cash generated from operations	**853,519**	**1,201,359**	**1,113,211**	**171,551**	**55,580**	**190**
Direct taxes paid (including fringe benefit taxes and interest)	(90,000)	(533,338)	(234,432)	(1,585)	(567)	-
Net cash from /operating activities	**763,519**	**668,021**	**878,779**	**169,966**	**55,013**	**190**
B. Cash flows used in investing activities						
Purchase of fixed assets	(32,354)	(321,721)	(440,882)	(69,638)	(9,749)	(22)
Proceeds from sale of fixed assets	-	1,142	6,191	-	-	-
Purchase of Investments	(1,806,207)	(1,690,454)	-	(36,418)	(4,143)	-
Investment in subsidiary	-	(92,570)	(448)	-	-	-
Sale of Investments	1,230,171	1,038,711	35,309	6,012	-	-
Interest received	2,877	25,692	9,789	857	429	-
Dividends received	19,039	2,405	1,565	34	-	-
Net Cash used in investing activities	**(586,474)**	**(1,036,795)**	**(388,476)**	**(99,153)**	**(13,463)**	**(22)**
C. Cash flows from /(used in) financing activities						
Proceeds from issuance of share capital, including securities premium	17,491	-	6,002	-	800	100
Proceeds from /(repayment) of long term borrowings (Net)	(467)	421,652	37	2,187	-	-
Proceeds from /(repayment) of short term borrowings (Net)	(40,983)	29,984	(37,015)	41,676	6,301	37
Interest paid	(9,048)	(3,932)	(518)	(2,221)	(1,024)	-
Gain on settlement of interest rate swap	10,574	-	-	-	-	-
Dividend paid (including corporate dividend tax)	-	(437,967)	(33,075)	-	-	-
Net Cash from / (used in) financing activities	**(22,433)**	**9,737**	**(64,569)**	**41,642**	**6,077**	**137**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**154,612**	**(359,037)**	**425,734**	**112,456**	**47,627**	**305**
Cash and cash equivalents at the beginning of the period /Year	227,085	586,122	160,388	47,932	305	-
Cash and cash equivalents at the end of the period/year	**381,697**	**227,085**	**586,122**	**160,388**	**47,932**	**305**

Components of cash and cash equivalents as at						
Particulars	Perios Ended June 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
Cash and cheques on hand	630	510	3,373	401	54	27
With scheduled banks						
- on current account	49,745	14,166	8,154	9,045	4,107	78
- On cash credit account	34,154	398	92,520	-	-	-
- on deposit account	297,518	212,361	482,425	150,942	43,771	200
Less Margin money with banks	(350)	(350)	(350)	-	-	-
	381697	**227,085**	**586,122**	**160,388**	**47,932**	**305**
Notes:						
1. The Cash Flow Statements have been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.						

As per Auditors report of even date

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Sd/-
per Pankaj Chadha

Partner
Membership No: 91813

Place: Gurgaon

Date: November 8, 2007

For and on behalf of the Board of Directors of

ACME Tele Power Limited

Sd/-
Manoj Kumar Upadhyay

Managing Director

Sd/-
Sunil Sethy

Director-Finance &
Corporate Strategy

Sd/-

Jitendra Kumar

Company Secretary

Annexure IV : Adjustments for Restated Financial Statements

Impact on profits due to restatement and other material adjustments made to the audited financial statements

(Amount in Rs. '000)

	Particulars		Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
	Reported profit after tax as per audited Profit and Loss Account	(A)	**968,270**	**2,296,111**	**1,155,705**	**426,679**	**113,981**	**1,134**
1	**Effect of changes in accounting policies**							
a	Provision for warranty (refer note 1(a) below)		-	-	12,218	(9,360)	(2,829)	(29)
b	Sales reversal based on reassessment of transfer of risks and rewards (refer note 1(b) below)		-	-	83,350	(57,838)	(25,512)	-
c	Impact of sales reversal on closing stock (refer note 1(b) below)		-	-	(43,342)	30,076	13,266	-
d	Dividend booked on accrual basis (refer note 1(c) below)		-	-	(216)	216	-	-
2	**Other adjustments**							
A	Prior period items now adjusted in the respective financial years (refer note 2(a) below)		3,571	(2,719)	(167)	(685)	-	-
B	Impact of change in Accounting Standard 15 applied retrospectively (refer note 2(b) below)							
i	Compensated absences		5,822	(4,990)	(18)	(644)	(169)	(1)
ii	Gratuity		4,901	(4,931)	495	(368)	(96)	(1)
c	Liabilities/provisions written back now adjusted in respective earlier financial years (refer note 2(c) below)		(856)	(16,601)	12,524	4,933	-	
D	Tax paid on demand now adjusted in respective financial year (refer note 2(d) below)		-	7,028	-	-	(6,913)	(115)
	Total adjustments		**13,438**	**(22,213)**	**64,844**	**(33,670)**	**(22,253)**	**(146)**
	Tax impact of adjustments (refer note 2(e) below)		(5,296)	9,073	(12,534)	6,509	2,234	13
	Less: MAT Credit entitlement		1,687	(1,687)	-	-	-	-
	Total impact of adjustments	(B)	**9,829**	**(14,827)**	**52,310**	**(27,161)**	**(20,019)**	**(133)**
	Restated profits after adjustments	**(A+B)**	**978,100**	**2,281,284**	**1,208,015**	**399,519**	**93,962**	**1,001**

Notes on Adjustments

1 Adjustments resulting from changes in accounting policies

a. Provision for warranty

For the year ended March 31, 2006, the Company changed its accounting policy and made a provision of warranty which was earlier accounted for on the basis of claims received.

For the purpose of these Restated Summary Statements, the revised policy has been applied retrospectively.

b. Sales reversal based on reassessment of transfer of risks and rewards / Impact of sales reversal on closing stock

For the year ended March 31, 2006, the Company changed its accounting policy and derecognized sales based on reassessment of transfer of risks and rewards on sale of goods which was earlier accounted for on the basis of invoicing done.

For the purpose of these Restated Summary Statements, the revised policy has been applied retrospectively and the value of closing stock of finished goods has also been adjusted accordingly.

The aforesaid issue was appearing as a matter of emphasis in our report dated November 30, 2006 for the year ended March 31, 2006.

c. Dividend booked on accrual basis

For the year ended March 31, 2006, the Company changed its accounting policy and accounted for dividend received on Mutual funds on accrual basis which was earlier accounted for on receipt basis.

For the purpose of these Restated Summary Statements, the revised policy has been applied retrospectively.

2. Other adjustments

a. Prior period items

In the financial statements for the period ended June 30, 2007 and years ended March 31, 2007, 2006 and 2005, certain items of expenses have been identified as prior period items.

For the purpose of these Restated Summary Statements, such prior period items have been appropriately adjusted in the respective years.

b. Revision in Accounting Standard 15

During the period ended June 30, 2007, pursuant to the introduction of Accounting Standard 15 (Revised) on Employee Benefit and subsequent guidance issued by the Accounting Standard Board of The Institute of Chartered Accountants of India, the management obtained expert advice and accounted for the reassessed liabilities during the said period.

For the purpose of these Restated Summary Statements, such prior period items have been appropriately adjusted in the respective years, to which these amounts pertain.

c. Liabilities/ provisions written back

In the financial statement for the period ended June 30, 2007 and years ended March 31, 2007 and 2006, certain liabilities /provisions created in earlier years were written back.

For the purpose of these Restated Summary Statements the said liabilities wherever required have been appropriately adjusted in the respective year in which the same were originally created.

d. Income tax demands

Income taxes provided in earlier years in respect of which additional demand has been subsequently paid to the authorities on completion of assessments, have been adjusted in the Restated Summary Statements of such years when such amounts were originally provided.

e. Tax impact of adjustments

Tax impact (both current and deferred) has been computed on Restated Financial Statements for the years ended March 31, 2007, 2006, 2005, 2004 and 2003.

3 Non adjustment items

a. Bad debts/amount written off /Provision for doubtful debts/ advances

In the financial statements for the period ended June 30, 2007 and years ended March 31, 2007, 2006 certain amounts have been written off/ provided/considered as bad debts.

Adjustment on this account has not been made in the restated summary statements, since, in the opinion of the Company, these amounts became doubtful only in that year / period in which provisions were made.

b. In the financial statements for the year ended March 31, 2007, exchange differences arising in respect of fixed assets acquired from outside India were capitalized as part of fixed assets. Subsequent to issuance of Companies Accounting Standards (Rules), 2006 the Company has changed its accounting policy and exchange differences arising in respect of fixed assets acquired from outside India are charged to Profit and Loss Account.

Adjustment on this account has not been made in the restated summary statements.

4 Audit qualifications which do not require any corrective adjustment in the financial information are as follows:

<u>Year Ended March 31, 2006: Audit Report</u>

- The Company/ management had observed certain violations with the requirements of provisions of the Companies Act, 1956 during that year on various matters relating also to earlier years including matters in relation to approvals for loans to a company in which directors were interested and non-transfer of required amounts to General Reserve in respect of distribution of dividend. The management had initiated necessary action for seeking advice/ condonation from the appropriate person and considered no provision towards any potential costs was required at that stage. We were unable to assess, financial impact if any, of such non-provision at the relevant time.

<u>Year Ended March 31, 2006: CARO Report</u>

- The Company had maintained proper records showing full particulars, including quantitative details and situation of fixed assets located at its Pant Nagar unit only and for its other locations, these records were in the process of being compiled/ updated.

- Fixed assets had not been physically verified by the management during that year.

- The procedures of physical verification of inventory followed by the management were required to be further enhanced to make these procedures reasonable and adequate in relation to the size of the Company and the nature of its business.

- The Company was maintaining proper records of inventory, except for updating Bill of Materials on a regular basis, and had been analysing wastages only at the year end.

- Internal control system in respect of sales of goods and services and in respect of purchase of fixed assets and inventories were inadequate and required to be further strengthened. Further, for purchase of fixed assets and inventories, these were made without inviting quotations. In our opinion this was a continuing failure to correct major weakness in the internal control system.

- The Company had not entered particulars of all contracts or arrangements referred to in Section 301 that were required to be entered in the register maintained under Section 301 of the Companies Act, 1956. However, none of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lakh in respect of any one such party in that financial year.

- The Company had an internal audit system, the scope and coverage of which, was required to be enlarged to be commensurate with the size and nature of its business.

- Statutory dues had not generally been regularly deposited with the appropriate authorities though the delays in deposit had not been serious.

- Local Area Development Tax liability amounting to Rs.2,672 thousand was outstanding, at the year end, for a period of more than six months from the date it became payable.

- The Company had made preferential allotment of shares at par to a company covered in the register maintained under Section 301 of the Act. In the absence of any valuation of shares, we were unable to assess, whether the price at which the shares had been issued was prejudicial to the interests of the Company.

Year Ended March 31, 2007: CARO Report

- The procedures of physical verification of inventory followed by the management as much as these relate to timely preparation of physical verification results and their reconciliation with the books were required to be further enhanced to make these procedures reasonable and adequate in relation to the size of the Company and the nature of its business.

- The Company was maintaining proper records of inventory, except for updating Bill of Materials on a regular basis, and had been analysing wastages only at the year end.

- The internal control system for installation income and purchases of inventory were required to be further strengthened since installation income was not reconciled with dispatches and the purchases were made without inviting competitive quotations.

- Statutory dues had not generally been regularly deposited with the appropriate authorities though the delays in deposit had not been serious.

- Service tax payable amounting to Rs.2,785 thousand was outstanding, at the year end, for a period of more than six months from the date it became payable.

5 Material regrouping

a) Up to the year ended March 31, 2007 'excise duty payable on finished goods' was being classified under 'Sundry creditors'. During the period ended June 30, 2007 the same has been grouped under 'Other liabilities'.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2007, 2006 and 2005, such amount has been grouped and disclosed accordingly.

b) For the year ended March 31, 2006 and 2005, 'research & development expenses' have been grouped under 'Operating and other expenses' and 'Manufacturing, maintenance and installation costs' respectively. During the year ended March 31, 2007 the same had been grouped under 'Raw materials and components consumed'.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2006 and 2005, such amount has been grouped and disclosed accordingly.

c) Upto the year ended March 31, 2005, '(Increase)/decrease in stock of WIP & finished goods' was being grouped under 'Raw material consumption'. During the year ended March 31, 2006 the same had been grouped under '(Increase)/decrease in stocks'.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005 and 2004, such amount has been grouped and disclosed accordingly.

d) Upto the year ended March 31, 2005, 'consumable stores & packing material' was being grouped under 'Raw material consumption'. During the year ended March 31, 2006 the same had been grouped under 'Manufacturing, maintenance and installation costs'.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005, 2004 and 2003, such amount has been grouped and disclosed accordingly.

e) Upto the year ended March 31, 2005, 'production incentive' was being grouped under 'Manufacturing, maintenance and installation costs'. During year ended March 31, 2006, the same had been grouped under 'Personnel Expenses'.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005 and 2004, such amount has been grouped and disclosed accordingly.

f) Upto the year ended March 31, 2005, ‘clearing, forwarding & godown rent’ had been grouped under ‘Manufacturing, maintenance and installation costs’. During year ended March 31, 2006, the same had been grouped under ‘Raw materials and components consumed’.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005 and 2004, such amount has been grouped and disclosed accordingly.

g) Upto the year ended March 31, 2005, ‘Director’s remuneration’ was being grouped under ‘Operating and other expenses’. During year ended March 31, 2006, the same had been grouped under ‘Personnel Expenses’.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005 and 2004, such amount has been grouped and disclosed accordingly.

h) Upto the year ended March 31, 2005 ‘Selling and distribution expense’ was being disclosed as a separate line item in the Profit and Loss Account. During the year ended March 31, 2006, the same had been grouped under ‘Operating and other expenses’.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005 and 2004, such amount has been grouped and disclosed accordingly.

i) Upto the year ended March 31, 2005, ‘Installation Costs’ was being grouped under ‘Selling & Distribution Expenses’. During the year ended March 31, 2006, the same had been grouped under ‘Manufacturing, maintenance and installation costs’.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2005 and 2004, such amount has been grouped and disclosed accordingly.

j) Upto the year ended March 31, 2006, (Increase)/decrease of Excise duty on Inventory was being grouped under ‘(Increase)/decrease in stocks’. During the year ended March 31, 2007, the same had been grouped under ‘Operating and other expenses’.

In the Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2006 and 2005, such amount has been grouped and disclosed accordingly.

k) For the years ended March 31, 2005 and 2004 ‘Interest accrued but not due on fixed deposits’ was being grouped under ‘Cash & bank balances’ and for the year ended March 31, 2003 under ‘Loans & Advances’. During the year ended March 31, 2006 the same had been grouped under ‘Other current assets’.

In the Summary Statement of Assets and Liabilities, as Restated, for the years ended March 31, 2005, 2004 and 2003, such amount has been grouped and disclosed accordingly.

l) For the year ended March 31, 2007, ‘advance tax’ and ‘provision for tax’ were being shown separately under ‘Loans and advances’ and ‘Provisions’ respectively. During the period ended June 30, 2007 provision for tax has been shown as net of advance tax paid under ‘Provisions’.

In the Summary Statement of Assets and Liabilities, as Restated, for the years ended March 31, 2007, 2006, 2005, 2004 and 2003, such amount has been grouped and disclosed accordingly.

Annexure IV-A

1. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(e) Depreciation / amortization

Depreciation is provided using the Written Down Value Method as per the rates prescribed under schedule XIV of the Companies Act, 1956 and as based on management's assessment of economic usefulness:

Leasehold land	Over the period of Lease
	Schedule XIV Rates (WDV)
Buildings	
- Factory building	10.00%
- Non-factory building	5.00%
Plant and machinery	13.91%
Electrical equipments	13.91%
Electrical installations & fittings	13.91%
Office equipment	13.91%
Data processing equipment	40.00%
Furniture and Fittings	18.10%
Vehicles	25.89%

Assets costing upto Rs.5,000 have been completely depreciated in the year of capitalization.

(f) Intangibles

Software costs

Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase and amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

(g) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on payment basis over the lease term.

Where the Company is the lessor

Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(j) Inventories

Inventories are valued as follows:

Raw materials, components, stores spares and packing material	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO (First In First Out) basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered. Revenue from installation is recognized as and when the installation is complete.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(l) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(m) Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
ii. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. Gratuity liability is paid as per payment of Gratuity Act, 1972.
iii. Long term compensated absences are provided for based on actuarial valuation.
iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(n) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The Company also avails tax benefits under section 80 IC of the Income Tax Act, 1961 and recognizes deferred tax only in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(o) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

(p) Segment Reporting Policies

Identification of segments :

Segments have been identified and reported based on the nature of the services, the risks and returns, the organization structure and the internal financial reporting systems. The Company's operating businesses are organized and managed separately according to the geographical locations of the customers.

(q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/period.

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

(r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(s) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(t) Derivative Instruments

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate.

Interest rate swap

Swap contracts are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Such contract is carried as assets when fair value is positive and liabilities when the fair values are negative.

Any gain or loss arising from change in fair value is taken directly to net profit or loss for the year when the intention is not to hedge. If the swap is designated for hedge purposes and hedge intention can be adequately demonstrated, the changes in fair value of swap contract is taken to hedge equalization reserve and recycled to profit and loss account to provide lock-in interest cost.

Annexure IV-B

2. **Significant Notes to Restated Summary Statements**

a) The Company had, during the year ended March 31, 2006, under a contractual agreement given a loan of Rs.5,567 thousand to Acme Life Science Pvt. Ltd., a company which is owned by key management personnel. This was in contravention of Section 295 of the Companies Act, 1956. The Company had filed a petition with the Company Law Board for the same which was pending approval. However, the Company is of the view that there is no liability at this stage and accordingly no provision is required.

b) The Company had, during the year ended March 31, 2007, invested share application money of Rs.99,000 thousand which represented monies advanced towards purchase of equity shares in a real estate development company, which was at that time in pre-operative stage. Management had reviewed and analysed projects and plans of the real estate development company and was satisfied with its progress.

c) The Company had, during the year ended March 31, 2007, given a refundable security deposit of Rs.110,000 thousand to another real estate development company. As per the arrangement, the Company had first right to use of building at the then prevailing market rentals for a period of atleast 3 years after possession of the building.

d) The Company periodically undertakes physical verification of its inventories and had accordingly undertaken the last physical verification of inventories as on March 31, 2007. Discrepancies noted on such verification were recorded in the financial statements for the year ended March 31, 2007. The Company has not undertaken the counting of physical inventories as on June 30, 2007, as that date was prior to the time when decision was taken by the management to present audited accounts for the three months period ended June 30, 2007 for information to be given in the Draft Red Herring Prospectus of the Company in connection with the proposed issue of equity shares to the Public and Financial Institutions. The management has undertaken counting of physical inventories as at September 30, 2007 for which reconciliation with book records is under process and discrepancies, if any, arising out of such physical verification shall be recorded upon completion of the reconciliation. The management believes that discrepancies arising upon completion of the reconciliation are not likely to be significant.

e) Debtor balances have been reconciled during the year ended March 31, 2007. Reconciling items are still under follow up from customers and the effect of this, if any, would be adjusted once it is completed. However, the management is confident that the adjustment on this account, if any, would not be material.

3. **Contingent liabilities**

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Export Promotion Capital Goods scheme (EPCG) license issued	43,433	43,433	43,433	-	-	-
Sales Tax liability against pending C form	1,376,444	1,089,528	3,63,838	84,737	-	-
Bank guarantees issued by banks on behalf of Company	350	350	232,965	-	6,339	-

4. **Related Party Transactions**

Details of the list of related parties and nature of relationships

Nature of relationship	Name of Party
Holding Company	MKU Holdings Private Limited (formerly Green Shelter (India) Private Limited, name changed w.e.f. 14.06.07)
Subsidiaries	Acme Labs Ltd., Cayman Islands P.T. Hunter Fungsional Telekom Ltd , Indonesia Acme Tele Power (Cyprus) Ltd Hunter Functional Telecom Pte Ltd, Singapore (name changed to Acme Tele Power (Singapore) PTE. Limited)
Key Management Personnel	Manoj Kumar Upadhyay (Managing Director)

Nature of relationship	Name of Party
	Mamta Upadhyay (Whole Time Director till 07.08.06 and wife of Managing Director) Sunil Sethy (Executive Director Finance and Corporate Strategy) Sita Ram Sethi (Executive Director Finance from 01.07.06 till 04.09.06) K.M. Upadhyay (Director)
Relatives of key management personnel	K.M. Upadhyay (Father of Managing Director) Neelam Pandey (Sister of Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	India Legal Consultants Private Limited, (Till September 9, 2006) Adhunik Power Systems Private Limited, (Till November 7, 2006) Acme Life Sciences (India) Private Ltd.
Fellow Subsidiaries	GS Water Treatment Technologies Pvt. Ltd.(formerly known as Acme Enviro Sciences Private Ltd., name changed w.e.f.11.04.07) Acme Global Inc. Acme Cold Chain Solutions Pvt. Ltd Acme Energy Solution Pvt. Ltd. VRS Infotech Pvt. Ltd Acme Water Treatment Pvt. Ltd Acme Fuel Cell Pvt. Ltd MKU Cyprus Ltd. (Formerly Green Shelter Innovations Ltd.) MKU Canada Inc. (w.e.f. 30.05.07) 2062540 Ontario Inc., Canada (w.e.f.05.06.07) Astris sro, Czech Republic (w.e.f.05.06.07) GS Financial Services Pvt. Ltd.

(Amount in Rs. '000)

Particulars	Holding Company					
	MKU Holdings Pvt Ltd. (formerly Green Shelter (India) Private Limited, name changed w.e.f. 14.06.07)					
	June 30,2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Share Capital	-	-	6,002	-	-	
Bonus Issue of shares	-	-	-	-	-	-
Dividend Paid	-	288,072	-	-	-	-
Advance/ Loan recovered	-	413	-	-	-	-
Loans given	-	-	-	213	-	-
Expenses	-	200	-	-	-	-
Balance receivable at year end	-	-	213	213	-	-

(Amount in Rs. '000)

Particulars	Acme Labs, Cayman Islands					
	Subsidiary					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Advance Given	-	23,035	22,575	-	-	-
Investments	-	-	-	-	-	-
Balance receivable at year end	448	448	22,386	-	-	-

Note: - Balance of advance given to Acme Labs Ltd., Cayman Islands transferred to Acme Enviro Sciences Private Ltd.

(Amount in Rs. '000)

Particulars	P.T. Hunter Fungsional Telekom Limited					
	Subsidiary					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Purchase of Raw Material& Finished Goods	-	132	-	-	-	-
Sales	110	-	-	-	-	-
Balance payable at year end	22	132	-	-	-	-

(Amount in Rs. '000)

Particulars	Acme Telepower (Cyprus) Ltd.					
	Subsidiary					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Investments	-	92,570	-	-	-	-
Balance receivable at year end	92,570	92,570	-	-	-	-

(Amount in Rs. '000)

Particulars	Acme Global Inc.					
	Fellow Subsidiary					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Provision for bad & doubtful debts	1,693	1,693	-	-	-	-
Balance receivable at year end	1,693	1,693	1,693	-	-	-

(Amount in Rs. '000)

Particulars	India Legal Consultants Pvt. Ltd.					
	Enterprises owned or significantly influenced by key management personnel or their relatives					
	June 30,2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Advances recoverable	-	1,723	388	1,310	-	-
Expenses	-	25	-	-	-	-
Balance receivable at year end	-	-	1,698	1,310	-	-

(Amount in Rs. '000)

Particulars	Adhunik Power System Pvt ltd.					
	Enterprises owned or significantly influenced by key management personnel or their relatives					
	June 30,2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Sales	-	-	-	82,292	122,685	2,194
Purchase of Raw Material & Finished Goods	-	-	-	23,912	90,654	302
Balance receivable at year end	-	41,997	63,628	59,878	7,876	1,331

(Amount in Rs. '000)

Particulars	Acme Life Sciences (India) Private Limited					
	Enterprises owned or significantly influenced by key management personnel or their relatives					
	June 30,2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Advance/ Loan recovered	-	4,667	-	-	-	-
Interest Received	-	395	-	-	-	-
Loans given	-	-	5,567	-	-	-
Balance receivable at year end	-	-	4,667	-	-	-

(Amount in Rs. '000)

Particulars	GS Water Treatment Technologies Pvt. Ltd.(formerly known as Acme Enviro Sciences Private Ltd.)					
	Fellow Subsidiary					
	June 30,2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Balance receivable at year end	45,421	45,421	-	-	-	-

(Amount in Rs. '000)

Particulars	Mamta Upadhyay					
	Key Management Personnel					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Share Capital	-	-	-	-	250	-
Bonus Issue of shares	-	-	6,050	-	880	-
Dividend Paid	-	58,080	14,520	-	-	-
Remuneration	-	7,500	12,000	2,463	192	-
Balance payable at year end	-	-	1,447	376	-	-

(Amount in Rs. '000)

Particulars	Manoj Kumar Upadhyay					
	Key Management Personnel					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Share Capital	-	-	-	-	-	400
Bonus Issue of shares	-	-	3,901	-	-	-
Dividend Paid	-	37,445	9,361	-	-	-
Remuneration	12,450	49,800	10,800	-	-	-
Balance payable at year end	-	-	1,250	-	-	-

Particulars	Sita Ram Sethi					
	Key Management Personnel					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Remuneration	-	730	-	-	-	-
Balance payable at year end	-	-	-	-	-	-

Particulars	Sunil Sethy					
	Key Management Personnel					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Remuneration	2,426	1,125	-	-	-	-
Balance payable at year end	-	-	-	-	-	-

(Amount in Rs. '000)

Particulars	K.M. Upadhyay					
	Relatives of Key Management Personnel					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Share Capital	-	-		-	150	20
Bonus Issue of shares	-	-	50	-	220	-
Dividend Paid	-	480	120	-	-	-
Loans (taken)	-	-	-	-	180	-
Loan Repayment	-	-	-	162	18	-
Balance payable at year end	-	-	-	-	162	20

(Amount in Rs. '000)

Particulars	Neelam Pandey					
	Relatives of Key Management Personnel					
	June 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Remuneration	48	197	101	85	-	-
Balance payable at year end	-	-	-	-	-	-

Note:

1. The classification and the disclosure of information of related parties for each of the years is as per the audited standalone financial statements of ACME Tele power Limited for the respective years, which have been adjusted for restatements as listed in Annexure IV.
2. The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.

5. Segment Information

Geographical segments

Distribution of the Company's revenues by geographical markets:

Amount in Rs.' 000

Particulars	June 2007	March 2007	March 2006	March 2005	March 2004	March 2003
India	2,934,510	6,373,486	3,922,824	1,235,412	288,710	2,917
Outside India	8,308	55,807	14,394	-	57,175	-
Total	**2,942,818**	**6,429,293**	**3,937,218**	**1,235,412**	**345,885**	**2,917**

Geographical segments
Distribution of the Company's Debtors by geographical markets:

Amount in Rs.' 000

Particulars	June 2007	March 2007	March 2006	March 2005	March 2004	March 2003
India	2,450,326	1,656,721	1,046,978	428,065	199,499	2,035
Outside India	6,328	17,245	7,557	-	-	-
Total	**2,456,654**	**1,673,966**	**1,054,535**	**428,065**	**199,499**	**2,035**

The Company has common fixed assets for producing goods for domestic market and overseas markets.

hence, separate figures for fixed assets and intangibles assets cannot be furnished.

Annexure IV-C : Details of Other Income, as restated

(Amount in Rs. '000)

Particulars	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Nature
Other Income, as per Summary Statement of Profits and Losses, as restated (A)	40,240	39,722	19,381	10,929	1,490	2	
Other Income, including Exceptional Items (B)	40,240	39,722	19,381	10,929	1,490	2	
Net Profit before tax, as per Summary Statement of Profits and Losses, as restated (C)	1,004,474	2,386,236	1,615,429	434,191	100,226	1,104	
Percentage (A/C)	**4.0%**	**1.7%**	**1.2%**	**2.5%**	**1.5%**	**0.2%**	
Percentage (B/C)	**4.0%**	**1.7%**	**1.2%**	**2.5%**	**1.5%**	**0.2%**	
Sources of Income							
Interest							
- On Fixed deposit receipts	2,911	20,806	11,047	4,097	1,390	2	Recurring
- Others	-	1,389	-	-	-	-	Non-recurring
- Gain on settlement of interest rate swap	10,574	-	-	-	-	-	Non-recurring
Dividend income from current investments	19,637	10,853	1,810	250	-	-	Recurring
Profit on sale of Investments	141	-	309	1,869	-	-	Recurring
Insurance claims	-	3,004	-	-	-	-	Non-recurring
Profit on Sale of fixed assets	-	-	3,104	-	-	-	Non-recurring
Miscellaneous income	6,977	3,670	3,111	4,713	100	-	Recurring
Total	**40,240**	**39,722**	**19,381**	**10,929**	**1,490**	**2**	

Notes:

1) The classification of income as recurring / non recurring is based on the current operations and business activity of the Company and is as determined by the management.

2) The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited

Annexure IV-D : Details of rates of dividend

(Amount in Rs. '000)

Particulars	Face Value (Rs. Share)	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity share capital as at year/period end	10	48,137	48,012	48,012	2,000	2,000	100
Dividend on Equity Shares for the period/ year							
Interim Dividend							
Rate		0%	800%	1,200%	0%	0%	0%
Amount		-	384,096	24,006	-	-	-
Corporate Dividend Tax		-	53,869	3,367	-	-	-
Final Dividend							
Rate		0%	0%	0%	250%	0%	0%
Amount		-	-	-	5,000	-	-
Corporate Dividend Tax		-	-	-	701	-	-

Note :

The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited

Annexure IV-E : Capitalisation Statement as at June 30, 2007

(Amounts in Rs. '000)

Particulars	Pre-issue as at June 30, 2007	Post Issue
Debt		
Short-term debt (A)	91,608	-
Long-term debt (B)	331,801	-
Total Debt (C = A + B)	**423,409**	-
Shareholders' funds		
Equity Share Capital	48,137	-
Reserves, as restated	4,465,413	-
Total shareholders' funds (D)	**4,513,550**	-
Long-term debt/Shareholders' funds (B/D)	0.07	-

Notes:

1. Short –term debt represents debts which are due within twelve months.
2. Long-term debt represents debt other than short-term debt, as defined above.
3. Long term debt/equity = $\frac{\text{Long term debt}}{\text{Total share holders fund}}$
4. The post issue capitalization cannot be determined till the completion of the book building process
5. The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited

Annexure IV-F : Details of secured and unsecured loans

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Secured Loans						
From Banks						
1. Cash Credit Facilities secured by hypothecation of all stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise, all the book debts, outstanding monies receivable, claims and bills by way of first charge on Pari Passu basis.	-	40,983	4,113	48,013	6,139	-
2. Term Loan Facilities secured by exclusive first charge on plant and machinery financed out of proceeds from the term loan and by way of equitable mortgage of land & building at 3-8 & 29-34, IIE Pant Nagar, Udham Singh Nagar, Uttaranchal and second charge on stocks and book debts of the company.	420,000	420,000	-	-	-	-
3. Bills Receivable	-	-	6,885	-	-	-
4. Vehicle Loans secured by hypothecation of specified vehicles acquired out of proceeds of the loans.	3,409	3,875	2,224	2,187	-	-
Total Secured Loans	**423,409**	**464,858**	**13,222**	**50,200**	**6,139**	**-**
Unsecured Loans						
Short Term						
- from Others	-	-	-	-	199	37
Total Unsecured Loans	**-**	**-**	**-**	**-**	**199**	**37**
Total Loan Fund	**423,409**	**464,858**	**13,222**	**50,200**	**6,338**	**37**

Notes :

1. The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.
2. Interest on cash credit facilities from banks was in the range of 8.25% to 9.50% during the period/ year ended June 30, 2007, March 31, 2007, 2006, 2005 and 2004.
3. Interest on term loan is 8.5% over the period.
4. Loans for motor vehicles have been taken in range of 5.5 % -10 % p.a. over the period.

Annexure IV-G : Details of investments

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Subsidiary Companies						
Unquoted, fully paid-up						
1,000 Shares of U$1.00 each fully paid-up (issued at a premium of $9.00 per share) in ACME Labs, Cayman Islands	448	448	448	-	-	-
904,500 Shares of CYP 1.00 each fully paid-up (issued at par) in ACME Tele Power (Cyprus) Limited (formerly Twickenham Investments Limited).	92,570	92,570	-	-	-	-
Current Investments (At lower of cost and market value):						
Units of various mutual funds	1,236,743	660,701	1,000	36,000	-	-
Long Term Investments (At cost):	-					
Trade Investments (Quoted)						
National Thermal Power Corporation Limited (Rs.10 /- each fully paid-up)	419	419	419	419	-	-
Bharti Televentures (Rs.10 /- each fully paid-up)	-	-	-	-	1,000	-
Ranbaxy Laboratories Ltd. (Rs.10 /- each fully paid-up)	-	-	-	-	3,143	-
Total	**1,330,180**	**754,138**	**1,867**	**36,419**	**4,143**	**-**
Aggregate market value of quoted investments	1,238,483	662,135	2,424	41,285	3,053	-
Aggregate book value of unquoted investments	93,018	93,018	448	-	-	-

Note

The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.

Annexure IV-H : Details of sundry debtors

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
(Unsecured) Debtors outstanding for a period exceeding six months						
-Considered good	300,379	349,150	171,794	202,354	65	-
-Considered doubtful	87,209	87,209	87,209	-	-	-
Other Debts						
-Considered good	2,156,275	1,324,816	882,741	225,711	199,434	2,035
	2,543,863	**1,761,175**	**1,141,744**	**428,065**	**199,499**	**2,035**
Less : Provision for doubtful debts	87,209	87,209	87,209	-	-	-
Total	**2,456,654**	**1,673,966**	**1,054,535**	**428,065**	**199,499**	**2,035**

Note :

The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.

Annexure IV-I : Details of loans and advances

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Unsecured, considered good						
Advances recoverable in cash or in kind or for value to be received	368,770	335,455	54,769	30,841	10,966	248
MAT Credit Entitlement	304,000	215,213				
Balance with excise authorities	65,019	43,362	33,828	5,300	-	-
Security deposit	124,141	124,830	6,999	346	-	-
Advance taxes paid (net of provision)	-	14,122				
Unsecured considered doubtful						
Advances recoverable in cash or in kind or for value to be received	2,666	2,595	3,445	-	-	-
Balance with excise authorities	-	-	7,194	-	-	-
	864,596	**735,577**	**106,235**	**36,487**	**10,966**	**248**
Less Provision for doubtful loans and advances	2,666	2,595	10,639	-	-	-
Total	**861,930**	**732,982**	**95,596**	**36,487**	**10,966**	**248**

Note :

The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.

Annexure IV-J : Statement of accounting ratios (on restated numbers)

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Earnings per Share (Rs.)	203.68	475.15	282.90	95.10	22.66	0.24
Return on Net Worth %	21.67	64.82	72.06	81.60	98.11	91.81
Net Worth	4,513,550	3,519,644	1,676,325	489,615	95,775	1,089.74
Net Asset Value per Equity Share (Rs.)	937.65	733.08	349.15	2448.08	478.88	108.97
Weighted average number of equity shares outstanding during the year/ period	4,802,024	4,801,200	4,270,099	4,201,000	4,147,011	4,121,000
Total number of equity shares outstanding at the end of the year	4,813,694	4,801,200	4,801,200	200,000	200,000	10,000

Notes :

1. The ratios have been computed as below :

Earnings per share (Rs.)	Net profit as restated, attributable to equity shareholders
	Weighted average number of equity shares outstanding during the year/ period
	Net profit after tax, as restated
Return on Net Worth (%)	Net worth%
Net Assets Value per Equity	Net worth
Share (Rs.)	Number of equity shares outstanding at the end of the year

2. The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.

3. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period / year, adjusted by the number of equity shares issued during the period / year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the period / year.

4. Earnings per share calculations are done in accordance with Accounting Standard 20 ‘Earnings Per Share’ issued by the Institute of Chartered Accountants of India.

5. During the year ended March 31, 2004 and 2006 the Company had issued bonus shares of Rs.10 each. For the purpose of computation of above ratios, the number of shares outstanding at each period / year-end has been adjusted.

Annexure IV-K : Statement of Tax Shelters

(Amount in Rs. '000)

Particulars		Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Profit before tax as per Restated Summary Statements	A	1,004,474	2,386,236	1,615,429	434,191	100,226	1,104
Tax rate - normal	B-1	33.99%	33.66%	33.66%	36.59250%	35.88%	36.75%
Tax rate - on sale of investment	B-2				10.46%		
Tax Impact	**C= (A*B)**	**341,421**	**803,207**	**543,754**	**158,393**	**35,956**	**406**
Provision for income tax as per the Restated Summary Statement		**112,187**	**264,167**	**449,387**	**37,317**	**7,319**	**113**
Difference		**229,234**	**539,040**	**94,367**	**121,076**	**28,637**	**293**
Adjustments							
Permanent Difference							
Deduction under section 80 IC of the Income tax Act 1961		(929,200)	(2,261,915)	(487,389)	(399,609)	(109,984)	(1,132)
Donations disallowed under the Act		120	360	65	86	-	-
Exempt Income-Dividend	Z	(19,637)	(10,853)	(2,026)	(34)	-	-
Other permanent differences		0	6,810	14,930	-	-	-
Total	**D**	**(948,716)**	**(2,265,599)**	**(474,420)**	**(399,557)**	**(109,984)**	**(1,132)**
Temporary Differences							
Difference in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books		(722)	(32,827)	223	(3,294)	(153)	(3)
Provision of doubtful advances (net)		72	(8,091)	109,906	-	-	-

Provision of gratuity		6,098	1,338	737	-	-	-
Provision for compensated absences (net)		9,367	5,287	165	-	-	-
Provision for warranty (net)		8,850	23,849	37,395	-	-	-
Provision others (net)		(856)	21,979	-	-	-	-
Land lease amortisation		141	782	535	-	-	-
Others -including expenses deductible on payment basis (net)		(24)	(5,713)	10,315	3,136	-	-
Total	**E**	**22,925**	**6,603**	**159,276**	**(158)**	**(153)**	**(3)**
Net Adjustment	**F = D+ E**	**(925,791)**	**(2,258,996)**	**(315,144)**	**(399,715)**	**(110,137)**	**(1,135)**
Tax saving thereon	**G = F *B**	**(314,676)**	**(760,378)**	**(106,077)**	**(146,266)**	**(39,512)**	**(417)**
Tax liability after considering the effect of adjustments	**H = C +G**	**26,744**	**42,829**	**437,676**	**12,127**	**(3,556)**	**(11)**
Taxable income (book profit) as per MAT	**I= A+Z**	**984,837**	**2,375,383**	**1,613,403**	**434,157**	**100,226**	**1,104**
MAT rate (%)	**J**	**11.33**	**11.22**	**8.42**	**7.84**	**7.69**	**7.88**
Tax Liability as per MAT	**K = I * J**	**111,582**	**266,518**	**135,768**	**34,043**	**7,705**	**87**
Tax Liability (being higher of H or K)	**L**	**111,582**	**266,518**	**437,676**	**34,043**	**7,705**	**87**
Interest on income tax	**M**	**-**	**-**	**24,713**	**3,290**	**-**	**26**
Difference of tax impact of adjustments due to change in tax rates in resepective years	**N**	605	(2,351)	(13,003)	(16)	(386)	-
Total Tax payable as per restated Summary Statement	**(L+M+N)**	**112,187**	**264,167**	**449,387**	**37,317**	**7,319**	**113**

Annexure IV-L : Details of current Liabilities and provisions

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Current liabilities						
Sundry creditors	1,366,268	674,953	727,146	224,614	181,588	1,276
Book overdraft	-	36,850	32,477	-	-	-
Advance from customers	115,571	761	4	264	-	-
Other liabilities	165,900	25,661	21,350	18,880	7,180	75
	1,647,739	**738,225**	**780,977**	**243,758**	**188,768**	**1,351**
Provisions						
Provision for taxation (net of advance tax)	3,601	-	250,103	32,150	6,865	113
Provision for fringe benefit tax	2,778	1,878	-		-	-
Provision for gratuity	8,173	6,977	707	465	97	1
Provision for compensated absences	15,115	11,705	1,430	1,311	170	1
Proposed dividend	-	-	-	5,000	-	-
Tax on proposed dividend	-	-	-	701	-	-
Provision for wealth tax	10	41	12	-	-	-
Provision for warranties	69,944	61,095	37,329	12,218	2,858	29
	99,621	**81,696**	**289,581**	**51,845**	**9,990**	**144**
Total	**1,747,360**	**819,921**	**1,070,558**	**295,603**	**198,758**	**1,495**

Note :

The figures disclosed above are based on the Restated Summary Statements of ACME Tele Power Limited.

Annexure V : Details of the list of related parties and nature of relationships

Nature of relationship	Name of Party
Holding Company	MKU Holdings Private Limited (formerly Green Shelter (India) Private Limited, name changed w.e.f. 14.06.07)
Subsidaries	Acme Labs Ltd., Cayman Islands P.T. Hunter Fungsional Telekom Ltd , Indonesia Acme Tele Power (Cyprus) Ltd Hunter Functional Telecom Pte Ltd, Singapore (name changed to Acme Tele Power (Singapore) PTE. Limited)
Key Management Personnel	Manoj Kumar Upadhyay (Managing Director)
	Mamta Upadhyay (Whole Time Director till 07.08.06 and wife of Managing Director)
	Sunil Sethy (Executive Director Finance and Corporate Strategy)
	Sita Ram Sethi (Executive Director Finance from 01.07.06 till 04.09.06)
	K.M. Upadhyay (Director)
Relatives of key management personnel	K.M. Upadhyay (Father of Managing Director)
	Neelam Pandey (Sister of Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	India Legal Consultants Private Limited, (Till Sept. 9, 2006) Adhunik Power Systems Private Limited, (Till Nov. 7, 2006) Acme Life Sciences (India) Private Ltd.
Fellow Subsidiaries	GS Water Treatment Technologies Pvt. Ltd.(formerly known as Acme Enviro Sciences Private Ltd., name changed w.e.f.11.04.07) Acme Global Inc. Acme Cold Chain Solutions Pvt. Ltd Acme Energy Solution Pvt. Ltd. VRS Infotech Pvt. Ltd Acme Water Treatment Pvt. Ltd Acme Fuel Cell Pvt. Ltd MKU Cyprus Ltd. (Formerly Green Shelter Innovations Ltd.) MKU Canada Inc. (w.e.f. 30.05.07) 2062540 Ontario Inc., Canada (w.e.f.05.06.07) Astris sro, Czech Republic (w.e.f.05.06.07) GS Financial Services Pvt. Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

Annexure I : Consolidated Summary Statement of Profits And Losses, As Restated

(Amount in Rs. '000)

Particulars	**Three months period ended June 30, 2007**	**Year ended March 31, 2007**	**Year ended March 31, 2006**
Income			
Turnover	3,342,366	7,088,346	4,309,436
Installation and annual maintenance revenue	59,432	264,031	120,989
Revenue from licence fees	-	45,245	-
Total	3,401,798	7,397,622	4,430,425
Less: Excise duty on turnover	458,980	923,084	493,207
Turnover (net)	2,942,818	6,474,538	3,937,218
Other income	41,995	44,587	19,381
Total	**2,984,813**	**6,519,125**	**3,956,599**
Expenditure			
Raw materials and components consumed	1,602,016	3,186,408	1,833,950
Manufacturing, maintenance and installation costs	156,519	364,111	208,686
Personnel expenses	89,217	234,041	84,581
Operating and other expenses	74,734	320,064	292,385
Financial expenses	22,112	17,689	2,727
(Increase)/decrease in inventories	14,099	(38,134)	(92,510)
Depreciation/amortization	21,373	46,677	15,072
Total expenditure	**1,980,070**	**4,130,856**	**2,344,891**
Net profit before tax	**1,004,743**	**2,388,269**	**1,611,708**
Current tax	112,218	264,167	449,387
Less: MAT credit entitlement	(88,787)	(215,213)	-
Net current tax	23,431	48,954	449,387
Deferred tax charge/(credit)	2,074	52,569	(44,973)
Fringe benefit tax	900	3,429	3,000
Total	**26,405**	**104,952**	**407,414**
Net profit after tax, as restated	978,338	2,283,317	1,204,294
Balance brought forward for appropriations as restated	3,111,273	1,495,532	433,611
Profit available for appropriations as restated	4,089,611	3,778,849	1,637,905
Utilised for bonus issue	-	-	-
Appropriations			
Interim/ final dividend on equity shares	-	384,096	24,006
Tax on interim dividends	-	53,869	3,367
Transfer to general reserve	-	229,611	115,000
Balance carried forward, as restated	**4,089,611**	**3,111,273**	**1,495,532**

1. The above statement should be read with the Notes on Adjustments to Consolidated Restated Summary Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV, IV-A and IV-B

As per Auditors report of even date

For S.R. BATLIBOI & ASSOCIATES	For and on behalf of the Board of Directors of	
Chartered Accountants	ACME Tele Power Limited	
Sd/- per Pankaj Chadha	Sd/- Manoj Kumar Upadhyay	Sd/- Sunil Sethy
Partner Membership No: 91813	Managing Director	Director-Finance & Corporate Strategy
	Sd/-	
Place: Gurgaon	Jitendra Kumar	
Date: November 8, 2007	Company Secretary	

Annexure II : Consolidated Summary Statement of Assets And Liabilities, As Restated

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006
Fixed assets, including intangibles			
Gross block	797,885	724,155	196,175
Less : Accumulated depreciation/amortization	84,433	63,060	18,367
Net block	713,452	661,095	177,808
Capital work-in-progress including capital advances	56,690	98,066	309,835
Total	770,142	759,161	487,643
Investments	1,253,491	677,449	1,419
Deferred tax asset, (net)	-	-	48,683
Current assets, loans and advances			
Inventories	822,637	599,323	469,707
Sundry debtors	2,456,654	1,673,966	1,054,535
Cash and bank balances	396,631	269,528	600,381
Other current assets	66,690	61,303	21,837
Loans and advances	916,395	767,913	75,519
Total	4,659,007	3,372,033	2,221,979
Loans, Liabilities and provisions :			
Secured loans	423,409	464,858	13,222
Deferred tax liabilities (net)	5,961	3,886	-
Current liabilities	1,649,908	742,844	784,320
Provisions	99,621	81,696	289,581
Total	2,178,899	1,293,284	1,087,123
Net worth	4,503,741	3,515,359	1,672,601
Net worth represented by			
Capital	48,137	48,012	48,012
Profit and Loss Account	4,089,611	3,111,273	1,495,532
Foreign currency translation reserve	(8,359)	(2,597)	(3)
General reserve			
Balance as per last accounts	358,671	129,060	54,070
Addition during the period	-	229,611	115,000
Less: Utilised for bonus issue	-	-	(40,010)
General Reserve (net)	358,671	358,671	129,060
Securities premium account			
Addition during the period	17,366	-	-
Less: Share Issue Expenses	(1,685)	-	-
Securities Premium (net)	15,681	-	-
Net Worth	4,503,741	3,515,359	1,672,601

Note :
1. The above statement should be read with the Notes on Adjustments to Consolidated Restated Summary Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV, IV-A and IV-B

As per Auditors report of even date

For S.R. BATLIBOI & ASSOCIATES	For and on behalf of the Board of Directors of	
Chartered Accountants	ACME Tele Power Limited	
Sd/- per Pankaj Chadha	Sd/- Manoj Kumar Upadhyay	Sd/- Sunil Sethy
Partner Membership No: 91813	Managing Director	Director-Finance & Corporate Strategy
	Sd/-	
Place: Gurgaon	Jitendra Kumar	
Date: November 8, 2007	Company Secretary	

Annexure III: Consolidated Statement of Cash Flows, As restated

(Amount in Rs. '000)

Particulars	**For the period ended June 30, 2007**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**
A. Cash flow from operating activities			
Profit before taxation after taking impact of adjustments excluding tax	**1,004,743**	**2,388,269**	**1,611,708**
Adjustments for:			
Depreciation/amortization	21,373	46,677	15,072
Provision for doubtful debts and advances	72	1,807	109,906
Preliminary expenses written off	-	-	65
Loss/(profit) on sale of fixed assets	-	3,542	(2,942)
Irrecoverable balances written off	1,821	4,282	1,072
(Profit) / loss on sale of investments	(141)	-	(309)
Unrealised foreign exchange loss (net)	(3,035)	6,642	2,483
Interest expenditure	8,950	4,030	518
Dividend income from current investments	(19,637)	(10,853)	(1,810)
Gain on settlement of interest rate swap	(10,574)	-	-
Interest on fixed deposit receipts	(2,911)	(20,806)	(11,047)
Gain on sale of subsidiary	-	(4,524)	-
Operating profit before working capital changes	**1,000,661**	**2,419,066**	**1,724,716**
Movements in working capital :			
(Increase) in Trade and other receivables (including margin money with banks)	(854,714)	(1,068,980)	(797,962)
(Increase) in inventories	(217,451)	(129,616)	(379,892)
Increase / (Decrease) in current liabilities	896,930	(40,994)	585,837
Cash generated from operations	**825,426**	**1,179,476**	**1,132,699**
Direct taxes paid (including fringe benefit taxes and interest)	(90,031)	(533,371)	(234,432)
Net cash from operating activities	**735,395**	**646,105**	**898,267**
B. Cash flows used in investing activities			
Purchase of fixed assets	(32,354)	(321,721)	(440,882)
Proceeds from sale of fixed assets	-	7,476	(44)
Purchase of Investments	(1,806,207)	(1,690,454)	-
Investment in subsidiaries	-	(16,329)	(7)
Sale of Investments	1,230,171	1,043,232	35,309
Interest received	2,877	25,692	9,789
Dividends received	19,039	2,405	1,781
Net Cash used in investing activities	**(586,474)**	**(949,699)**	**(394,054)**
C. Cash flows from/(used in) financing activities			
Proceeds from issuance of share capital, including securities premium	17,491	-	6,002

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006
Proceeds from/(repayment) of long term borrowings (net)	(467)	421,651	37
Proceeds from/(repayment) of short term borrowings (net)	(40,981)	29,985	(37,015)
Interest paid	(9,048)	(3,932)	(518)
Gain on settlement of interest rate swap	10,574	-	-
Dividend paid (including corporate dividend tax)	-	(471,928)	(33,075)
Net cash from / (used in) financing activities	**(22,431)**	**(24,224)**	**(64,569)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**126,490**	**(327,818)**	**439,644**
Cash and cash equivalents at the beginning of the period/year (including cash balance of subsidiary acquired during the year)	272,213	600,031	160,387
Cash and cash equivalents at the end of the period/year	**398,703**	**272,213**	**600,031**

Components of cash and cash equivalents as at

Particualrs	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006
Cash and cheques on hand	630	510	3,373
With scheduled banks			
- on current account	49,745	14,166	8,154
- on cash credit account	34,154	398	92,520
- on deposit account	297,518	212,361	482,425
With non scheduled banks	14,584	42,093	13,909
Less Margin money with banks	(350)	(350)	(350)
	396,281	**269,178**	**600,031**
Unrealised loss/ (gain) on foreign currency cash and cash equivalents	**2,422**	**3,035**	**-**
	398,703	**272,213**	**600,031**

Notes:
1. The consolidated statement of Cash Flows has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per Auditors report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Sd/-
per Pankaj Chadha
Partner
Membership No: 91813

Place: Gurgaon
Date: November 8, 2007

For and on behalf of the Board of Directors of
ACME Tele Power Limited

Sd/-
Manoj Kumar Upadhyay
Managing Director

Sd/-
Sunil Sethy
Director-Finance & Corporate Strategy

Sd/-
Jitendra Kumar
Company Secretary

Annexure IV: Adjustments for Restated Financial Statements

Impact on profits due to restatement and other material adjustments made to the audited financial statements

(Amount in Rs. '000)

	Particulars	**Three months period ended June 30, 2007**	**Year ended March 31, 2007**	**Year ended March 31, 2006**
	Reported profit after tax as per audited profit and loss account (A)	**968,509**	**2,298,144**	**1,151,984**
1	**Effect of changes in accounting policies**			
a.	Provision for warranty (refer note 1(a) below)	-	-	12,218
b.	Sales reversal based on reassessment of transfer of risks and rewards (refer note 1(b) below)	-	-	83,350
c.	Impact of sales reversal on closing stock (refer note 1(b) below)	-	-	(43,342)
d.	Dividend booked on accrual basis (refer note 1(c) below)	-	-	(216)
2	**Other adjustments**			
a.	Prior period items now adjusted in the respective financial years (refer note 2(a) below)	3,571	(2,719)	(167)
b.	Impact of change in Accounting Standard 15 applied retrospectively (refer note 2(b) below)			
i	Compensated absences	5,822	(4,990)	(18)
ii	Gratuity	4,901	(4,931)	495
c.	Liabilities/provisions written back now adjusted in respective earlier financial years (refer note 2(c) below)	(856)	(16,601)	12,524
d.	Tax paid on demand now adjusted in respective financial year (refer note 2(d) below)	-	7,028	-
	Total adjustments	13,438	(22,213)	64,844
	Tax impact of adjustments (refer note 2(e) below)	(5,296)	9,073	(12,534)
	Less: MAT Credit entitlement	1,687	(1,687)	-
	Total impact of adjustments (B)	9,829	(14,827)	52,310
	Restated profits after adjustments (A+B)	978,338	2,283,317	1,204,294

Notes on Adjustments

1. Adjustments resulting from changes in accounting policies

a. Provision for warranty

For the year ended March 31, 2006, the Company changed its accounting policy and made a provision of warranty which was earlier accounted for on the basis of claims received.

For the purpose of these Consolidated Restated Summary Statements, the revised policy has been applied retrospectively.

b. Sales reversal based on reassessment of transfer of risks and rewards / Impact of sales reversal on closing stock

For the year ended March 31, 2006, the Company changed its accounting policy and derecognized sales based on reassessment of transfer of risks and rewards on sale of goods which was earlier accounted for on the basis of invoicing done.

For the purpose of these Consolidated Restated Summary Statements, the revised policy has been applied retrospectively and the value of closing stock of finished goods has also been adjusted accordingly.

The aforesaid issue was appearing as a matter of emphasis in our report dated November 30, 2006 for the year ended March 31, 2006.

c. Dividend booked on accrual basis

For the year ended March 31, 2006, the Company changed its accounting policy and accounted for dividend received on Mutual funds on accrual basis which was earlier accounted for on receipt basis.

For the purpose of these Consolidated Restated Summary Statements, the revised policy has been applied retrospectively.

2. Other adjustments

a. Prior period items

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, and 2006, certain items of expenses have been identified as prior period items.

For the purpose of these Consolidated Restated Summary Statements, such prior period items have been appropriately adjusted in the respective years.

b. Revision in Accounting Standard 15

During the period ended June 30, 2007, pursuant to the introduction of Accounting Standard 15 (Revised) on Employee Benefit and subsequent guidance issued by the Accounting Standard Board of The Institute of Chartered Accountants of India, the management obtained expert advice and accounted for the reassessed liabilities during the said period.

For the purpose of these Consolidated Restated Summary Statements, such prior period items have been appropriately adjusted in the respective years, to which these amounts pertain.

c. Liabilities/ provisions written back

In the financial statement for the period ended June 30, 2007 and years ended March 31, 2007 and 2006, certain liabilities /provisions created in earlier years were written back.

For the purpose of these Consolidated Restated Summary Statements the said liabilities wherever required have been appropriately adjusted in the respective year in which the same were originally created.

d. Income tax demands

Income taxes provided in earlier years in respect of which additional demand has been subsequently paid to the authorities on completion of assessments, have been adjusted in the Consolidated Restated Summary Statements of such years when such amounts were originally provided.

f. Tax impact of adjustments

Tax impact (both current and deferred) has been computed on Consolidated Restated Financial Statements for the years ended March 31, 2007 and 2006.

3 Non adjustment items

a. Bad debts/amount written off /Provision for doubtful debts/ advances

In the financial statements for the period ended June 30, 2007 and years ended March 31, 2007, 2006 certain amounts have been written off/ provided/considered as bad debts.

Adjustment on this account has not been made in the Consolidated Restated Summary Statements, since, in the opinion of the Company, these amounts became doubtful only in that year / period in which provisions were made.

b. In the financial statements for the year ended March 31, 2007, exchange differences arising in respect of fixed assets acquired from outside India were capitalized as part of fixed assets. Subsequent to issuance of Companies Accounting Standards (Rules), 2006 the Company has changed its accounting policy and exchange differences arising in respect of fixed assets acquired from outside India are charged to Profit and Loss Account.

Adjustment on this account has not been made in the Consolidated Restated Summary Statements.

4. Audit Qualifications which do not require any corrective adjustment in the financial information are as follows:

Year ended March 31, 2006 : Audit Report

The Company/ management had observed certain violations with the requirements of provisions of the Companies Act, 1956 during that year on various matters relating also to earlier years including matters in relation to approvals for loans to a company in which directors were interested and non-transfer of required amounts to General Reserve in respect of distribution of dividend. The management had initiated necessary actions for seeking advice/ condonation from the appropriate person and considered no provision towards any potential costs was required at that stage. We were unable to assess, financial impact if any of such non-provision at the relevant time.

5. Material regrouping

a) Up to the year ended March 31, 2007 'excise duty payable on finished goods' was being classified under 'Sundry creditors'. During the period ended June 30, 2007 the same has been grouped under 'Other liabilities'.

In the Consolidated Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2007 and 2006, such amount has been grouped and disclosed accordingly.

b) For the year ended March 31, 2006, 'research & development expenses' have been grouped under 'Operating and other expenses' and 'Manufacturing, maintenance and installation costs' respectively. During the year ended March 31, 2007 the same had been grouped under 'Raw materials and components consumed'.

In the Consolidated Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2006, such amount has been grouped and disclosed accordingly.

c) For the year ended March 31, 2006, (Increase)/decrease of Excise duty on Inventory was being grouped under '(Increase)/decrease in stocks'. During the year ended March 31, 2007, the same had been grouped under 'Operating and other expenses'.

In the Consolidated Summary Statement of Profits and Losses, as Restated, for the years ended March 31, 2006 and 2005, such amount has been grouped and disclosed accordingly.

d) For the year ended March 31, 2007, 'advance tax' and 'provision for tax' were being shown separately under 'Loans and advances' and 'Provisions' respectively. During the period ended June 30, 2007 provision for tax has been shown as net of advance tax paid under 'Provisions'.

In the Consolidated Summary Statement of Assets and Liabilities, as Restated, for the years ended March 31, 2007 and 2006, such amount has been grouped and disclosed accordingly.

Annexure IV-A

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES-CONSOLIDATED

1. Nature of Operations

ACME Tele Power Limited (the Company) was incorporated in January 2003 to provide support in the area of power augmentation mainly related to Telecom Infrastructure. Primary products manufactured by the Company are Power Interface Unit (PIU), Phase Change Material (PCM) and Air Cooling Unit which are being sold separately or as composite units in the form of Green Shelters and Outdoor Shelters used in the Telecom Industry. The Company operates out of three units in Pant Nagar (Uttaranchal), Parwanoo (Himachal Pradesh) and Manesar (Haryana).

The Parent Company is registered under the Indian Companies Act, 1956 with its Registered Office at Gurgaon, Haryana. The Parent Company has the following subsidiaries:

Subsidiary	Holding	Country of incorporation and other particulars
Acme Tele Power (Cyprus) Limited	100%	A company registered as a private company with limited liability under the Companies Law of Cyprus and subsidiary of the Company since May 3, 2006.
Acme Labs Ltd., Cayman Islands	100%	A company registered under the laws of Cayman Islands and subsidiary of the Company since March 16, 2006.
Acme Tele Power (Singapore) Pte. Ltd.	100%	A company registered under the laws of Singapore and subsidiary of the Company since July 24, 2006.
PT. Hunter Fungsional Telekom	99%	A company registered under the laws of Indonesia and subsidiary of the Company since July 24, 2006.

On July 24, 2006, the Parent Company had acquired a 100% stake in Acme Tele Power (Singapore) Pte. Ltd. (formerly Hunter Functional Telecom PTE Ltd., Singapore) along with its subsidiaries (including PT. Hunter Fungsional Telekom (Indonesia)), through its wholly owned subsidiary Acme Tele Power (Cyprus) Ltd. (which was incorporated on May 3, 2006 to act as a holding and financing company). Acme Tele Power (Singapore) Pte. Ltd. and PT. Hunter Fungsional Telekom Pvt. Ltd. (Indonesia) are primarily engaged in the business of import, export and marketing of telecommunication equipments. Acme Tele Power (Singapore) Pte. Ltd. along with its subsidiary (including PT. Hunter Fungsional Telekom Pvt. Ltd.(Indonesia)) has been excluded from consolidation, as the control is intended to be temporary and the subsidiary has been acquired and held exclusively with a view to its subsequent disposal in the near future. Further, the Parent Company has entered into a Sale Purchase Agreement with MKU (Cyprus) Ltd. on October 19, 2007 to dispose Acme Tele Power (Singapore) Pte. Ltd. along with its subsidiary (including PT. Hunter Fungsional Telekom . Ltd.(Indonesia)).

During the previous year the company had formed a wholly owned subsidiary, Acme Labs Ltd., a Cayman island corporation on March 16, 2006. The company was established to administer and develop intellectual property and research technology for the parent. The Company owned 100% of Acme Global, Inc., a State of Delaware corporation incorporated on March 13, 2006. The purpose of Acme Global, Inc. was to provide research and development services for the intellectual property. During the current year Acme Labs Ltd. sold its entire investment in Acme Global Inc. on October 31, 2006 for a consideration of USD 100,000.

2. Basis of preparation

The consolidated financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out.. The accounting policies have been consistently applied by the Group companies and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

3. Principles of consolidation

The Consolidated Financial Statements relate to ACME Tele Power Limited (hereinafter referred to as the "Parent Company") and its subsidiaries (these group entities and the Company hereinafter collectively referred to as the ("Acme Tele Power group"). In the preparation of these Consolidated Financial Statements, investments in Subsidiaries have been accounted for in accordance with AS 21 (Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements are prepared on the following basis-

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

ii) The difference between the cost to the Group of investment in Subsidiaries and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

iii) Minorities' interest in net profits of consolidated subsidiaries for the quarter ended June 30, 2007 is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately.

iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies are disclosed separately.

vi) The financial statements of the entities used for the purpose of consolidation are drawn up to reporting date as that of the Company i.e. June 30, 2007. However, for the year ended March 31, 2007, the financial statements of the entities used for the purpose of consolidation are drawn upto different reporting date as that of the Company i.e. financial statements of Acme Tele Power (Cyprus) Limited are of the year ended December 31, 2006, whereas the financial statements of Acme Labs Ltd. (another wholly owned subsidiary of the Company) and the Company are of the year March 31, 2007.

vii) As per Accounting Standard Interpretation (ASI)-15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements. Therefore, based upon ASI-15, following disclosures have not been made:

- The name(s) of small scale industrial undertaking(s) to whom the group entities owe any sum together with interest outstanding for more than 30 days.

- A statement of investments, separately classifying as trade investments and other investments, showing the names of body corporate (indicating separately the names of body corporate under the same management, in whose shares or debentures, investments have been made (including all investments whether existing or not, made subsequent to the date as at which previous balance sheet was made out) and the nature and extent of investment so made in each such body corporate.

- Earnings in foreign exchange classified under the following heads, namely,:
    - (a) Exports at F.O.B. Value;
    - (b) Royalty, know how, professional and consultation fees;
    - (c) Interest and dividend;
    - (d) Other income, indicating the nature thereof.

- Expenditure in foreign currency during quarter ended June 30, 2007 on account of royalty, know how, professional and consultation fees, interest and other matters.

- Value of imports calculated on CIF basis by the group entities during quarter ended June 30, 2007 in respect of:
    - (a) raw material;
    - (b) components and spare parts;
    - (c) capital goods

- Value of all imported raw material, spare parts and components consumed during quarter ended June 30, 2007 and the value of all indegeneous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption.

4. **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

5. **Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

6. **Depreciation / amortization**

In respect of Indian Company within the group, depreciation is provided using the Written Down Value Method as per the rates prescribed under schedule XIV of the Companies Act, 1956 and as based on management's assessment of economic usefulness:

Leasehold land	Over the period of Lease
	Schedule XIV Rates (WDV)
Buildings	
- Factory building	10.00%
- Non-factory building	5.00%
Plant and machinery	13.91%
Electrical equipments	13.91%
Electrical installations & fittings	13.91%
Office equipment	13.91%
Data processing equipment	40.00%
Furniture and Fittings	18.10%
Vehicles	25.89%

Assets costing upto Rs.5,000 have been completely depreciated in the year of capitalization.

7. **Impairment**

ii. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

8. **Intangibles**

Software Costs

Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase and amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

9. **Leases**

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on payment basis over the lease term.

Where the Company is the lessor

Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

10. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

11. Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. In respect of Parent Company within the group, cost is determined on FIFO (First In First Out) basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale and estimated costs of completion.

12. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the period.

13. Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences arising on a monetary item that, in substance, forms part of the group's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

(iv) Translation of integral & non-integral foreign operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates on the dates of transactions. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

14. Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

ii. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. Gratuity liability is paid as per payment of Gratuity Act, 1972.

iii. Long term compensated absences are provided for based on actuarial valuation.

iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

15. Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act and in the overseas branches/companies as per the respective tax laws. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the reporting period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The Company also avails tax benefits under section 80 IC of the Income Tax Act, 1961 and recognizes deferred tax only in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

16. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditures on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

17. Segment Reporting Policies

Identification of segments :

Segments have been identified and reported based on the nature of the services, the risks and returns, the organization structure and the internal financial reporting systems. The Company’s operating businesses are organized and managed separately according to the geographical locations of the customers.

18. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

19. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

20. Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

21. Derivative Instruments

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate.

Interest rate swap

Swap contracts are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Such contract is carried as assets when fair value is positive and liabilities when the fair values are negative.

Any gain or loss arising from change in fair value is taken directly to net profit or loss for the year when the intention is not to hedge. If the swap is designated for hedge purposes and hedge intention can be adequately demonstrated, the changes in fair value of swap contract is taken to hedge equalization reserve and recycled to profit and loss account to provide lock-in interest cost.

Annexure IV-B

A. Significant Notes to Restated Summary Statements

1. The Company had, during the year ended March 31, 2006, under a contractual agreement given a loan of Rs.5,567 thousand to Acme Life Science Pvt. Ltd., a company which is owned by key management personnel. This was in contravention of Section 295 of the Companies Act, 1956. The Company had filed a petition with the Company Law Board for the same which was pending approval. However, the Company is of the view that there is no liability at this stage and accordingly no provision is required.

2. The Company had, during the year ended March 31, 2007, invested share application money of Rs.99,000 thousand which represented monies advanced towards purchase of equity shares in a real estate development company, which was at that time in pre-operative stage. Management had reviewed and analysed projects and plans of the real estate development company and was satisfied with its progress.

3. The Company had, during the year ended March 31, 2007, given a refundable security deposit of Rs.110,000 thousand to another real estate development company. As per the arrangement, the Company had first right to use of building at the then prevailing market rentals for a period of atleast 3 years after possession of the building.

4. The Company periodically undertakes physical verification of its inventories and had accordingly undertaken the last physical verification of inventories as on March 31, 2007. Discrepancies noted on such verification were recorded in the financial statements for the year ended March 31, 2007. The Company has not undertaken the counting of physical inventories as on June 30, 2007, as that date was prior to the time when decision was taken by the management to present audited accounts for the three month period ended June 30, 2007 for information to be given in the Draft Red Herring Prospectus of the Company in connection with the proposed issue of equity shares to the Public and Financial Institutions. The management has undertaken counting of physical inventories as at September 30, 2007 for which reconciliation with book records is under process and discrepancies, if any, arising out of such physical verification shall be recorded upon completion of the reconciliation. The management believes that discrepancies arising upon completion of the reconciliation are not likely to be significant.

5. Debtor balances have been reconciled during the year. Reconciling items are still under follow up from customers and the effect of this, if any, would be adjusted once it is completed. However, the management is confident that the adjustment on this account, if any, would not be material.

6. The Parent Company had acquired, during the previous year, 100% stake in Acme Tele Power (Singapore) Pte. Ltd. (formerly Hunter Functional Telecom PTE Ltd., Singapore) along with its subsidiaries (including PT. Hunter Fungsional Telekom (Indonesia)), through its wholly owned subsidiary Acme Tele Power (Cyprus) Ltd. for a consideration of USD 700,000 out of which USD 350,000 has been recorded in the financial statements. As per Share Purchase Agreement with Acme Tele Power (Singapore) Pte. Ltd. dated October 19, 2007, the balance consideration will be paid once certain conditions are fulfilled.

B. Related Party Transactions

Names of related parties

Holding Company	MKU Holdings Private Limited (formerly Green Shelter India Private Limited , name changed w.e.f. 14.06.07)
Subsidiaries	P.T. Hunter Fungsional Telekom Ltd , Indonesia Acme Tele Power (Singapore) Pte. Ltd. (formerly Hunter Functional Telecom Pte Ltd, Singapore)
Fellow Subsidiaries	GS Water Treatment Technologies Pvt. Ltd.(formerly known as Acme Enviro Sciences Private Ltd., name changed w.e.f.11.04.07) MKU Cyprus Ltd. (Formerly Green Shelter Innovations Ltd.) Acme Global Inc Acme Cold Chain Solutions Pvt. Ltd Acme Energy Solution Pvt. Ltd.

	VRS Infotech Pvt. Ltd Acme Water Treatment Pvt. Ltd Acme Fuel Cell Pvt. Ltd. MKU Canada Inc. (w.e.f. 30.05.07) 2062540 Ontario Inc., Canada (w.e.f.05.06.07) Astris sro, Czech Republic (w.e.f.05.06.07) GS Financial Services Pvt. Ltd.
Associates	-
Key Management Personnel	Manoj Kumar Upadhyay (Managing Director) Mamta Upadhyay (Whole Time Director (till August 7, 2006) and wife of Managing Director). Sita Ram Sethi (Executive Director Finance, from 01.07.06 till 04.09.06) Sunil Sethy (Executive Director Finance and Corporate Strategy) Mayda Nishanian (Director) Anna Nicolaou (Director)
Relatives of key management personnel	K.M. Upadhyay (Father of Managing Director) Neelam Pandey (Sister of Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	India Legal Consultants Private Ltd. (till September 9, 2006) Adhunik Power Systems Private Ltd. (till November 7, 2006) Acme Life Sciences (India) Private Ltd.

C.	Capital Commitments	June 2007 Rs.'000	March 2007 Rs.'000	March 2006 Rs.'000
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance Rs.1,697 thousand , Previous Year Rs.7,201 thousand)	17,496	25,273	145,591

D.	Contingent Liabilities not provided for	June 2007 Rs.'000	March 2007 Rs.'000	March 2006 Rs.'000
	Export Promotion Capital Goods Scheme (EPCG) license issued on March 30, 2006 for a period of 8 years.	43,433	43,433	43,433
	Sales Tax liability against pending C Forms pertaining to financial years 2004-2005 and 2005-2006, 2006-2007.	1,376,444	1,089,528	363,838
	Bank guarantees issued by banks on behalf of company	350	350	232,965
	Total	**1,420,227**	**1,133,311**	**640.236**

E. Segment Information

Geographical segments

Distribution of the Company's revenues by geographical markets:

Amount in Rs.' 000

	Particulars	June 2007	March 2007	March 2006
	India	2,934,510	6,373,487	3,922,824
	Outside India	8,308	101,051	14,394
	Total	**2,942,818**	**6,474,538**	**3,937,218**

Distribution of the Company's Debtors by geographical markets:

Amount in Rs.' 000

	Particulars	June 2007	March 2007	March 2006
	India	2,450,326	1,656,721	1,046,978
	Outside India	6,328	17,245	7,557
	Total	**2,456,654**	**1,673,966**	**1,054,535**

Note: Revenues are net of excise duty

The Company has common fixed assets for producing goods for domestic market and overseas markets. Hence, separate figures for fixed assets and intangible assets cannot be furnished.

Related Party Transactions

Details of the list of related parties and nature of relationships

Nature of relationship	**Name of Party**
Holding Company	MKU Holdings Private Limited (formerly Green Shelter (India) Private Limited, name changed w.e.f. 14.06.07)
Subsidiaries	P.T. Hunter Fungsional Telekom Ltd , Indonesia Acme Tele Power (Singapore) PTE. Limited (formerly Hunter Functional Telecom Pte Ltd, Singapore)
Fellow Subsidiaries	GS Water Treatment Technologies Pvt. Ltd.(formerly known as Acme Enviro Sciences Private Ltd., name changed w.e.f.11.04.07) MKU Cyprus Ltd. (Formerly Green Shelter Innovations Ltd.) Acme Global Inc. Acme Cold Chain Solutions Pvt. Ltd Acme Energy Solution Pvt. Ltd. VRS Infotech Pvt. Ltd Acme Water Treatment Pvt. Ltd Acme Fuel Cell Pvt. Ltd MKU Canada Inc. (w.e.f. 30.05.07) 2062540 Ontario Inc., Canada (w.e.f.05.06.07) Astris sro, Czech Republic (w.e.f.05.06.07) GS Financial Services Pvt. Ltd.
Associates	-
Key Management Personnel	Manoj Kumar Upadhyay (Managing Director) Mamta Upadhyay (Whole Time Director till 07.08.06 and wife of Managing Director) Sita Ram Sethi (Executive Director Finance from 01.07.06 till 04.09.06) Sunil Sethy (Executive Director Finance and Corporate Strategy) Mayda Nishanian (Director) Anna Nicolaou (Director)
Relatives of key management personnel	K.M. Upadhyay (Father of Managing Director) Neelam Pandey (Sister of Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	India Legal Consultants Private Limited, (till Sept. 9, 2006) Adhunik Power Systems Private Limited, (till Nov. 7, 2006) Acme Life Sciences (India) Private Ltd.

(Amount in Rs. '000)

Particulars	MKU Holdings Pvt Ltd. (formerly Green Shelter (India) Private Limited name changed w.e.f. 14.06.07)		
	Holding Company		
	June 30,2007	March 31, 2007	March 31, 2006
Share Capital	-	-	6,002
Bonus Issue of shares	-	-	30,008
Dividend Paid	-	288,072	-
Advance/ Loan recovered		413	-
Expenses	-	200	-
Balance outstanding at year end	-	-	213

(Amount in Rs. '000)

Particulars	India Legal Consultants Pvt. Ltd.		
	Enterprises owned or significantly influenced by key management personnel or their relatives		
	June 30,2007	March 31, 2007	March 31, 2006
Advances/ Loan recovered	-	1,723	388
Expenses	-	25	-
Balance receivable at year end	-	-	1,698

(Amount in Rs. '000)

Particulars	Adhunik Power System Pvt Ltd.		
	Enterprises owned or significantly influenced by key management personnel or their relatives		
	June 30,2007	March 31, 2007	March 31, 2006
Balance receivable at year end	-	41,997	63,628

(Amount in Rs. '000)

Particulars	Acme Life Sciences (India) Private Limited		
	Enterprises owned or significantly influenced by key management personnel or their relatives		
	June 30,2007	March 31, 2007	March 31, 2006
Advance/ Loan recovered	-	4,667	-
Interest Received	-	395	-
Loans given	-	-	5,567
Balance receivable at year end	-	-	4,667

(Amount in Rs. '000)

Particulars	GS Water Treatment Technologies Pvt. Ltd.(formerly known as Acme Enviro Sciences Private Ltd., name changed w.e.f.11.04.07)		
	Fellow Subsidiary		
	June 30,2007	March 31, 2007	March 31, 2006
Balance receivable at year end	45,421	45,421	-

(Amount in Rs. '000)

Particulars	P.T. Hunter Fungsional Telekom Limited		
	Subsidiary		
	June 30, 2007	March 31, 2007	March 31, 2006
Purchase of Raw Material& Finished Goods	-	132	-
Sales	110	-	-
Balance payable at the end	22	132	-

(Amount in Rs. '000)

Particulars	MKU Cyprus Ltd.		
	Fellow Subsidiary		
	June 30, 2007	March 31, 2007	March 31, 2006
Advances recoverable	16,811	-	-
Balance outstanding at the year end	16,811	-	-

(Amount in Rs. '000)

Particulars	Acme Global Inc.		
	Fellow Subsidiary		
	June 30, 2007	March 31, 2007	March 31, 2006
Advances recoverable	-	-	1,693
Provision For Bad & Doubtful debts	-	1,693	-
Balance receivable at the end	1,693	1,693	1,693

(Amount in Rs. '000)

Particulars	Acme Tele Power (Singapore) Pte. Ltd.		
	Subsidiary		
	June 30, 2007	March 31, 2007	March 31, 2006
Advances recoverable	-	25,305	-
Balance receivable at year end	23,915	25,305	-

(Amount in Rs. '000)

Particulars	Mamta Upadhyay		
	Key Management Personnel		
	June 30, 2007	March 31, 2007	March 31, 2006
Share Capital	-	-	-
Bonus Issue of shares	-	-	6,050
Dividend Paid	-	58,080	14,520
Remuneration	-	7,500	12,000
Balance payable at year end	-	-	1,447

(Amount in Rs. '000)

Particulars	Manoj Kumar Upadhyay		
	Key Management Personnel		
	June 30, 2007	March 31, 2007	March 31, 2006
Bonus Issue of shares	-	-	3,901
Dividend Paid	-	37,445	9,361
Remuneration	12,450	49,800	10,800
Balance payable at year end	-	-	1,250

(Amount in Rs. '000)

Particulars	Sita Ram Sethi		
	Key Management Personnel		
	June 30, 2007	March 31, 2007	March 31, 2006
Remuneration	-	730	

(Amount in Rs. '000)

Particulars	Sunil Sethy		
	Key Management Personnel		
	June 30, 2007	March 31, 2007	March 31, 2006
Remuneration	2,426	1,125	

(Amount in Rs. '000)

Particulars	K.M. Upadhyay		
	Relatives of Key Management Personnel		
	June 30, 2007	March 31, 2007	March 31, 2006
Bonus Issue of shares	-	-	50
Dividend Paid	-	480	120
Loans (taken)	-	-	152

(Amount in Rs. '000)

Particulars	Neelam Pandey		
	Relatives of Key Management Personnel		
	June 30, 2007	March 31, 2007	March 31, 2006
Remuneration	48	197	101

Annexure IV-C : Details of Other Income

(Amount in Rs. '000)

Particulars	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Nature
Other Income, as per Summary Statement of Profits and Losses, as restated (A)	41,995	44,587	19,381	
Other Income, including Exceptional Items (B)	41,995	44,587	19,381	
Net Profit before tax, as per Summary Statement of Profits and Losses, as restated (C)	1,004,743	2,388,269	1,611,708	
Percentage (A/C)	**4.2%**	**1.9%**	**1.2%**	
Percentage (B/C)	**4.2%**	**1.9%**	**1.2%**	
Sources of Income				
Interest				
- On Fixed deposit receipts	2,911	20,806	11,047	Recurring
- Others	1,755	1,730	-	Non-recurring
- Gain on settlement of interest rate swap	10,574	-	-	Non-recurring
Dividend income from current investments	19,637	10,853	1,810	Recurring
Profit on sale of Investments	141	-	309	Non-recurring
Gain on sale of subsidiary		4,524	-	Non-recurring
Insurance claims	-	3,004	-	Non-recurring
Profit on sale of fixed assets	-	-	3,104	Non-recurring
Miscellaneous income	6,977	3,670	3,111	Recurring
Total	**41,995**	**44,587**	**19,381**	

Note:

1. The classification of income as recurring / non recurring is based on the current operations and business activity of the Company and is as determined by the management.

2. The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.

Annexure IV-D : Details of rates of dividend

(Amount in Rs. '000)

Particulars	Face Value (Rs./ Share)	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006
Equity share capital as at year/period end	10	48,137	48,012	48,012
Dividend on Equity Shares for the period/ year				
Interim Dividend				
Rate		0%	800%	1200%
Amount		-	384,096	24,006
Corporate Dividend Tax		-	53,869	3,367
Final Dividend				
Rate		0%	0%	0%
Amount		-	-	-
Corporate Dividend Tax		-	-	-

Note :
The figures disclosed above are based on the Consolidated Summary Statements of the Group.

Annexure IV-E : Capitalisation Statement as at June 30, 2007

(Amounts in Rs. '000)

Particulars	Pre-issue as at June 30, 2007	Post Issue
Debt		
Short-term debt (A)	91,608	-
Long-term debt (B)	331,801	-
Total Debt (C = A + B)	**423,409**	**-**
Shareholders' funds		
- Equity Share Capital	48,137	-
- Reserves, as restated	4,455,604	-
Total shareholders' funds (D)	**4,503,741**	-
Long-term debt/Shareholders' funds (B/D)	0.07	

Notes:

1. Short –term debt represents debts which are due within twelve months.
2. Long-term debt represents debt other than short-term debt, as defined above.
3. Long term debt/equity = Long term debt / Total share holders fund
4. The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group
5. The post issue capitalization cannot be determined till the completion of the book building process.

Annexure IV-F : Details of secured and unsecured loans

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006
Secured Loans			
From Banks			
1. Cash Credit Facilities			
secured by hypothecation of all stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise, all the book debts, outstanding monies receivable, claims and bills by way of first charge on Pari Passu basis.	-	40,983	4,113
2. Term Loan Facilities			
secured by exclusive first charge on plant and machinery financed out of proceeds from the term loan and by way of equitable mortgage of land & building at 3-8 & 29-34, IIE Pant Nagar, Udham Singh Nagar, Uttaranchal and second charge on stocks and book debts of the company.	420,000	420,000	-
3. Bills Receivable	-	-	6,885
4. Vehicle Loans			
secured by hypothecation of specified vehicles acquired out of proceeds of the loans.	3,409	3,875	2,224
Total Secured Loans	**423,409**	**464,858**	**13,222**
Total Loan Fund	**423,409**	**464,858**	**13,222**

Notes :

1. The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.
2. Interest on cash credit facilities from banks was in the range of 8.25% to 9.50% during the period ended June 30, 2007 and years ended March 31, 2007 and 2006.
3. Interest on term loan is 8.5% over the period.
4. Loans for motor vehicles have been taken in range of 5.5 % -10 % p.a. over the period.

Annexure IV-G : Details of investments

(Amount in Rs. '000)

Particulars	**As at June 30, 2007**	**As at March 31, 2007**	**As at March 31, 2006**
Subsidiary Companies			
Unquoted, fully paid-up			
100 ordinary shares (Previous year 100) of S$ 1 each fully paid in Acme Tele Power (Singapore) Pte Ltd (formerly Hunter Functional Telecom Pte. Ltd) (refer note 1 of Annexure IV A (A)).	16,329	16,329	-
Current Investments (At lower of cost and market value):	-		
Units of various mutual funds	1,236,743	660,701	1,000
Long Term Investments (At cost):	-		
Trade Investments (Quoted)			
National Thermal Power Corporation Limited (Rs.10 /- each fully paid-up)	419	419	419
Total	**1,253,491**	**677,449**	**1,419**
Aggregate market value of quoted investments	1,238,483	662,135	2,424
Aggregate book value of unquoted investments	16,329	16,329	-

Note

The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.

Annexure IV-H : Details of sundry debtors

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006
(Unsecured)			
Debtors outstanding for a period exceeding six months			
-Considered good	300,379	349,150	171,794
-Considered doubtful	87,209	87,209	87,209
Other Debts			
-Considered good	2,156,275	1,324,816	882,741
	2,543,863	**1,761,175**	**1,141,744**
Less : Provision for doubtful debts	87,209	87,209	87,209
Total	**2,456,654**	**1,673,966**	**1,054,535**

Note :

The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.

Annexure IV-I : Details of loans and advances

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006
Unsecured, considered good			
Advances recoverable in cash or in kind or for value to be received	423,235	370,386	34,692
MAT credit entitlement	304,000	215,213	-
Balance with excise authorities	65,019	43,362	33,828
Security deposit	124,141	124,830	6,999
Advance taxes paid (net of provision)	-	14,122	
Unsecured considered doubtful			
Advances recoverable in cash or in kind or for value to be received	2,666	2,595	3,445
Balance with excise authorities	-	-	7,194
	919,061	770,508	86,158
Less Provision for doubtful loans and advances	2,666	2,595	10,639
Total	**916,395**	**767,913**	**75,519**

Note :

The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.

Annexure IV-J : Statement of accounting ratios (on restated numbers)

(Amount in Rs. '000)

Particulars	Three months period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006
Earnings per Share (Rs.)	203.73	475.57	282.03
Return on Net Worth %	21.72	64.95	72.00
Net Worth	4,503,741	3,515,359	1,672,601
Net Asset Value per Equity Share (Rs.)	935.61	732.18	348.37
Weighted average number of equity shares outstanding during the year/ period	4,802,024	4,801,200	4,270,099
Total number of equity shares outstanding at the end of the year	4,813,694	4,801,200	4,801,200

Notes :

1. The ratios have been computed as below :

Earnings per share (Rs.)	Net profit as restated, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
Return on Net Worth (%)	Net profit after tax, as restated / Net worth%
Net Assets Value per Equity Share (Rs.)	Net worth / Number of equity shares outstanding at the end of the year

2. The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.

3. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period / year, adjusted by the number of equity shares issued during the period / year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the period / year.

4. Earnings per share calculations are done in accordance with Accounting Standard 20 ‘Earnings Per Share’ issued by the Institute of Chartered Accountants of India.

5. During the year ended March 31, 2004 and 2006 the Company had issued bonus shares of Rs.10 each. For the purpose of computation of above ratios, the number of shares outstanding at each period / year-end has been adjusted.

Annexure IV-K : Details of current Liabilities and provisions

(Amount in Rs. '000)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006
Current liabilities			
Sundry Creditors	1,368,437	679,572	730,489
Book Overdraft	-	36,850	32,477
Advance from customers	115,571	761	4
Other Liabilities	165,900	25,661	21,350
	1,649,908	742,844	784,320
Provisions			
Provision for taxation (net of advance tax)	3,601	-	250,103
Provision for fringe benefit tax	2,778	1,878	-
Provision for gratuity	8,173	6,975	707
Provision for compensated absences	15,115	11,704	1,430
Proposed dividend	-	-	-
Tax on Proposed dividend	-	-	-
Provision for wealth tax	10	41	12
Provision for warranties	69,944	61,098	37,329
	99,621	81,696	289,581
Total	**1,749,529**	**824,540**	**1,073,901**

Note :
The figures disclosed above are based on the Consolidated Restated Summary Statements of the Group.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN IFRS, US GAAP & INDIAN GAAP

The Company's financial statements are prepared in conformity with India GAAP on an annual consolidated basis. No attempt has been made to reconcile any of the information given in this Prospectus to any other principals or to base it on any other standards.

The areas in which differences between Indian GAAP vis- a-vis IFRS and US GAAP could be significant to the company's consolidated balance sheet and consolidated statement of profit and loss are summarized below. Potential investor should not construe the summary to be exhaustive or complete and should consult their own professional advisers for their fuller understanding and impact on the financial statements set out in this prospectus.

Further, the company has not prepared financial statements in accordance with IFRS or US GAAP. Accordingly, there can be no assurance that the summary is complete or that the differences described would give rise to the most material differences between Indian GAAP, US GAAP and IFRS. In addition, the company cannot presently estimate the net effect of applying either IFRS or US GAAP on the result of the company's operations or financial position, which may result in material adjustments when compared to Indian GAAP.

The summary includes various IFRS, US GAAP and Indian GAAP pronouncements issued for which the mandatory application dates may be later than the date of this Prospectus. Indian GAAP comprise accounting standards issued by the Institute of Chartered Accountants of India and certain provisions of Listing Agreements with the stock exchanges of India. In certain cases, the Indian GAAP also refers to Guidance Notes issued by Institute of Chartered Accountants of India that are recommendatory but not mandatory in nature and also certain accounting treatments specified by court order in scheme of Amalgamation/ Arrangement.

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
1	**Historical cost**	Uses historical cost, but intangible assets, property plant and equipment (PPE) and investment property may be revalued. Derivatives, biological assets and certain securities must be revalued	No revaluations except some securities and derivatives at fair value.	Uses historical cost, but property, plant and equipment may be revalued. No comprehensive guidance on derivatives and biological assets
2	**Basis of presentation**	Financial statements must comply with IFRS.	Financial statements must comply with U.S. GAAP and public companies are to adopt the rules ,regulations and financial interpretations of the of the US Securities and Exchange Commission (the "SEC").	Financial statements must comply with the Indian GAAP. Additional guidelines by the SEBI are to be followed in respect of the listed companies.
3	**Contents of financial statements - General**	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.	Similar to IFRS, except three years required for public companies for all statements except balance sheet where two years are Provided.	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year. Public company: Consolidated financial statements along with the standalone financial statements. For a public offering, selected financial data for the five most recent years are required, adjusted to the current accounting norms and

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
				pronouncements.
4	**Balance sheet**	Does not prescribe a particular format; entities should present a classified balance sheet. Assets and liabilities should be disclosed in an order which reflects their relative liquidity with current and non-current classification. Certain items must be presented on the face of the balance sheet.	Does not prescribe a particular format; entities should present a classified balance sheet. Items on the face of the balance sheet are generally presented in decreasing order of liquidity with current and non-current classification. Public companies must follow SEC guidelines regarding minimum disclosure requirements. Restricted accounts are disclosed separately on the face of the balance sheet	Part I of Schedule VI to the companies Act ,1956 prescribes the format of the Balance sheet. Provides for two formats of Balance sheet – Horizontal and vertical format and order of presentation as well.
5	**Income statement**	Does not prescribe a standard format, although expenditure must be presented in one of two formats (function or nature). Certain items must be presented on the face of the income statement.	Presentation of expenditure is to be on the basis of its function either by a single step where expenses are classified by function or a multi step where cost of sales is deducted from sales.	Though there is no prescribed format , certain norms have been prescribed by the Companies Act in Part II of Schedule VI, while presenting certain income and expenditure items
6	**Cash flow statement**	Usage of either Indirect or Direct method is permitted.	Usage of either Indirect or Direct method is permitted. Guidance notes are more specific about the individual items	Indirect method of presentation is mandatory for level I(including listed) Companies .Guidelines for headings are given by the Accounting Standards
7	**Statement of changes in Shareholders' Equity**	The statement must be presented as a primary statement. The statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity.	Similar to IFRS. The information may be included in the notes.	No separate statement required. However, any adjustments to equity and reserve account are shown in the schedules/notes accompanying the financial statements.
8	**Contents of Financial statements — Disclosures**	In general, IFRS has extensive disclosure requirements. Specific items include, among others: the fair values of each class of financial assets and liabilities, customer or other concentrations of risk, income taxes and pensions Other disclosures include amounts set aside for general risks, contingencies and commitments and the aggregate amount of ecured liabilities and the nature and carrying amount of pledged assets.	In general, U.S. GAAP has extensive disclosure requirements. Areas where U.S. GAAP requires specific additional disclosures include among others; concentrations of credit risk, segment reporting, significant customers and suppliers, use of estimates, income taxes, pensions, and Comprehensive income.	Generally, disclosures are not extensive as compared to IFRS and U.S. GAAP. Disclosures are driven by the requirements of the Companies Act and the accounting standards.
9	**Consolidation**	The Consolidated financial	Under US GAAP, there is a	ICAI issued Accounting

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
		statements include all enterprises that are controlled by the parent. Control is presumed to exist when parent owns ,directly or indirectly through subsidiaries ,more than one half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control can also exist in certain situations where the parent owns one half or less of the voting power of an enterprise.	presumption that consolidated financial statements present more meaningful financial information for a parent and subsidiaries than separate financial statements of the parent . Accordingly , consolidation is required for entities where the parent has majority financial control; generally when it controls more than 50% of the outstanding stock, except when control is likely to be temporary or is impaired. Separate financial statements of the parent only are not presented.	Standard (AS 21) on "Consolidated Financial Statements "".AS 21 does not require consolidation but sets out the standards to be followed in the event that consolidated financial statements are presented or required by law or regulation. SEBI requires listed companies and those seeking a listing to publish consolidated financial statements in accordance with AS 21 in addition to the separate financial statements of the parent .Basis and requirements of consolidation is similar to IFRS.
10	**Foreign Currency Transactions**	Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are restated at the year end exchange rates. Gains or losses of such re-statement are charged to profit and loss account.	Similar to IFRS	Similar to IFRS,except for the following : *exchange difference arising on repayment/restatement of liabilities incurred prior to 1 April 2004 for the purposes of acquiring fixed assets is adjusted in the carrying amount of the respective fixed assets ;and*exchange difference arising on repayment/ restatement of liabilities incurred on or after 1April 2004 for the purposes of acquiring fixed assets from a country outside India, is adjusted in the carrying amount of the respective fixed assets. The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets. Exchange gain or loss arising on settlement or restatement of other foreign currency restatement is charged to the profit &loss account.
11	**Revenue recognition General Criteria**	Based on several criteria, which require the recognition of revenue when risks and rewards have been transferred and the revenue can be measured reliably.	Revenue is generally realised or realisable and earned when all of the four revenue recognition criteria are met: • persuasive evidence of an arrangement exists; • delivery has occurred or services have been rendered; • the seller's price to the buyer is fixed or determinable; and • collectibility is reasonably assured. U.S. GAAP generally	Similar to IFRS. However, under IFRS and U.S. GAAP, the revenue from auction sale would be segregated between recovery of outstanding ground rent and costs; and former classified as ground rent and excess recovery after adjusting recoverable costs as other income.

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
			requires title transfer prior to revenue recognition and provides extensive detailed guidance for specific transactions.	
12	**Interest expense**	Recognised on an accrual basis. Effective yield method used to amortise non-cash finance charges.	Similar to IFRS.	Similar to IFRS, however, practice varies with respect to recognition of discounts, premiums and costs of borrowings.
13	**Employee benefits Defined benefit plans**	Similar to U.S. GAAP conceptually, although several differences in details Recognition of minimum pension liability is not required	For gratuity plans, must use the projected unit credit method to determine benefit obligation. Under FASB 158, recognition of funded status is to take effect for fiscal years ending after December 15,2006, for publicly traded entities. These entities are required to recognize funded status of defined pension plans in the statement of financial position, which was previously being disclosed in the footnotes of the registrants.	Liability for a gratuity plan and compensated absences, which are defined benefit obligations, are accrued based on an actuarial valuation. Actuarial gains or losses are recognized immediately in the statement of income.
14	**Employees Share Compensation**	Expenses for shared based employee compensation or services purchased is recognized at fair value. Corresponding amount is recorded either as a liability or an increase in equity , Depending on whether transaction is determined to be cash or equity settled .Amount to be recorded is measured at fair value of shares or share options granted.	Expenses for share based employee compensation or services purchased is recognized. Corresponding amount is recorded either as a liability or an increase in equity ,depending on whether transaction is determined to be cash or equity settled. Amount to be recorded is measured at fair value of shares or share options granted Compensation expense is generally recognized based on fair value of awards at grant date . Several areas of difference exist in application .	Applicable and mandatory only to listed companies .ESOPs granted to employees are accounted as per the Guidance Note issued by the ICAI and the Employee Stock Purchase scheme guidelines 1999 issued by SEBI. ESOPs are accounted either using the Intrinsic value method or the fair value method.
			An amount equal to the "net periodic pension cost" is to be charged to the statement of financial performance regardless of whether contributions are made during the period. The net periodic pension cost is an actuarially determined amount equal to: the present value of future benefits which have accrued during the period; and an interest cost component related to the increase in the projected benefit obligation due to the passage of time; less	Recognition of minimum pension liability is not required.

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
			estimated earnings on invested assets segregated to provide future benefits; and an amortisation of previously unrecognised prior service costs, transition \assets/obligations and experience gains/losses. If contributions differ from the net pension cost, an asset representing prepaid pension costs or a liability for unfunded accrued pension costs arises and is recorded in the statement of financial position. Recognition of minimum pension liability is required when the accumulated benefit obligation exceeds the fair value of the plan assets and the amount of the accrued liability.	
15	**Depreciation and amortisation**	The depreciable amount of an item of PPE is allocated on a systematic basis over its useful life , reflecting the pattern in which the entity consumes the assets benefits .	The depreciable amount of an item of property, Plant and Equipment is allocated on a systematic basis over its useful life, reflecting the pattern in which the entity consumes the assets benefits.	Depreciation is recorded over the asset's useful life.Schedule XIV of the Companies Act 1956 prescribes minimum rates of depreciation and typically companies use these as the basis for the useful life of the asset.
16	**Inventory**	Carry at lower of cost and net realizable value. use FIFO or weighted average method to determine cost, LIFO prohibited .Reversal is required for subsequent increase in value of previous write - downs	Inventory is valued at lower of cost or market price. Market value is defined as current replacement cost subject to an upper limit of net realisable value and a lower limit of net realisable value less a normal profit margin. Reversal of write down is prohibited , as a write down creates a new cost basis.	Inventory is valued at Cost or net realisable value , which ever is lower. Reversal is required for a subsequent increase in value of inventory previously written down.
17	**Business Combination**	Business combinations are accounted by the Purchase method. "Pooling of interest" is prohibited under IFRS.	Recognises only the " Purchase Method "for accounting business combinations	Recognises both " Pooling of interest "as well as Purchase method.
18	**Deferred Revenue Expenditure**	Expensed under IAS 38.Even as advertising costs need to be expensed incurred even though the expenditure incurred may provide future economic benefits.	Charge off , unless deferment permitted by specific literature .For example,SOP93-7 permits deferment of cost of direct response advertising	Under IndianGAAP, after the issuance of AS26-Intangible Assets,no such deferred expenses should be recognised . The balances for these items on the date of adoption of AS26 should continue to be expensed over the number of years originally contemplated.
19	**Impairment of**	If impairment is indicated,	For assets to be held and	AS 28"Impairment of

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
	Assets	write down assets to recoverable amount which is the higher of net selling price and value in use based on discounted cash flows. If no loss arises, reconsider Useful lives of those assets. Impairment loss is recorded in the Income statement .Reversal of loss is permitted in certain cases.	used , impairment review based on undiscounted cash flows. If the Undiscounted cash flows are less than the carrying Amount ,measure the impairment loss using market Value or discounted cash flows .Impairment loss is recorded in the income statement .Reversals of Impairment loses are prohibited.	Assets" requires an enterprise to assess on each balance sheet date whether there is any indication that an asset is impaired. If such an Indication exists ,the assets must be written down to higher of net selling price and the value in use based on discounted cash flows. This reduction is an impairment loss.
20	**Deferred Taxation**	Use full provision method (some exceptions), driven by balance sheet temporary differences. Recognize deferred tax assets if recovery is probable. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date	Deferred tax assets and liabilities are recorded for the tax effect of all temporary differences between the tax and book bases of assets and liabilities and operating loss carry-forwards, A valuation allowance is made against deferred taxes, if on the basis of available evidence it is more likely than not that some portion or all of the deferred tax asset will not be realized. Tax rate applied on deferred tax item is the enacted tax rate.	Deferred tax assets arising due to unabsorbed depreciation or carry forward of losses are recognized only to the extent that there is virtual Certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax rate applied on deferred tax items is the substantively enacted tax rate.
21	**Dividend**	Dividends are recorded as liabilities when declared	Dividends are recorded as liabilities when declared	Dividends are recorded as provisions when proposed
22	**Fringe Benefit Tax**	Fringe benefits tax is included as part of the related expense (fringe benefit) which gives rise to incurrence of the tax.	Fringe benefits tax is included as part of the related expense(fringe benefit) which gives rise to incurrence of the tax	Fringe benefits tax should be disclosed as a separate item after determining profit before tax on the face of the profit and loss account for the period in which the related fringe benefits are recognized
23	**Related party disclosure**	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.	The nature and extent of any transaction with all related parties and the nature of relationship must be disclosed, together with the amounts involved. Unlike IFRS, all material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly owned subsidiaries, unless these are presented in the same financial report that includes the parent's consolidated financial statements (including those subsidiaries).	Related party disclosures are required only in case of Level I enterprises. The scope of parties covered under the definition of related party could be less than under IFRS or U.S.GAAP. The name of the related party is required to be disclosed.
24	**Post Balance Sheet Event**	Adjust the financial statements for subsequent events, providing evidence of conditions at balance	Adjust the financial statements for subsequent events, providing evidence of conditions at balance	Adjust the financial statements for subsequent events, providing evidence of conditions at balance

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
		sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non adjusting events.	sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non adjusting events. However, non adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.
25	**Segment Reporting**	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	Disclosure required only for Level I enterprises. Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.
26	**Provisions**	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting required if effect is material.	Similar to IFRS. Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies). Discounting required only when timing of cash flows is fixed.	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting is not permitted.
27	**Contingent Liabilities**	A possible obligation whose outcome will be confirmed only on the occurrence or nonoccurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognized because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.	An accrual for a loss contingency is recognized if it is probable (defined as likely) that there is a present obligation resulting from a past event and an outflow economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded. Contingent liabilities are disclosed unless the probability of outflows is remote.	A possible obligation whose outcome will be confirmed only on the occurrence or nonoccurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognized because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote. Disclosure may be limited compared to US GAAP and IFRS.
28	**Investments in securities**	Similar to US GAAP. Investments are classified as 'trading', 'available for sale' and 'debt' securities. Valuation principles are similar to US GAAP.	Investments in marketable equity and all debt securities are classified according to management's holding intent, into one of the following categories: trading, available for sale, or held to maturity. Trading securities are marked to fair value, with the resulting unrealised gain or loss recognised in the income statement.	Investments are classified as long-term or current. Long-term investments are carried at cost less provision for diminution in value, which is other than temporary. Current investments are carried at lower of cost or fair value determined on an individual basis or by category of investment but not on overall (global) basis.

Sl no.	Subject	IFRS	U.S. GAAP	Indian GAAP
			Available-for-sale (“AFS”) securities are marked to fair value, with the resulting unrealised gain or loss recorded directly in a separate component of equity called “Other Comprehensive Income” until realised, at which time the gain or loss is reported in income. Held-to-maturity (“HTM”) debt securities are carried at amortised cost.	

FINANCIAL INDEBTEDNESS

Our Company availed cash credit facilities of Rs. nil and term loans of Rs. 420,000 thousand as on June 30, 2007. Set forth below is a brief summary of our current significant financing arrangements.

Facility	Repayment Schedule and Interest	Security Created
Facility aggregating to Rs. 750,000 thousand from Citibank N.A. pursuant to sanction letter dated May 5, 2007 as amended by letter dated August 23, 2007 constituting(1): *Term loan:* Rs. 450,000 thousand (with Rs. 30,000 thousand interchangeable with working capital facility) *Working capital facility*: Rs. 300,000 thousand	**Repayment:** *Term loan:* Repayable in 14 quarterly installments commencing from nine months from first drawdown in four years from first drawdown. *Working capital:* On demand **Interest**: *Term loan:* 8.50% p.a *Working capital*: As per the terms of the facility	*Term loan:* Exclusive first charge on specific plant and machinery financed from the term loan. Exclusive first charge by way of equitable mortgage of land and building at 3-8 & 29-34, II E Pant Nagar, Udham Singh Nagar, Uttaranchal. Second charge on stocks and book debts of our Company. *Working Capital:* First *pari passu* charge by way of hypothecation on all present and future stocks, receivables of our Company First *pari passu* charge by way of hypothecation on all encumbered fixed assets of our Company. *Pari passu* equitable mortgage on the following properties: • 3-8 & 29-34, II E Pant Nagar, Udham Singh Nagar, Uttaranchal • 182A, Sector III, IMT Manesar, Gurgaon, Haryana • 48 and 90, Sector V, IMT, Manesar, Gurgaon, Haryana
Working capital facility of Rs. 600,000 thousand from Standard Chartered Bank pursuant to letter dated July 3, 2007 of which(2): *Fund based facility:* Rs. 200,000 thousand (interchangeable with non fund based facility) *Non fund based:* Rs. 400,000 thousand	**Repayment:** On demand **Interest:** At the rate agreed by the bank	First *pari passu* charge by way of hypothecation of all stock in trade consisting of raw material, finished goods, goods in process of manufacturing and other merchandise stored or to be stored at BO's premised or godowns and all P/f book debts, outstanding moneys, receivables etc . Second charge by way of hypothecation over the whole of movable fixed assets consisting of all such properties both P/F of the BO including its plant and machinery, spares, tools and other movables.
Working capital facility of Rs. 300,000 thousand from ABN Amro Bank N.V pursuant facility	**Repayment:** Repayable on demand.	First *pari passu* charge by way of hypothecation on stocks and receivables, present and future.

Facility	Repayment Schedule and Interest	Security Created
cum hypothecation agreement dated July 25, 2007 as **amended by letter dated August 1, 2007 of which**(3): *Fund based:* Rs. 200,00 thousand (interchangeable with non fund based facility) *Non fund based:* Rs. 150,000 thousand	**Interest:** As per the terms of the facility	
Working capital facility for Rs. 450,000 thousand from Centurion Bank of Punjab Limited pursuant to facility agreement dated June 29, 2006 as supplemented by agreement dated July 7, 2007. *Fund based*: Rs. 100,000 thousand (interchangeable with non fund based facility) *Non fund based:* 350,000 thousand	**Repayment:** On demand **Interest:** As per the terms of the facility	First *pari passu* charge for Rs. 300,000 thousand on stocks, book debts, other current assets, present and future of our Company First *pari passu* charge on stocks and moveable property of any kind stored at godowns/premises of our Company at Gurgaon, Solan and Pantnagar or at any other places and present and future debts of our Company.
Working capital facility of fund based facility of Rs. 450,000 thousand (inclusive of Rs. 100,000 thousand non-fund based facility) from HDFC Bank Limited pursuant to letter dated May 31, 2006(4)	**Repayment:** On demand **Interest:** As per the terms of the facility	First charge on a *pari passu* basis for Rs. 200,000 thousand all the stock in trade consisting of raw materials, finished goods, goods in process of manufacturing other merchandise whatsoever being movable properties belonging to our Company and all the book debts, outstanding monies, receivable, claim and bills.

(1) Under the terms of the facility the lender and our Company have a yearly put/call option on the term loan exercisable 12, 24 and 36 months from the date of first draw down. Further our Company has undertaken to obtain the prior written consent from the lender for the following:

- cumulative investments in group/associate companies/acquisition or other companies exceeding USD 50,000 thousand; and give prior intimation of two weeks in case of any investments/acquisitions;
- issue any corporate guarantee;
- if promoters shareholding in our Company falls below 51% (in any other instance our Company is required to provide prior intimation);
- declare any dividend in respect of any financial year if any event of default has occurred;
- effect any amalgamation, merger or consolidation; and
- effect any material change in the shareholding of our Company.

Further our Company has undertaken to maintain the following ratios during the tenor of the loan:

- DSCR {being calculated as (PAT + Depreciation + Interest – extraordinary income)/ (Interest + loan term debt repayable in the next one year)} > 2.0 x.
- Total debt/EBITDA ratio of <3.5 x
- Total debt/tangible net worth adjusted for investments in group/associate companies not to exceed 1.5 x

(2) Our Company has undertaken not to do the following without the **prior intimation** of the lender:

- enter into any scheme of expansion, merger, amalgamation, compromise or reconstruction or sell, lease, transfer all or substantial portion of its fixed and other assets.
- permit any change in the ownership or control or constitution of our Company or make any change in shareholding or the management or majority of directors and not make any change to the general nature of business.
- make any material amendments in the memorandum and articles of association of our Company

[3] Under the terms of the agreement our Company shall be deemed to have committed an act of default if there is a substantial change in the shareholding pattern or our Company or in the management control of our Company.
[4] Our Company has entered into a loan agreement dated August 21, 2006 for an amount of Rs. 200,000 thousand with an interest of 8.25% under the terms of the facility. Under the terms of the loan agreement our Company has undertaken not to declare any dividend if any installment towards principal or interest remains unpaid on its due date. Further our Company has undertaken not to do any of the following without the prior written consent of the security agents and trustees

- Enter into any scheme or merger, amalgamation, compromise or reconstruction;
- Permit any change in ownership or control of our Company whereby the effective beneficial ownership of the promoter falls below 51%
- Make amendments in the memorandum and articles of association

Continuing Guarantee

a) Our Company has provided a continuing guarantee dated December 13, 2006 for the prompt complete and full payment and performance of all the terms, covenants and conditions provided to be paid kept and performed by PT Hunter Functional Telecom, Indonesia, ("Hunter Indonesia") our wholly owned subsidiary, under that certain agreement/ purchase order including without limitation all obligations of Hunter Indonesia under the purchase agreement with Delta electronics dated December 1, 2006.

The guarantee shall also include any liability of Hunter Indonesia, which shall accrue under the purchase for any period following the term of the purchase.

The obligation of our Company is primary and independent of Hunter Indonesia's obligations under the purchase and may be enforced directly against our Company without proceeding against Hunter Indonesia or any other guarantor.

b) Our Company has undertaken to act unconditional and irrevocable guarantor for Acme Tele Power Cyprus Limited, a direct wholly-owned subsidiary of our Company vis-à-vis the repayment in full of a loan of USD. 200,000 thousand wherein the original lenders are Barclays Bank PLC, ICICI and a group of lenders to be identified by the mandated lead arrangers, which are Barclays Capital and ICICI bank.

The guarantee includes any liability incurred by Acme Telepower Cyprus Ltd. with respect to the aforementioned loan, including but not limited to non-payment, non-fulfillment of any financial covenant, misrepresentation and insolvency.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF RESTATED FINANCIAL STATEMENTS UNDER INDIAN GAAP

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with, our restated consolidated financial statements as of and for the three months ended June 30, 2007 and the Fiscals 2007 and 2006, and our restated unconsolidated financial statements as of and for the Fiscals 2005 and 2004, including the schedules, annexures and notes thereto and the reports thereon in the section titled "Financial Statements" on page 105 of this Draft Red Herring Prospectus. These financial statements are based on our audited consolidated and unconsolidated financial statements, respectively, for the relevant periods and are restated in accordance with paragraph B(1) of Part II of Schedule II of the Companies Act and the SEBI Guidelines. Our audited consolidated and unconsolidated financial statements are prepared in accordance with Indian GAAP.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see (the sections titled "Forward-Looking Statements" and "Risk Factors on pages ix and x respectively of this Draft Red Herring Prospectus"

Overview

We are dedicated to providing innovative energy savings solutions and products to companies operating in the global telecommunications industry. We specialize in providing comprehensive, energy efficient and environmentally friendly passive infrastructure solutions to wireless telecommunications service providers ("telecommunication operators"). Our solutions enable our clients to reduce their energy costs leading to a potential improvement in their operating margins.

In the fragmented domestic market for passive infrastructure solutions, we believe we distinguish ourselves through our ability to provide comprehensive and energy efficient solutions. Since Fiscal 2006, we have expanded our operations overseas and are conducting pilot projects in various markets including Bangladesh, Nigeria, Kenya, Tanzania, Sri Lanka and the Maldives. Our clientele includes leading companies in the Indian wireless telecommunications industry, such as Bharti Airtel Limited, Idea Cellular Limited, Nokia Siemens Network, Spice Telecom, Tata Teleservices Limited, as well as international companies such as Brothers Construction Company (Bangladesh), GrameemPhone Limited (Bangladesh), Broadband Communication Networks Limited (Kenya), Safaricom Limited (Kenya), Wataniya Telecom Maldives Private Limited (Maldives), Zanzibar Telecom Limited (Tanzania), FGP West Africa Limited (West Africa) and Tigo (Pvt.) Ltd (Sri Lanka), among others.

We were established in the year 2003 and have been promoted by Mr. Manoj Kumar Upadhyay, who has over 14 years of experience in the power electronics and telecommunications industry. Originally, we operated as a provider of products and installation and maintenance services to telecommunication operators. In 2007, we began to expand the scope of our business to include the provision of energy management services and turnkey solutions to telecommunication operators.

Going forward, we plan to expand our capabilities to include the provision of energy management solutions, wherein we will manage the entire passive infrastructure at a given base station. We expect compensation for this service to be based, in part, on the total energy savings gained at each site.

Recent Developments

In October, 2007, we acquired 100% of the shares of Reime Network Implementation Services ("Reime") from the shareholders of Reime for USD 11,000 thousand. Reime is based in Norway and works with telecommunication companies and technology vendors, focusing on emerging markets. Reime develops and maintains wireless and wireline telecommunication infrastructure across seven countries in Africa. Reime's specific products and solutions include assisting with the roll-out of wireless networks, providing pre-fabricated materials to use at base sites (for cell towers), building towers and building switch yards. Reime is an ISO 9001:2000 certified company.

We intend to leverage Reime's relationships with telecommunication operators in Africa to market our products and solutions. After integrating Reime's operations, and employees into our existing operations, we expect to benefit from combining Reime's experience in providing products and services to telecommunication operators in Africa with our experience in providing products which cater to that industry.

Basis of Presentation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the ICAI and the relevant provisions of the Companies Act. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Our financial statements include the restated consolidated summary financial statements of our Company and its subsidiaries for the three months ended June 30, 2007 and the Fiscals 2007 and 2006 and the restated unconsolidated summary financial statements of our Company for the three months ended June 30, 2007 and the Fiscals 2007, 2006, 2005, 2004 and 2003. Our restated consolidated summary financial statements and restated unconsolidated summary financial statements are based on our audited consolidated financial statements and our audited unconsolidated financial statements for the same periods and are prepared by the Company in accordance with the requirements of the Companies Act and the SEBI Guidelines.

Significant Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

Growth of the Indian Economy, and Growth and Regulation of the Telecommunications Industry.

A majority of our income is derived from sales of products and services to customers in India, and a substantial majority of our assets are in India. Our results of operations, financial condition and prospects are therefore affected by economic conditions in India. Further, we believe that the industries to which we sell our products and services are essential to India's industrialization process. See the section titled "Industry" on page 38 of this Draft Red Herring Prospectus.

We believe that growth in the overall economy in India will continue to propel domestic demand in the telecommunications industry in the future. We also believe that demand for products and services in this industry will continue to grow, causing Indian policy makers and domestic providers to focus their efforts on growth in this industry, which should have a positive impact on our results.

Our businesses and results of operations have been favorably affected by the GoI's initiatives to further develop the Indian telecommunications industry, by government spending in this industry and by certain liberalization policies that have extended the ability of private enterprises to enter this industry. We believe that the regulatory environment, government spending priorities and increased FDI involvement in the industry we supply to and service should be generally positive factors for us for the foreseeable future.

Competition from Indian and International Companies

We believe we have a leading position in the passive infrastructure market in which we operate as there are a limited number of competitors in this market, particularly those with a competitive level of expertise, range of products and services. Most of our present competitors are domestic companies, and these companies are becoming more aggressive in their approach to expanding their operations. We may also face increased competition from international companies that may make strategic investments in, or form partnerships with, domestic competitors. If competition becomes more intense, we may experience more pressure on our growth and profitability.

Technological Advances and our Ability to Protect our Intellectual Property Rights

Technology is of vital importance in the products we sell and the services we provide, and we believe that our advanced technology and engineering capabilities are important aspects of our business. We strive to present the market with products based on innovative technology. In doing so, we have developed, and continue to develop products and processes which we seek to patent. In India, we have one process patent and four product patents, and have also submitted three product patent applications. Despite this, there is always the possibility that we may be unable to effectively protect our intellectual property rights. While, our patented process and products make us well-positioned to meet our customers' needs, we may face tougher competition if our current patents are deemed invalid or unenforceable, or if we are unable to patent our future products and processes.

Overseas Markets

It is part of our strategy to expand our presence in international growth markets. We expect that such expansion would prove profitable for us, particularly over the long term. In particular, we believe that our recent acquisition of Reime will grant us access to a wider international client base, and will expand our presence in international markets. However, unexpected circumstances could adversely affect such expansion, particularly in the short term. Further, circumstances outside our control (such as, for example, political changes in the jurisdictions where we do business) could also have unanticipated effects on our international expansion, our financial condition and our results of operations.

Raw Materials

Our profitability is affected by our ability to procure raw materials at commercially reasonable prices. We determine our product prices based on our estimation of raw materials and other costs. The principal raw materials we use in our operations include, among others, steel, methyl diethyl isocynate ("MDI"), polyol, copper, pre-painted galvanized iron ("PPGI") coils, industrial fans and conductors. The prices of certain of these materials are subject to cyclical fluctuations and changes in supply and demand. Because we purchase our raw materials from third party suppliers, we are exposed to fluctuations in market prices resulting from changes in supply and demand and other factors. Unexpected increases in raw materials costs may cause our actual costs to exceed estimated costs. If we are not being able to pass on these additional costs to our clients, our profit margins will be adversely affected.

Increased Focus on Providing Turnkey Solutions and Energy Management Services

To diversify the range of services we offer, we have begun working on complete, end-to-end, solutions for telecommunication companies. Our first such project is currently being carried out for a private telecommunications company, for which we have been offered approximately 500 sites across India. In providing end-to-end solutions, we supply Green Shelters, which include the shelter, PCM, PIU and the AC. On a turnkey basis, we provide the hardware required to properly and efficiently operate a radio tower site with the exception of the radio frequency tower itself and the base transceiver station components. In addition, we install and provide maintenance for the Green Shelters we sell in India. As a part of our energy management services, we operate and manage the passive infrastructure for telecommunication operators with a focus on reducing energy costs.

Significant Accounting Policies

Critical accounting policies are those policies that require the application of management's most challenging, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgments and uncertainties that are sensitive to results under different assumptions and conditions. We believe that our most critical accounting policies are those described below.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured.

Sale of goods: Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty is deducted from total sales revenue only to the extent that such excise duty is attributable to that revenue and does not reflect the Company's total excise duty liability for the period.

Income from Services: Revenue from maintenance contracts is recognized pro-rata over the period of the contract as and when services are rendered. Revenue from installation is recognized as and when the installation is complete.

Depreciation

Depreciation is provided using the written down value method as per the rates prescribed under Schedule XIV of the Companies Act:

Leasehold land	Over the period of the lease
Buildings	
-Factory buildings	10.00%
-Non-factory buildings	5.00%
Plant and machinery	13.91%
Electrical equipments	13.91%
Electrical Installation and Fittings	13.91%
Office Equipment	13.91%
Data Processing Equipment	40.00%
Furniture and fittings	18.10%
Vehicles	25.89%

Assets costing up to Rs. 5,000 are completely depreciated in the year of capitalization.

Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Intangibles

Software Costs
Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase and amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first in first out basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labor and a proportion of manufacturing overheads. Cost of finished goods includes excise duty.

In both cases, net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

Foreign Currency Transactions

(i) *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the IT Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The Company also avails tax benefits under section 80 IC of the IT Act and recognizes deferred tax only in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (“MAT)”) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the ICAI, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Description of Components of Our Income Statements

Income

Our total income consists of sales income, installation and annual maintenance revenue, revenue from license fees and other income. We record our total income net of excise duty. Our total income was Rs. 6,519, 125 thousand, Rs. 3,956,599 thousand, Rs. 1,246,341 thousand and Rs. 347,375 thousand Fiscals 2007, 2006, 2005 and 2004, respectively.

Net sales. Our net sales consist of sales income and installation and annual maintenance revenue, net of excise duty. Sales income comprises income received on the sale of our products. Installation and annual maintenance revenue comprises amounts received from customers for the services we provide in respect of the installation of certain of our products and ongoing annual maintenance of same to remedy general wear and tear on such products. In addition, in Fiscal 2007, our then subsidiary company ACME Labs Inc earned license fees of Rs. 45,245 thousand from GS Water Treatment Private Limited (formerly known as ACME Enviro Sciences Private Limited, a company previously within our Promoter Group and now a subsidiary), to fund the research and development expenditure incurred on developing certain intellectual property rights. For the Fiscal 2007, sales income, installation and annual maintenance revenue and revenue from license fees constituted 95.2%, 4.1% and 0.7% of our total income from sales, installation and annual maintenance revenue and license fees, respectively. Net sales is recorded net of excise duty, which is paid at a rate of 16.48% on all income received from the sale of our products inside India. Excise duty also includes service tax, which is paid in respect of our installation and annual maintenance revenue.

Other income. Our other income includes income from interest on fixed deposit receipts and others, gains on settlement of interest rate swaps, dividend income from current investments, profit on sale of investments, gain on sale of subsidiary, insurance claims and profit on sale of property. It also includes other miscellaneous income, the primary component of which is income received on the sale of scraps of products such as steel which are left over or rejected from our manufacturing processes and which we sell at the prevailing market price.

Expenditure

Our total expenditure consists of expenses relating to raw materials and components consumed, manufacturing, maintenance and installation costs, personnel expenses, operating and other expenses, financial expenses, decrease in inventories and depreciation and amortization. Our total expenditure as a percentage of our total income was 63.4%, 59.3%, 65.2% and 71.1%, for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Raw materials and components consumed. Our raw materials and components expenses include costs relating to raw materials consumed such as MDI, polyol, copper, PPGI coils, industrial fans, contactors, semi-conductor devices, printed circuit boards, compressors, sheet metal and mains circuit breakers. These expenses accounted for 77.1%, 78.2%, 88.7% and 97.7% of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Manufacturing, maintenance and installation costs. Our manufacturing, maintenance and installation costs comprise costs relating to our product sales and installation and annual maintenance services and include the costs of, among others, store, spares and packing material consumed and labor and job work charges in respect of contractors taken on installation and annual maintenance services. These expenses accounted for 8.8%, 8.9%, 6.3% and 3.8% of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Personnel expenses. Our personnel expenses include salaries, wages, bonuses, contributions made to provident funds and other similar costs and welfare expenses. All such costs are included in this category, as we do not divide personnel expenses into direct and indirect expenditure and allocate them among multiple categories of expenditure. These expenses accounted for 5.7%, 3.6%, 3.0% and 2.0% of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Operating and other expenses. Our operating and other expenses include, among others, freight and forwarding charges and traveling, conveyance expenses, legal and professional expenses, provisions for warranties provided in respect of products sold and advertising and sales promotion expenses. These expenses accounted for 7.7%, 12.5%, 5.7% and 3.8% of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Financial expenses. Our financial expenses consist of interest and bank charges. These expenses accounted for 0.4%, 0.1%, 0.3% and 0.8% of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

(Increase)/decrease in inventories. Our inventories comprise finished goods and work in progress. We recognize an expense to the extent that our stock of inventories at the end of a period is less than that at the start of that period. Similarly, our total expenditure for a period is reduced to the extent that there has been an increase in inventories from the start to the end of that period. These expenses accounted for (0.9) %, (3.9) %, (4.3) % and (8.2) % of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Depreciation/amortization. We depreciate and amortize our assets in accordance with Indian GAAP. See "– Significant Accounting Policies – Depreciation" above for further details. These expenses accounted for 1.1%, 0.6%, 0.4% and 0.1% of our total expenditure for the Fiscals 2007, 2006, 2005 and 2004, respectively.

Provision for Tax

We provide for both current taxes and deferred taxes. Tax on income for the current period is determined on the basis of estimated taxable income and tax credit, if any, and computed in accordance with the IT Act. The income tax rate currently applicable to our net profit before tax is 34.0%. Deferred tax arises mainly due to the timing differences between accounting income and the estimated taxable income for the period and is quantified using the tax rates and laws enacted or substantially enacted as on the relevant balance sheet date. Our deferred tax liability is recognized net of deferred tax assets, if any. Our provision for taxation also includes a provision for tax on fringe benefits paid to our employees, at a rate which varies depending on, among other things, the nature of such benefits.

Results of Operations

The following discussion is based on our restated consolidated summary financial statements for the three months ended June 30, 2007 and the Fiscals 2007 and 2006 and our restated unconsolidated summary financial statements for the Fiscals 2005 and 2004. As substantially all our operations were carried out by the Company during these periods, there is no material difference between our consolidated and unconsolidated results of operations.

Three Months Ended June 30, 2007 (Consolidated)

Income

Our total income was Rs. 2,984,813 thousand for the three months ended June 30, 2007. Over that period, income from sales and services provided in India accounted for 99.7%, and income from sales and services provided outside of India accounted for 0.3%, of our total income, respectively.

Net sales. Our net sales were Rs. 2,942,818 thousand for the three months ended June 30, 2007. This primarily comprised income received on the sale of our products of Rs. 3,342,366 thousand, of which our Green Shelters were the biggest contributor to income, offset in part by excise duty of Rs. 458,980 thousand.

Other income. Our other income was Rs. 41,995 thousand for the three months ended June 30, 2007. This primarily comprised dividend income from current investments held in the ordinary course of business and gains realized on the settlement of an interest rate swap and miscellaneous income including from scrap sales.

Expenditure

Our total expenditure was Rs. 1,980,070 thousand for the three months ended June 30, 2007. This primarily comprised raw materials and components consumed and manufacturing, maintenance and installation costs, which accounted for 80.9% and 7.9% of total expenditure, respectively. In the three months ended June 30, 2007, our total expenditure amounted to 66.3% of our total income.

Raw materials and components consumed. Our expenditure for raw materials and components consumed was Rs. 1,602,016 thousand for the three months ended June 30, 2007 which comprised a broad mix of the raw materials required for our business.

Manufacturing, maintenance and installation costs. Our manufacturing, maintenance and installation costs were Rs. 156,519 thousand for the three months ended June 30, 2007. This primarily comprised the costs of stores, spares and packing material consumed in the ordinary course of our business, and was also attributable to labor and job work charges and installation costs.

Personnel expenses. Our personnel expenses were Rs. 89,217 thousand for the three months ended June 30, 2007. This primarily comprised salaries, wages and bonuses paid to our employees. In line with our practice, bonuses were paid to employees in April 2007 and, in the same month, the salaries and wages paid to our employees were increased following our annual review of same.

Operating and other expenses. Our operating and other expenses were Rs. 74,734 thousand for the three months ended June 30, 2007. This primarily comprised freight and forwarding charges (net of recoveries) and traveling and conveyance expenses, incurred in the ordinary course of our business.

Financial expenses. Our financial expenses were Rs. 22,112 thousand for the three months ended June 30, 2007. This primarily comprised bank charges in respect of letters of credit issued by the Company and processing fees, and interest paid on term loans.

(Increase)/decrease in inventories. We recognized an expense of Rs. 14,099 thousand for the three months ended June 30, 2007. This reflected a decrease in our work in progress over that period resulting from completion of the manufacturing of certain products, offset in part by an increase in finished goods over the same period.

Depreciation/amortization. Our depreciation/amortization expenses were Rs. 21,373 thousand for the three months ended June 30, 2007. This primarily comprised depreciation in respect of plant and machinery and buildings expensed in accordance with Indian GAAP.

Net profit before tax

For the reasons set out above, our net profit before tax was Rs. 1,004,743 thousand for the three months ended June 30, 2007. Net profit before tax was 33.7% of our total income for the three months ended June 30, 2007.

Provision for Tax

Our provision for tax was Rs. 26,405 thousand for the three months ended June 30, 2007. Provision for tax was 0.9% of our total income for the three months ended June 30, 2007, and our effective tax rate was 2.6% of our net profit before tax for such period.

Net profit after tax, as restated

For the reasons set out above, our net profit after tax, as restated was Rs 978,338 thousand for the three months ended June 30, 2007. Net profit after tax, as restated was 32.8% of our total income for the three months ended June 30, 2007.

Year Ended March 31, 2007 Compared to Year Ended March 31, 2006 (Both Consolidated)

Income

Our total income increased by Rs. 2,562,526 thousand, or 64.8%, from Rs. 3,956,599 thousand for the Fiscal 2006 to Rs. 6,519,125 thousand for the Fiscal 2007. For each of those years, income from sales and services provided in India accounted for 99.6% and 98.4%, and income from sales and services provided outside of India accounted for 0.4% and 1.6%, of our total income, respectively.

Net sales. Our net sales increased by Rs. 2,537,320 thousand, or 64.4%, from Rs. 3,937,218 thousand for the Fiscal 2006 to Rs. 6,474,538 thousand for the Fiscal 2007. This increase was primarily due to an increase in sales resulting from a greater volume of sales of our Green Shelters, PIUs, PCMs and Bare Shelters and the introduction of our Nano Cool Shelters (all on a stand-alone basis). The increase in net sales was also attributable to an increase in installation and annual maintenance revenue resulting from the increase in sales of our products, offset in part by an increase in excise duty due to our increased sales and installation and annual maintenance revenue.

Other Income. Our other income increased by Rs. 25,206 thousand from Rs. 19,381 thousand for the Fiscal 2006 to Rs. 44,587 thousand for the Fiscal 2007. This increase was primarily due to increases in income from interest on fixed deposit receipts as a result of an unsecured security deposit made in the Fiscal 2007 and dividend income from current investments (in particular, from units in various mutual funds which were purchased in the Fiscal 2007).

Expenditure

Our total expenditure increased by Rs. 1,785,965 thousand, or 76.2%, from Rs. 2,344,891 thousand for the Fiscal 2006 to Rs. 4,130,856 thousand for the Fiscal 2007. This increase was primarily due to an increase in our expenditure for raw materials and components consumed. Our total expenditure comprised 59.3% and 63.4% of our total income for the Fiscals 2006 and 2007, respectively.

Raw materials and components consumed. Our expenditure for raw materials and components consumed increased by Rs. 1,352,458 thousand, or 73.7%, from Rs. 1,833,950 thousand for the Fiscal 2006 to Rs. 3,186,408 thousand for the Fiscal 2007. This increase was due to increases in both the volume of raw materials required in line with the growth in our volume of sales and the price of those raw materials, in particular of commodities such as copper and PPGI coils, the prices of which track the London Metal Exchange spot rates, and chemicals.

Manufacturing, maintenance and installation costs. Our manufacturing, maintenance and installation costs increased by Rs. 155,425 thousand, or 74.5%, from Rs. 208,686 thousand for the Fiscal 2006 to Rs. 364,111 thousand for the Fiscal 2007. This increase was due both to the increased volumes of products sold by us and maintenance and installation costs incurred by us in the Fiscal 2007 in line with the growth of our business and our new plant at Pantnagar coming into operation in March 2006 which resulted in an increase in our fixed manufacturing overheads such as the cost of additional stores and spares and power and fuel, and increased labor and job work charges.

Personnel expenses. Our personnel expenses increased by Rs 149,460 thousand from Rs. 84,581 thousand for the Fiscal 2006 to Rs. 234,041 thousand for the Fiscal 2007. This increase was primarily due to an increase in salaries, wages and bonuses paid to our employees both as a result of additional employees taken on to staff our expanding operations and a general increase in the salaries of our employees.

Operating and other expenses. Our operating and other expenses increased by Rs. 27,679 thousand, or 9.5%, from Rs. 292,385 thousand for the Fiscal 2006 to Rs. 320,064 thousand for the Fiscal 2007. This increase was primarily due to increases in (i) freight and forwarding charges as a result of our increased volume of sales, (ii) rent due to the new lease of our premises at Infinity Tower in June 2006, (iii) legal and professional expenses, in particular expenses incurred in bringing proceedings for infringement of certain of our intellectual property rights and (iv) traveling and conveyance expenses.

Financial expenses. Our financial expenses increased by Rs. 14,962 thousand from Rs. 2,727 thousand for the year ended March 31, 2006 to Rs. 17,689 thousand for the year ended March 31, 2007. This increase was primarily due to an increase in bank charges resulting from the sanctioning by our board of directors of higher working capital limits and the subsequent draw down under our cash credit facilities in the Fiscal 2007. The increase in financial expenses was also attributable to an increase in interest paid on term loans and others due in part to a term loan drawn down by the Company in February 2007 to fund the purchase of certain plant and machinery for the Pant Nagar plant.

(Increase)/decrease in inventories. Our total expenditure was reduced by Rs. 92,510 thousand for the Fiscal 2006 and Rs. 38,134 thousand for the Fiscal 2007 as a result of an increase in our inventories over both these years. We increased our inventories, both of finished goods and work in progress, significantly in the Fiscal 2006 in line with our drive to expand our business.

Depreciation/amortization. Our depreciation/amortization expenses increased by Rs. 31,605 thousand from Rs. 15,072 thousand for the Fiscal 2006 to Rs. 46,677 thousand for the Fiscal 2007. This increase was primarily due to the capitalization of our plant at Pantnagar, which came into operation in March 2007.

Net profit before tax

For the reasons set out above, our net profit before tax increased by Rs. 776,561 thousand, or 48.2%, from Rs. 1,611,708 thousand for the Fiscal 2006 to Rs. 2,388,269 thousand for the Fiscal 2007. Net profit before tax comprised 40.7% and 36.6% of our total income for the Fiscals 2006 and 2007, respectively.

Provision for tax

Our provision for tax decreased by Rs. 302,462 thousand, or 74.2%, from Rs. 407,414 thousand for the Fiscal 2006 to Rs. 104,952 thousand for the Fiscal 2007. This decrease was primarily due to a decrease in current tax resulting from the transfer of our operations from our plant at Manesar, which was situated in a state in which we were required to pay normal tax at a rate of 33.66%, to our plants at Pantnagar and Parwanoo, which are situated in states in which we enjoy reduced tax rates under the IT Act. The decrease in our provision for tax was also attributable to a minimum alternative tax credit recognized in the Fiscal 2007, resulting from the allowance of same under section 115 JAA of the IT Act, offset in part by a deferred tax charge in the Fiscal 2007 as compared to a deferred tax credit in the Fiscal 2006 reflecting the fact that our accounting income was more than, and less than, our taxable income in each of these years, respectively. Provision for tax was 10.3% and 1.6% of our total income for the Fiscals 2006 and 2007, respectively, and our effective tax rate was 25.3% and 4.4% of our net profit before tax for such periods.

Net profit after tax, as restated

For the reasons set out above, our net profit after tax, as restated increased by Rs. 1,079,023 thousand, or 89.6%, from Rs. 1,204,294 thousand for the Fiscal 2006 to Rs. 2,283,317 thousand for the Fiscal 2007. Net profit after tax, as restated comprised 30.4% and 35.0% of our total income for the Fiscals 2006 and 2007, respectively.

Fiscal 2006 (Consolidated) Compared to Fiscal 2005 (Unconsolidated)

As our Company did not have any subsidiaries in Fiscal 2005 and Acme Labs was the only subsidiary in Fiscal 2006, the effect of including Acme Lab's financial results in consolidated financials for Fiscal 2006 is not material and therefore the same is comparable with unconsolidated Fiscal 2005 results

Income

Our total income increased by Rs. 2,710,258 thousand from Rs. 1,246,341 thousand for the Fiscal 2005 to Rs. 3,956,599 thousand for the Fiscal 2006. For each of those years, income from sales and services provided in India accounted for 100.0% and 99.6%, and income from sales and services provided outside of India accounted for none and 0.4%, of our total income, respectively.

Net sales. Our net sales increased by Rs. 2,701,806 thousand from Rs. 1,235,412 thousand for the Fiscal 2005 to Rs. 3,937,218 thousand for the Fiscal 2006. This increase was primarily due to increases in sales of our Green Shelters, Bare Shelters, PIUs and PCMs (on a stand-alone basis). This increase was also attributable to an increase in installation and annual maintenance revenue resulting from the increase in sales of our products, offset in part by an increase in excise duty due to our increased sales and installation and annual maintenance revenue.

Other Income. Our other income increased by Rs. 8,452 thousand, or 77.3%, from Rs. 10,929 thousand for the Fiscal 2005 to Rs. 19,381 thousand for the Fiscal 2006. This increase was primarily due to an increase in income from interest on fixed deposit receipts resulting from an increase in the amount of fixed deposits in the year ended March 31, 2006 as our operations expanded. The increase in other income was also attributable to profit realized on the sale of property.

Expenditure

Our total expenditure increased by Rs. 1,532,741 thousand, or 188.7%, from Rs. 812,150 thousand for the Fiscal 2005, to Rs. 2,344,891 thousand for the Fiscal 2006. This increase was primarily due to increases in our expenditure for raw materials and components consumed and operating and other expenses. Our total expenditure comprised 65.2% and 59.3% of our total income for the Fiscal 2005 and 2006, respectively.

Raw materials and components consumed. Our expenditure for raw materials and components consumed increased by Rs. 1,113,410 thousand from Rs. 720,540 thousand for the Fiscal 2005 to Rs. 1,833,950 thousand for the Fiscal 2006. This increase was primarily due to an increase in the volume of raw materials required in line with the growth in our volume of sales, offset in part by CENVAT credit taken on the raw materials used in the manufacturing of products subject to excise tax at our manufacturing unit in Manesar in accordance with the Cenvat Credit Rules, 2004 under Central Excise Act, 1944.

Manufacturing, maintenance and installation costs. Our manufacturing, maintenance and installation costs increased by Rs. 157,653 thousand, or 309.0%, from Rs. 51,033 thousand for the Fiscal 2005 to Rs. 208,686 thousand for the Fiscal 2006. This increase was due both to the increased volumes of products sold by us and maintenance and installation costs incurred by us in the Fiscal 2007 in line with the growth of our business and the expansion of our operations in Manesar, which caused us to incur substantially higher manufacturing expenses in the Fiscals 2006 and resulted in an increase in our fixed manufacturing overheads such as the cost of additional stores and spares and increased labor and job work charges.

Personnel expenses. Our personnel expenses increased by Rs. 60,207 thousand from Rs. 24,374 thousand for the Fiscal 2005 to Rs. 84,581 thousand for the Fiscal 2006. This increase was primarily due to an increase in salaries, wages and bonuses paid to our employees both as a result of additional employees taken on to staff our expanding operations and a general increase in the salaries of our employees.

Operating and other expenses. Other operating and other expenses increased by Rs. 246,464 thousand from Rs. 45,921 thousand for the Fiscal 2005 to Rs. 292,385 thousand for the Fiscal 2006. This increase was primarily due to increases in rates and taxes, traveling and conveyance expenses and legal and professional expenses as a result in the expansion of our operations.

Financial expenses. Our financial expenses increased by Rs 506 thousand, or 22.7%, from Rs. 2,221 thousand for the Fiscal 2005 to Rs. 2,727 thousand for the Fiscal 2006. This increase was primarily due to the utilization of our working capital facilities.

(Increase)/decrease in inventories. Our total expenditure was reduced by Rs. 35,100 thousand for the Fiscal 2005 and Rs. 92,510 thousand for the Fiscal 2006 as a result of an increase in our inventories of finished goods over both these years.

Depreciation/amortization. Our depreciation/amortization expenses increased by Rs. 11,911 thousand from Rs. 3,161 thousand for the Fiscal 2005 to Rs. 15,072 thousand for the Fiscal 2006. This increase was primarily due to higher capital expenditure in the Fiscal 2006, in particular, in respect of buildings.

Net profit before tax

For the reasons set out above, our net profit before tax increased by Rs. 1,177,517 thousand from Rs. 434,191 thousand for the Fiscal 2005 to Rs. 1,611,708 thousand for the Fiscal 2006. Net profit before tax comprised 34.8% and 40.7% of our total income for the Fiscals 2005 and 2006, respectively.

Provision for tax

Our provision for tax increased by Rs. 372,742 thousand from Rs. 34,672 thousand for the Fiscals 2005 to Rs. 407,414 thousand for the Fiscals 2006. This increase was primarily due to an increase in current tax resulting from our increased income over this period and the fact that, at that time, a substantial portion of our revenue was derived from our operations in Manesar, which attracted normal tax at a rate of 33.66%. The increase was offset in part by a substantial increase in deferred tax income in the Fiscal 2006 reflecting the fact that the there was a smaller difference between our accounting income and our taxable income in that year. Provision for tax was 2.8% and 10.3% of our total income for the years ended Fiscals 2005 and

2006, respectively, and our effective tax rate was 8.0% and 25.3% of our net profit before tax for such periods, respectively.

Net profit after tax, as restated

For the reasons set out above, our net profit after tax, as restated increased by Rs. 804,775 thousand from Rs. 399,519 thousand for the Fiscal 2005 to Rs. 1,204,294 thousand for the Fiscals 2006. Net profit after tax, as restated comprised 32.1% and 30.4% of our total income for the Fiscal 2005 and 2006, respectively.

Year Ended March 31, 2005 Compared to Year Ended March 31, 2004 (Both Unconsolidated)

Income

Our total income increased by Rs. 898,966 thousand from Rs. 347,375 thousand for the Fiscal 2004 to Rs. 1,246,341 thousand for the Fiscal 2005. For each of those years, income from sales and services provided in India accounted for 83.5% and 100.0%, and income from sales and services provided outside of India accounted for 16.5% and none, of our total income, respectively.

Net sales. Our net sales increased by Rs. 889,527 thousand from Rs. 345,885 thousand for the Fiscal 2004 to Rs. 1,235,412 thousand for the Fiscal 2005. This increase was primarily due to increases in sales of our Green Shelters and PIUs (on a stand-alone basis). This increase was also attributable to an increase in installation and annual maintenance revenue resulting from the increase in sales of our products, offset in part by an increase in excise duty due to our increased sales and installation and annual maintenance revenue.

Other Income. Our other income increased by Rs. 9,439 thousand from Rs. 1,490 thousand for the Fiscal 2004 to Rs. 10,929 thousand for the Fiscal 2005. This increase was primarily due to an increase in income from interest on fixed deposit receipts as a result of an increase in the amount of our fixed deposit receipts with banks over the same period. The increase in other income was also attributable to profit realized on the sale of investments in the ordinary course of business and the reimbursement to us of indirect taxes paid in respect of exported products in accordance with rules framed by Indian Ministry of Finance.

Expenditure

Our total expenditure increased by Rs. 565,001 thousand from Rs. 247,149 thousand for the Fiscal 2004, to Rs. 812,150 thousand for the Fiscal 2005. This increase was primarily due to an increase in raw materials and components consumed. Our total expenditure comprised 71.1% and 65.2% of our total income for the Fiscals 2004 and 2005, respectively.

Raw materials and components consumed. Our expenditure for raw materials and components consumed increased by Rs. 479,073 thousand from Rs. 241,467 thousand for the Fiscal 2004 to Rs. 720,540 thousand for the Fiscal 2005. This increase was primarily due to an increase in the volume of raw materials required in line with the growth in our volume of sales, offset in part by discounts offered to us by our suppliers as a result of the increased size of our orders from them.

Manufacturing, maintenance and installation costs. Our manufacturing, maintenance and installation costs increased by Rs. 41,713 thousand from Rs. 9,320 thousand for the Fiscal 2004 to Rs. 51,033 thousand for the Fiscal 2005. This increase was primarily due to the costs associated with the expansion of the capacity at our plant at Parwanoo.

Personnel expenses. Our personnel expenses increased by Rs. 19,315 thousand from Rs. 5,059 thousand for the Fiscal 2004 to Rs. 24,374 thousand for the Fiscal 2005. This increase was primarily due to an increase in salaries, wages and bonuses paid to our employees both as a result of additional employees taken on to staff our expanding operations and a general increase in the salaries of our employees. The increase was also attributable to an increase in other benefits such as medical expenses provided to our employees and expenses incurred in the recruitment of staff.

Operating and other expenses. Our operating and other expenses increased by Rs. 36,501 thousand from Rs. 9,420 thousand for the Fiscal 2004 to Rs. 45,921 thousand for the Fiscal 2005. This increase was primarily due to increases administrative and other related overheads such as telephone expenses, local conveyance expenses, printing and stationery and office maintenance costs, which increased in line with the increase in the number of our employees.

Financial expenses. Our financial expenses increased by Rs. 322 thousand, or 17.0%, from Rs. 1,899 thousand for the Fiscal 2004 to Rs. 2,221 thousand for the Fiscal 2005. This increase was primarily due to the utilization of our working capital facilities

(Increase)/decrease in inventories. Our total expenditure was reduced by Rs. 20,149 thousand for the Fiscal 2004 and Rs. 35,100 thousand for the Fiscal 2005 as a result of an increase in our inventories over both these years.

Depreciation/amortization. Our depreciation/amortization expenses increased by Rs. 3,028 thousand from Rs. 133 thousand for the Fiscal 2004 to Rs. 3,161 thousand for the Fiscal 2005. This increase was primarily due to higher capital expenditure in the Fiscal 2005, in particular, in respect of buildings.

Net profit before tax

For the reasons set out above, our net profit before tax increased by Rs. 333,965 thousand from Rs. 100,226 thousand for the Fiscal 2004 to Rs. 434,191 thousand for the Fiscal 2005. Net profit before tax comprised 28.9% and 34.8% of our total income for the Fiscals 31, 2004 and 2005, respectively.

Provision for tax

Our provision for tax increased by Rs. 28,408 thousand from Rs. 6,264 thousand for the Fiscal 2004 to Rs. 34,672 thousand for the Fiscal 2005. This increase was due to an increase in current tax resulting from our increased income over this period. Provision for tax was 1.8% and 2.8% of our total income for the Fiscals 2004 and 2005, respectively, and our effective tax rate was 6.3% and 8.0% of our net profit before tax for such periods, respectively.

Net profit after tax, as restated

For the reasons set out above, our net profit after tax, as restated increased by Rs. 305,557 thousand from Rs. 93,962 thousand for the Fiscal 2004 to Rs. 399,519 thousand for the Fiscal 2005. Net profit after tax, as restated comprised 27.0% and 32.0% of our total income for the Fiscals 2004 and 2005, respectively.

Liquidity and Capital Resources

Our liquidity requirements arise principally to fund our working capital.

We have historically financed our capital requirements primarily through funds generated from our operations, financing from banks and other financial institutions in the form of working capital (short term) loans, term loans, letters of credit and bank guarantees, as well as from sales of equity to Promoters. We believe that we will have sufficient capital resources from our operations, financings from banks and our pre-IPO placement to meet our capital requirements for at least the next 12 months.

The table below summarizes our cash flows for the three months ended June 30, 2007, and the Fiscals 2007, 2006 and 2005:

	Three Months Ended June 30, 2007	**Fiscal 2007**	**Fiscal 2006**	**Fiscal 2005**
	(Rs. in thousands)			
Net cash flow from operating activities..........................	735,395	646,105	898,267	169,966
Net cash flow (used in)/from investing activities...........	(586,474)	(949,699)	(394,054)	(99,153)
Net cash flow (used in)/from financing activities	(22,431)	(24,224)	(64,569)	41,642
Net increase/ (decrease) in cash and cash equivalents ...	126,490	(327,818)	439,664	112,456
Cash and cash equivalents at the beginning of period ...	272,213	600,031	160,387	47,932

	Three Months Ended June 30, 2007	Fiscal 2007	Fiscal 2006	Fiscal 2005
Cash and cash equivalents at the end of period.............	398,703	272,213	600,031	160,388

Our cash and cash equivalents take the form of bank deposits, current account deposits, margin money investments and cash on hand.

Net Cash Flow from Operating Activities

For the three months ended June 30, 2007, our net cash flow from operating activities was Rs. 735,395 thousand, consisting of our net profit before tax of Rs. 1,004,743 thousand adjusted for, among other things, an increase in current liabilities of Rs. 896,930 thousand, an increase in trade and other receivables of Rs. 854,714 thousand, increase in inventories of Rs. 217,451 thousand and direct taxes paid of Rs. 90,031 thousand. Our increase in current liabilities resulted from our opening of letters of credit which increased our sundry creditors. The increase in trade and other receivables related primarily to unsecured debts outstanding for less than six months, which were mainly connected to the increased volume of sales to our customers and which we considered to be good debts. Our increase in inventories primarily comprised finished products, work in progress and raw materials and components required for our business, all of which increased in line with the expansion of our business operations.

For the Fiscal 2007, our net cash flow from operating activities was Rs. 646,105 thousand, consisting of our net profit before tax of Rs. 2,388,269 thousand adjusted for, among other things, an increase in trade and other receivables of Rs. 1,068,980 thousand, an increase in inventories of Rs. 129,616 thousand and direct taxes paid of Rs. 533,371 thousand. Our increase in trade and other receivables related primarily to unsecured debts outstanding for less than six months, which were mainly connected to an increased volume of sales to our customers and which we considered to be good debts. The increase in inventories primarily comprised raw materials and components required for our business, which increased in line with the expansion of our business operations.

For the Fiscal 2006, our net cash flow from operating activities was Rs. 898,267 thousand, consisting primarily of our net profit before tax of Rs. 1,611,708 thousand, adjusted for, among other things, an increase in trade and other receivables of Rs. 797,962 thousand, an increase in current liabilities of Rs. 585,837 thousand, an increase in inventories of Rs. 379,892 thousand, a provision for doubtful debts and advances of Rs. 109,906 thousand and direct taxes paid of Rs. 234,432 thousand. Our increase in trade and other receivables related primarily to unsecured debts outstanding for less than six months, which were mainly connected to an increased volume of sales to our customers and which we considered to be good debts. The increase in current liabilities resulted primarily from an increase in our sundry creditors as a result of an increased volume of purchases from our suppliers to meet the requirements of our expanding operations. Our increase in inventories primarily comprised raw materials and components required for our business, which increased in line with the expansion of our business operations. The provision for doubtful debts and advances reflected amounts which were more than six months old and which we determined could not be recovered.

For the Fiscal 2005, our net cash flow from operating activities was Rs. 169,966 thousand, consisting of our net profit before tax of Rs. 434,191 thousand adjusted for, among other things, an increase in trade and other receivables of Rs. 294,612 thousand, an increase in current liabilities of Rs. 58,991 thousand and an increase in inventories of Rs. 26,207 thousand. Our increase in trade and other receivables related primarily to unsecured debts outstanding for less than six months, which were mainly connected to an increased volume of sales to our customers and which we considered to be good debts. The increase in current liabilities resulted primarily from an increase in our sundry creditors as a result of an increased volume of purchases from our suppliers to meet the requirements of our expanding operations. Our increase in inventories primarily comprised raw materials and components required for our business, which increased in line with the expansion of our business operations.

Net Cash Flow from/(used in) Investing Activities

Our net cash flow used in investing activities was Rs. 586,474 thousand for the three months ended June 30, 2007, primarily due to the purchase of investments in certain mutual funds of Rs. 1,806,207 thousand in connection with the investing of surplus treasury funds. This cash outflow was offset in part by the proceeds from the sale of investments in certain mutual funds of Rs. 1,230,171 thousand in the ordinary course of business.

Our net cash flow used in investing activities was Rs. 949,699 thousand for the year ended March 31, 2007, primarily due to the purchase of investments in certain mutual funds of Rs. 1,690,454 thousand in connection with the investing of surplus treasury funds, and the purchase of fixed assets of Rs. 321,721 reflecting capital expenditure incurred at our new plant at Pantnagar. This cash outflow was offset in part by the proceeds from the sale of investments in certain mutual funds of Rs. 1,043,232 thousand in the ordinary course of business.

Our net cash flow used in investing activities was Rs. 394,054 thousand for the year ended March 31, 2006, primarily due to purchase of fixed assets of Rs. 440,882 thousand reflecting capital expenditure incurred at our new plant at Pantnagar. This cash outflow was offset in part by the proceeds from the sale of investments in certain mutual funds of Rs. 35,309 thousand in the ordinary course of business.

Our net cash flow used in investing activities was Rs. 99,153 thousand for the year ended March 31, 2005, primarily due to the purchase of fixed assets of Rs. 69,638 thousand reflecting normal capital expenditure during the year and the purchase of investments in certain mutual funds of Rs. 36,418 thousand in connection with the investing of surplus treasury funds.

Net Cash Flow from/(used in) Financing Activities

Our net cash flow used in financing activities was Rs. 22,431 thousand for the three months ended June 30, 2007, primarily due to repayment of short-term borrowings (net) of Rs. 40,981 thousand reflecting the repayment of certain working capital loans and interest paid on borrowings of Rs. 9,048 thousand. This cash outflow was offset in part by proceeds from our issuance of share capital on a preferential basis, including share premium, of Rs. 17,491 thousand and the receipt of Rs. 10,574 on the settlement of an interest rate swap.

Our net cash flow used in financing activities was Rs. 24,224 thousand for the year ended March 31, 2007, primarily due to proceeds from long-term borrowings (net) of Rs. 421,651 thousand reflecting principally a term loan drawn down by the Company in February 2007 to fund the purchase of certain plant and machinery for the Pantnagar plant and proceeds from short-term borrowings (net) of Rs. 29,985 thousand reflecting our utilization of certain working capital loans. This cash inflow was substantially offset by dividends paid (including corporate dividend tax) of Rs. 471,928 thousand.

Our net cash flow used in financing activities was Rs. 64,569 thousand for the year ended March 31, 2006, primarily due to repayment of short-term borrowings (net) of Rs. 37,015 thousand reflecting the repayment of certain working capital loans and dividends paid (including corporate dividend tax) of Rs. 33,075 thousand.

Our net cash flow from financing activities was Rs. 41,642 thousand for the year ended March 31, 2005, primarily due to proceeds from short-term borrowings (net) of Rs. 41,676 thousand reflecting utilization of certain working capital loans.

Capital Expenditures

For the three months ended June 30, 2007 and the Fiscals 2007, 2006 and 2005, we incurred Rs. 32,354 thousand , Rs. 321,721 thousand , Rs. 440,882 thousand and Rs. 69,638 thousand, respectively, on purchase of fixed assets. Our capital expenditures for the three months ended June 30, 2007 were used principally for an administrative building at our plant at Pantnagar. Our capital expenditures for the Fiscal 2007 were used principally for setting up a greenfield project at Pantnagar. Our capital expenditures for the year ended March 31, 2006 were used principally for setting up the greenfield project at Pantnagar. Our capital expenditures for the Fiscal 2005 were used principally for expanding the capacity at our plants at Manesar and Parwanoo.

Indebtedness

The following table sets forth a summary of our indebtedness as at June 30, 2007 and March 31, 2007, 2006 and 2005:

(Rs. in thousands)

	Three Months Ended June 30, 2007	Fiscal 2007	Fiscal 2006	Fiscal 2005
Cash Credit Facilities				
Maturity within one year	-	40,983	4,113	48,013
Term Loan				
Maturity between one and five years	420,000	420,000	-	-
Bills Receivable				
Maturity within one year	-	-	6,885	-
Vehicle Loans				
Maturity within one year	3,409	1,783	1,553	731
Maturity between one and five years	-	2,092	671	1,456

Our cash credit facilities bear interest at floating rates which ranged between 8.25% and 9.5% during the periods set forth in the table above. These facilities are secured by hypothecation of all stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise, together with all our book debts, outstanding monies receivable, claims and bills, by way of a first charge on a pari passu basis.

Our term loan is for a tenure of four years and bears interest at an annual rate of 8.5%. This loan is secured by (i) an exclusive first charge over the plant and machinery financed out of the proceeds of the term loan,(ii) an equitable mortgage over certain land and buildings at Pantnagar and (iii) a second charge over our stocks and book debts.

Our bills receivable bear interest at floating rates which ranged between 7.25% and 8.5% during the periods set forth in the table above. These bills receivable are secured by the hypothecation of all stock and book debts of the company.

Our vehicle loans bear interest at floating rates which ranged between 5.5% and 10.0% during the periods set forth in the table above. These loans are secured by hypothecation of specified vehicles acquired out of the proceeds of the loans.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations and commercial commitments as of June 30, 2007:

Contractual Obligations	As of June 30, 2007	Within one year
	(Rs. in thousands)	
Estimated amount of contracts remaining to be executed on capital account and not provided for	17,496	17,496

Contingent Liabilities

The following table summarizes our contingent liabilities as of June 30, 2007:

(Rs. in thousands)

Particulars	As of June 30, 2007
Export promotion capital goods scheme license issued[1]	43,433
Sales tax liability against pending C form pertaining to year ended March 31, 2005[2]	1,376,444

Particulars	As of June 30, 2007
Bank guarantees issued by banks on behalf of the Company	350
Total	1,420,227

Notes

(1) Pursuant to our export promotion capital goods scheme license we may import capital goods at a custom duty which is lower than that normally charged if the Company exports goods with an equivalent value in the relevant foreign currency in the specified time period. If the Company fails to earn the equivalent foreign currency amount, it is required to pay differential custom duty, together with interest and penalties.

(2) Whenever we sell any product from one state to another state, the Company may pay central sales tax of 3.0% rather than paying the higher amount of local sales tax or value added tax so long as it provides to the assessing authorities, within the time period allowed, Form C. If it does not provide Form C within this time period, it is required to pay the differential amount of sales tax or value added tax to the home state together with interest and penalties.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our Subsidiaries, affiliates and certain key management members on an arm's length basis. Such transactions could be for provision of services, sale or lease of assets or property, sale or purchase of equity shares or entail incurrence of indebtedness (including by way of advancing loans). Generally, such transactions have not been material, individually or in aggregate, in any fiscal year. See restated unconsolidated financial statements of the Company included on the Section titled "Financial Statements" on page 105 of this Draft Red Herring Prospectus for further details.

Seasonality

Currently, our operations are affected by seasonal factors, particularly those relating to India's monsoon season in the second quarter of each year. During this period, our operations experience reduced activity as it is not possible to install our products during the heavy rains associated with the monsoon season. Conversely, in the fourth quarter, we generally see an increase in orders due to telecommunication companies trying to spend any remaining budgeted money before the end of the Fiscal year. As a result, our results of operations during any portion of a fiscal year may not be comparable to those of any other portion of such year or any other year.

Off Balance Sheet Commitments and Arrangements

We do not utilize any off-balance sheet arrangements, except as follows:

(a) operating leases in respect of our office premises, guest house and land at Pantnagar and Parwanoo and our factory premises at Parwanoo; and

(b) an interest rate swap entered into in February 2007 (see "- Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk" below).

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks from our normal commercial activities. These market risks relate primarily to changes in interest rates, commodity prices, foreign exchange rates and inflation which may adversely affect the value of our financial assets and liabilities or future cash flow and income. We are also exposed to credit risk in the form of delays or defaults in payments to us by our customers.

Interest Rate Risk

We currently have floating rate indebtedness and also maintain deposits of cash and cash equivalents with banks and other financial institutions and thus are exposed to market risk as a result of changes in interest rates. As of June 30, 2007, Rs. 3,409 thousand of our outstanding loans consisted of vehicle loans with floating rate interest, and Rs. 1,236,743 thousand of our investments were made in mutual funds which bore interest at rates that were tied to floating benchmarks. Our floating rate indebtedness is tied to benchmark prime lending rates, rather than the rates of any particular bank or banks. General changes in prime lending rates typically trigger changes in both the interest rates we pay on our indebtedness and the interest rates we earn on our deposits. To mitigate our exposure to such changes, in February 2007 we entered into an interest rate swap agreement which was settled in June 2007, and we expect to continue to utilize interest rate swaps to mitigate this exposure in the future.

Commodity Price Risk

We are exposed to risks relating to fluctuations of commodity prices, in particular the price of copper and PPGI coils, the prices of which track the London Metal Exchange spot rates. We do not currently utilize any hedging arrangements to mitigate our exposure to these risks.

Foreign Currency Exchange Rate Risk

During the Fiscal 2007, Rs. 55,807 thousand, or 0.9 % of our total income, constituted export sales. During the same period, Rs. 205,599 thousand, or 6.4 %, of our raw materials and goods consumed were imported. Both our export income and our import inputs expose us to foreign currency exchange rate risks. We do not currently utilize any hedging arrangements to mitigate our exposure to these risks.

Inflation

In the past, our results of operations have been affected by inflation, which has caused a rise in various costs, in particular fuel and wages.

Credit Risk

We have credit risk on payments due from our customers.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Subsidiaries, Promoters, Selling Shareholders or Promoter Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions, by our Company, Subdiaries or Promoter Group Companies defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Subsidiaries, our Promoters, Promoter Group companies or our Directors, that may have a material adverse effect on our financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

I. Contingent liabilities of our Company as of June 30, 2007:

(Rs. in '000)

Contingent Liabilities	Amount
Export promotion capital goods scheme license issued	43,433
Sales tax liability against pending C form pertaining to Fiscal 2005	1,376,444
Bank guarantees issued by banks on behalf of the Company	350

II. Litigation involving our Company

A. Cases filed against our Company

Excise Cases

a) Our Company availed CENVAT credit of Rs. 719,703 on November 1, 2006 on the job work of drilling, cutting, assembly, wiring, testing etc. done by our Company and R.S. Aircon Private Limited on material supplied. Our Company received a show cause notice (CE 20/R-XIII/Acme Tele/Demand/52/07) from the Commissioner of Central Excise, Delhi dated September 28, 2007 to show cause why the above CENVAT credit of service tax availed by our Company should not be disallowed and recovered and interest at an appropriate rate should not be charged, on the grounds that the same does not satisfy conditions prescribed under Notification No. 8/205-ST dated March 1, 2005. Our Company has filed a reply to the said notice.

b) Our Company availed CENVAT credit of Rs. 385,981 on March 31, 2006 on erection and commissioning of telecom green shelters located at various locations, which were manufactured in units of our Company. Our Company received a show cause notice (CE 20/R-XIII/Acme Tele/Demand/86/07) from the Commissioner of Central Excise, Delhi dated October 16, 2007 to show cause why the above CENVAT credit of service tax availed by our Company should not be disallowed and recovered and interest of Rs. 32,031 and penalty should not be charged, on the grounds that the said services do not qualify as 'input services' for manufacture. Our Company filed a reply to the said notice.

Intellectual Property

a) Lambda Eastern Telecommunication ("Lambda"), a partnership firm filed two suits before the High Court of Delhi, against our Company and our promoter, MKU for a decree of declaration and permanent injunction under the Patents Act alleging that our Company and MKU have obtained the specified patents making false statements and concealing material facts. The plaintiff claims that our patent for the PIU does not qualify as an 'invention" under the Patents Act and has claimed that it had filed opposition in June 2007 to the said patents, which is still pending. In view of the same, the plaintiff has prayed for a decree for declaration that the manufacturing and sale of the said products by the plaintiff does not constitute an infringement of any our Company's claim under patents. Further, the plaintiff has sought a decree of permanent injunction restraining us or MKU from interfering in the plaintiff's business and from threatening legal proceedings against them. Additionally, the plaintiff has prayed for damages of Rs. 2,001,000 in each of the suits on account of alleged threats and interference by our Company and MKU in the plaintiffs business and reputation. Further the plaintiff has filed an application in each of the suits for ad-interim injunction restraining our Company and MKU from interfering in the plaintiff's business and from giving threat of any legal proceedings during the pendency of this suit. Our Company and MKU are yet to file their objections to the said applications. Details of the said two suits are as follows:

(i) (C.S (O.S) No. 1453 of 2007): This suit is in relation to the plaintiff's product, 'power management unit' or our product PIU and our registered patent (No. 197086) for the PIU. Our Company and MKU are yet to file written statements in this case. The next date of hearing has been scheduled for December 6, 2007.

(ii) (C.S (O.S) No. 1543 of 2007): This suit is in relation to the plaintiffs products, 'heat storage device for electronic enclosures' and 'human comfort zone and for cold storage and refrigeration systems' and our registered patent (No. 197051) for the 'process for the preparation of phase change material composition'. The plaintiff's have claimed to have applied for patents in respect of their products. Our Company and MKU are yet to file written statements. The next date of hearing has been scheduled for January 18, 2008.

Notices from Statutory Authorities

Mr. Manoj Kumar Upadhyay, as the occupier of our manufacturing unit at Pantnagar and another received a notice dated May 4, 2007 from the Chief Judicial Magistrate, Udham Singh Nagar in relation to certain alleged offences under the Factories Act. The next date of hearing has been fixed for December 17, 2007.

Civil cases

a) Mr. Hukum Singh, a vendor in a servicing department of our Company and engaged as contractor in the construction of shelter/ electric fitting, had given a legal notice dated December 2, 2005, to our Company for payment of dues amounting to Rs. 10,800 with interest. Our Company filed a reply to the notice on March 21, 2006 and paid a sum of Rs. 8,894 after deducting the balance amount as tax deducted at source. However Mr. Singh filed a suit for recovery of Rs. 14,995 before the court of Civil Judge, Tis Hazari Court Complex, New Delhi on February 21, 2006 against our Company claiming the suit amount as the amount outstanding to him. Our Company has filed a written statement on February 26, 2007 denying the claims of Mr. Singh and praying for dismissal of the suit and award of cost in favour of our Company. The next date of hearing has been fixed for January 8, 2008.

B. Cases filed by our Company

Criminal Cases

a) Our Company has lodged a complaint (FIR No. 353/2006) against Mr. S.N. Patnaik (employee of Lambda Eastern Telecommunication Private Limited ("LETL") and the erstwhile employee of our Company) and others with Manesar Police Station, Gurgaon on October 6, 2006. Mr. Patnaik previously worked in the R&D department of our Company and was entrusted with source codes of the software that governed the working of different components of the PIU. Our Company has alleged that the accused, who without any notice stopped coming to work from April 2, 2006 and sent his resignation on April 16, 2006, had joined LETL and assisted them in developing a PIU in which LETL had no previous experience by transferring the confidential information on PIU to his personal e-mail address. The case is currently under investigation and the next date has been fixed on February 25, 2008 before the Court of Judicial Magistrate for appearance of the Mr. Patnaik pending filing of the charge sheet by the investigating officer.

Our Company has subsequently filed a writ petition (No. 5583-M/2007) against Mr. Patnaik and others among others before the High Court of Punjab and Haryana, at Chandigarh for transferring the investigation of the data theft case, worth Rs. 7,546,000 thousand, to the CBI from the Haryana Police. The High Court vide order dated September 19, 2007 directed the Director General of Police, Haryana to constitute a special investigation team in the manner prescribed by the High Court and place a status report on record by the next date of hearing which was fixed for November 22, 2007. Accordingly, a special investigation team has since been constituted which shall be headed by a senior superintendent police rank of officer of State Crime Branch of Haryana Police and the matter is under investigation of the said officer.

b) Our Company has lodged a complaint (FIR No. 292/2006) under sections 406, 419, 420 of the Indian Penal Code, 1860 ("IPC") with the Manesar Police Station, Gurgaon on August 25, 2006 against Mr. Sunil B. Bhonsle, managing partner of Hitek Engineers, Mumbai and two other partners alleging that all the accused persons refused to supply chemical equipments and also refused to return a sum of Rs. 12,000,000 to our Company, which was advanced to the accused persons for the supply of chemical equipments, alongwith Rs. 500,000 worth of PCM panels given for testing purposes. Mr. Bhonsle has been granted bail and is pending for his appearance. The next date of hearing has been fixed on January 16, 2008.

c) A first information report ("FIR") was filed (No. 55/06) by our Company on July 12, 2006 against Mr. Priyaranjan Dass and others for cheating our Company by forging signature on cheque and withdrawing Rs. 500,000 illegally. Subsequently, a criminal complaint (Case Crime No. 1049/06) under sections 8, 418, 419, 420 and 34 of the IPC was filed before the Chief Judicial Magistrate, Uddhamsingh Nagar. Mr. Dass is in police custody and the other accused is declared as proclaimed offender. The case is now before the trial court and is fixed for prosecution evidence. The next date of hearing has been fixed for November 30, 2007.

Intellectual Property Rights

a) Our Company has filed a suit (CS No. 2 of 2007) for permanent injunction restraining infringement of patents in relation to the PIU (Patent No. 197086) and cuboidal shaped green shelter (Patent No. 197108) and copyright over the same against Lambda, Lambda Microwave Private Limited, Lambda Energy Solutions and others before the District court of Udham Singh Nagar, Uttrakhand. Our Company has alleged that the defendants carry on the business of manufacturing and supplying the said products by infringing our Company's intellectual property rights. Five of the defendants have filed their common written statements. Further the said defendants have filed a counter claim praying for the revocation/cancellation/rectification of the entries pertaining to the above patents from the Registrar of Patents.

Our Company has also filed an interim application of injunction restraining the defendants from manufacturing, selling and advertising the products that infringe our intellectual property rights which was granted by the court vide exparte order dated August 10, 2007 and the same has been extended up to November 20, 2007. Five of the said defendants have filed a counter to the application. The said defendants have filed an appeal (412 of 2007) before the High Court of Uttrakhand against the interim order dated August 10, 2007 which was dismissed vide order dated October 1, 2007. Our Company, as the caveator, has received intimation and is yet to receive a copy of a special leave petition filed by the said defendants before the Supreme Court of India against the order of the High Court of Uttrakhand. The petition is listed for November 23, 2007 for admission.

Our Company has filed another suit (C.M.S. 58 of 2007) on October 9, 2007 alleging that the defendants have violated the interim order of the District Court dated August 10, 2007 by continuing acts injuncted under the order. In this regard, we have prayed *inter alia* that the defendants be summoned and committed to civil prison as per law and order be passed for attachment of all infringing products and machines used for the manufacture of such products. The next date of hearing has been fixed for November 20, 2007.

b) Our Company and MKU have filed a suit (CS (OS) No. 406 of 2007) for permanent injunction before the High Court of Delhi, for restraining Mr. Amarjeet Singh and Maxfaith Engineers Private Limited from manufacturing, selling, advertising, purchasing and offering for sale our patented products 'Green Shelter' or 'PIU'. Additionally, a decree for damages of Rs. 2,000,000 in favour of the plaintiffs has been claimed. The defendants have filed their common written statement and our Company and MKU have filed replication to the said written statement.

Our Company and MKU filed an interim application (No. 2482 of 2007) praying for an order for temporary injunction restraining the defendants from infringing our intellectual property rights and the defendants have filed their counter to the same.

Further, the defendants have filed a common counter claim for the revocation of our patented products. Our Company and MKU have filed written statements to the same. The High Court vide order dated August 31, 2007 had given certain other directions in relation to commencement of the trial and had fixed the next date of hearing on January 14, 2008.

c) Our Company and MKU have filed a suit (CS(OS) No. 404 of 2007) before the High Court of Delhi for a permanent injunction against Mr. Rajendra Singh, Selvon Instruments Private Limited and Mr. D.P. Singh from manufacturing, selling, advertising, purchasing and offering for sale the PIU, our patented product. Our Company and MKU accused Mr. Dinesh Pratap Singh, an employee of Adhunik Power Systems Private Limited in which the inventor of the PIU, i.e. Mr. Manoj Kumar Upadhyay, was a director and was working to develop the above products for during the years from 2001-2004, of infringing our intellectual property rights. Two of the defendants have filed their written statements and our Company and MKU have filed replication to the same.

Our Company and MKU have filed an application (I.A. No. 2477 of 2007) praying for an ex parte order of interim injunction restraining the defendants from infringing our intellectual property rights. The defendants have filed their reply to the same.

Two of the defendants have filed a common counter claim for the revocation of our patented products and our Company and MKU have also filed written statements to the same.

Pleadings of rival parties are over except of Mr. D. P. Singh who is yet to be served with the summons. The next date of hearing is fixed on January 14, 2008.

Civil Cases

a) Our Company has filed a civil suit (No. 08/2007) before the Court of Civil Judge (Upper Division) Rudrapur against Mr. Sheeshpal Singh Negi and others for obstructing the work of the factory and threatening to tool down and damage the factory located at Pantnagar of our Company. The court pursuant to its order dated July 27, 2007, granted an ex parte degree in favour of our Company and directed the defendants not to interfere in the establishment. The matter is currently pending at the Court of Civil Judge (Upper Division) Rudrapur.

Details of sundry creditors and the status of suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006
:

Sr. No.	Particulars	2007
1.	The principal amount and the interest due thereon (to be separately) remaining unpaid to any supplier as at the end of each accounting year	4,037
2.	The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act.	Nil
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil

III. Litigation involving our Subsidiaries

Except as the litigation involving Reime Kenya Limited (“Reime Kenya”) and Reime Ghana Limited (“Reime Ghana”) as disclosed below, there is no litigation invoving any of our other subsidiaries, namely Acme Tele Power Cyprus Limited, GS Financial Services Private Limited, Acme Tele Power Singapore PTE Limited, PT Hunter Fungsional Telekom, Indonesia, Reime Network Implementation Services AS, Reime Jarlsø AS, Reime Cote d'Iviore sprl, Reime West Africa Limited, Reime DRC sprl, Reime Tanzania Limited, Reime Uganda Limited, PT Reime Indonesia and Reime Phillipines Inc.

a) Reime Kenya Limited has been sued for alleged negligence for alleged injuries suffered by an alleged employee at work. Reime Kenya has denied that the person was its employee and thus not liable for any damages. The plaintiff has sought general damages of approximately KES 300,000, special damages KES 1, 000 and cost. The next date of hearing is yet to be fixed.

b) Reime Ghana has been claimed for liquidated damages of USD. 369,000 from Millicom Ghana Limited on September 11, 2007. The claim is denied by Reime Ghana and the parties are presently in dialogue.

Reime Indonesia and Reime Philippines are both under the process of liquidation. Any claims that might arise during such processes are the liability of the previous shareholders of the Reime Group.

Contingent liabilities of our Subsdiaries

Except as detailed above none of our Subsidiaries or Promoter Group companies have any contingent liabilities.

IV. Litigation/Proceeding involving our Directors

Except the notice issued by the Chief Judicial Magistrate, Udham Singh Nagar involving Mr. Manoj Kumar Upadhyay as detailed above in "Notices from Statutory Authorities – Outstanding Litigation and Material Developments" on page 201 of this Draft Red Herring Prospectus, there are no outstanding litigation, suits or criminal or civil prosecutions or proceedings or disputes against our Directors and there are no defaults, non-payment of statutory dues, overdues to banks/financial institutions or defaults against banks/financial institutions by our Directors (including past cases where penalties may or may not have been awarded).

V. Litigation involving Promoter Group Companies

Except the litigations involving MKU and Mr. Manoj Kumar Upadhyay as disclosed above in "Notices from Statutory Authorities – Outstanding Litigation and Material Developments" on page 201 of this Draft Red Herring Prospectus, there are no outstanding litigation, suits or criminal or civil prosecutions or proceedings or disputes against our Promoters or Promoter Group companies and there are no defaults, non-payment of statutory dues, overdues to banks/financial institutions or defaults against banks/financial institutions by our Promoters or Promoter Group companies (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

VI. Litigation involving our Selling Shareholders

Except the litigations involving MKU and Mr. Manoj Kumar Upadhyay as disclosed above, there are no litigation involving our Selling Shareholders.

VII. MATERIAL DEVELOPMENTS

Except as stated in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations on an Unconsolidated Basis," on page 182 of this Draft Red Herring Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or our ability to pay material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as disclosed in this Draft Red Herring Prospectus no further approvals are required for carrying on our present business.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Approvals for the Offer

The Board of Directors has pursuant to resolution passed at its meeting held on January 27, 2007 authorized the Offer.

The board of directors of the selling shareholder, MKU have pursuant to its resolution dated January 19, 2007, has authorized the Offer. Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay have vide letters dated January 19, 2007 authorized the Offer.

II. Key Patents and Trademarks

A. Patents

Detailed below are patents registered in the name of our Company in India:

Patent	Reference No.	Date of Filing	Date of grant	Inventor
Power Interface Unit	197086	September 21, 2004	August 11, 2006	Mr. Manoj Upadhyay, Ms. Mamta Upadhyay and Mr. K.M. Upadhyay.
A process for the preparation of phase change material composition	197051	August 24, 2004	September 8, 2006	Mr. Manoj Upadhyay, Ms. Mamta Upadhyay and Mr. K.M. Upadhyay.
Cuboidal shaped green shelter	197108	September 29, 2004	September 8, 2006	Mr. Manoj Upadhyay, Ms. Mamta Upadhyay and Mr. K.M. Upadhyay
Foldable Shelter	197146	October 18, 2004	August 11, 2006	Mr. Manoj Upadhyay
DC Air Conditioner	197147	October 18, 2004	August 11, 2006	Mr. Manoj Upadhyay
Cold Storage*	210530	February 1, 2005	October 5, 2007	Acme Tele Power Limited

** Pursuant to agreement dated October 8, 2007, our Company has assigned all legal and equitable interest under this patent to MKU Holdings Private Limited for a total consideration of Rs. 6,500 thousand and has filed the necessary applications with the Controller of Patents to effectuate the assignment.*

Each of the patents are valid for a period of 20 years from the respective dates on which they were filed.

Applications made by our Company but approval not yet granted:

- Application (no 1074/del/2005) dated August 24, 2004 to the Government of India, Patent Office Branch in respect of PCM product.
- Application (no 2083/del/2005) dated August 5, 2005 to the Government of India, Patent Office Branch in respect of Free Cooling Unit.
- Application (no 2084/del/2005) dated August 5, 2005 to the Government of India, Patent Office Branch in respect of Line Conditioner Unit.

B. Trademarks

Detailed below are the trademarks registered or licensed in favour of the Company in India:

Description	Applicant	Reference No.	Class	Date of Filing	Date of grant
"LCU", air conditioner unit and related products	Mr. Manoj Upadhyay*	1172257	Class 9	February 5, 2003	May 10, 2005

Description	Applicant	Reference No.	Class	Date of Filing	Date of grant
"PIU UNIK", power interface unit and related products under Class 9	Mr. Manoj Upadhyay*	1172259	Class 9	February 5, 2003	May 11, 2005
"PIU", power interface unit and related products	Mr. Manoj Upadhyay*	1172262	Class 9	February 5, 2003	May 10, 2005
"GCU", generator Conditioning unit and products	Mr. Manoj Upadhyay*	1172263	Class 9	February 5, 2003	May 10, 2005
"PCM", telecom equipments for cellular and basic user, electronic and electrical items included in Class 9	Company	1268982	Class 9	February 26, 2004	November 21, 2005
"PIU NS", power interface unit and related products	Mr. Manoj Upadhyay*	1172260	Class 9	February 5, 2003	May 9, 2005

Each of the trademarks are renewable at the expiry of a period of ten years on each occasion from the respective dates of application.

** Our Company entered into an agreement dated April 2, 2007 with Mr. Manoj Kumar Upadhyay whereby Mr. Upadhyay agreed to assign all rights, title and interest (including goodwill and reputation) with respect to these trademarks in our favour for a lump sum consideration of Rs. 1,000. We have made an application with the Registrar of Trade Marks, New Delhi for registration of the said assignments and the assignment is pending registration.*

Applications for trade mark registration made by our Company but pending registration of the marks:

- Application No. 1356238, dated May 10, 2005, for registration of the trademark of "free cooling unit" under class 11 with the Trademark Registry, Delhi.
- Application No. 1268981, dated February 26, 2004, for registration of the trademark of "Green Shelter-ACME", under class 9 with the Trademark Registry, Delhi.
- Application No. 1553499, dated April 27, 2007, for registration of the trademark "Acme Green Shelter" under class 11 with the Trademark Registry, Delhi.
- Application No. 1550113, dated April 16, 2007, for registration of the trademark "Acme Tele Power" under class 35 with the Trademark Registry, Delhi.
- Application No. 1550111, dated April 16, 2007, for registration of the trademark "Acme FCU" under class 11 with the Trademark Registry, Delhi.
- Application No. 1550110, dated April 16, 2007, for registration of the trademark "Acme PIU" under class 9 with the Trademark Registry, Delhi.
- Application No. 1550109, dated April 16, 2007, for registration of the trademark "Acme LCU" under class 9 with the Trademark Registry, Delhi.
- Application No. 1353674, dated April 27, 2005, for registration of the trademark "TEAP" under class 1 with the Trademark Registry, Delhi.
- Application No. 1550108, dated April 16, 2007, for registration of the trademark "Acme PCM" under class 1 with the Trademark Registry, Delhi.

Pursuant to agreement dated September 14, 2007 our Company has assigned and transferred all legal as well as equitable interest, rights, in the following trademark applications (all of which are pending registration) in favor of MKU Holdings Private Limited for a total consideration of Rs. 25,000:

- Application No. 01387203, dated September 26, 2005, for registration of the trademark "Acme Leading through Innovation" with logo under class 9 with the Trademark Registry, Delhi.
- Application No. 01387204, dated September 26, 2005, for registration of the trademark "Acme Leading through Innovation" with logo under class 11 with the Trademark Registry, Delhi.
- Application No. 01387205, dated September 26, 2005, for registration of the trademark "Acme Leading through Innovation" with logo under class 38 with the Trademark Registry, Delhi.
- Application No. 1550118, dated April 16, 2007, for registration of the trademark "Acme Leading through Innovation" with logo under class 42 with the Trademark Registry, Delhi.

- Application No. 1550117, dated April 16, 2007, for registration of the trademark "Acme Leading through Innovation" with logo under class 40 with the Trademark Registry, Delhi.
- Application No. 1550116, dated April 16, 2007, for registration of the trademark "Acme Leading through Innovation" with logo under class 39 with the Trademark Registry, Delhi.
- Application No. 1550115, dated April 16, 2007, for registration of the trademark "Acme Leading through Innovation" with logo under class 37 with the Trademark Registry, Delhi.
- Application No. 1550114, dated April 16, 2007, for registration of the trademark "Acme Leading through Innovation" with logo under class 35 with the Trademark Registry, Delhi.
- Application No. 1550112, dated April 16, 2007, for registration of the trademark "Acme" under class 35 with the Trademark Registry, Delhi.
- Application No. 1450070, dated May 2, 2006, for registration of the trademark "Acme All Fresh" with logo under class 11 with the Trademark Registry, Delhi.

Necessary applications have been made with the Registrar of Trade Marks for registration of all the above assignments and the same are pending registration.

II. Operating Licenses

A. General Approvals

Description	Number	Date of Issue	Date of Expiry
PAN	AAAECA0914A	Not applicable	Not applicable
Certificate of importer exporter code	0502077531	March 11, 2003	Not applicable
Tax deduction account number	RTKA03044G	July 30, 2004	Not applicable
Host country approval from the Ministry of Environment and Forest under Clean Development Mechanism for "supply side energy efficiency improvement by implementing power interface units in northern India"	4/10/2007-CCC	August 10, 2007	Not applicable

Applications made by our Company pending approval:

Our Company has made an application dated October 1, 2007 to the Ministry of Communications and Information Technology for a license to provide unified access service in 12 service areas.

B. Approvals relating to the manufacturing unit located at Swarraj Building, Sector-4 Crossing, Kasauli Road, Parwanoo 173 220, District Solan, Himachal Pradesh

Description	Number	Date of Issue	Date of Expiry
Permanent registration certificate from the Department of Industries for the production of the power interface unit, switch mode power supply, telecom shelter, ext lighting surge system (1)	02/09/04114/PMT/Tiny	January 12, 2005 as amended by corrigendum dated July 2, 2005	Not applicable
Registration under the Employees Provident Funds and Miscellaneous Provisions Act, 1952.	HP 3165	November 2, 2003	Not applicable
Registration under the Employees State Insurance Act, 1948	PB 14/32370/95	April 7, 2003	Not applicable
Registration under the Central Sales Tax Act, 1956	SOL-CST-7271(Central)	February 3, 2003	Valid until cancelled
Registration under Himachal Pradesh General Sales Tax Act, 1968	SOL-III-7298	February 3, 2003	Valid until cancelled
Registration under the Central Excise Rules, 2002 (2)	AAACA0914AXM001	May 12, 2003	Valid until our Company carries out activity for which the certificate has been issued
Registration under section 69 of the Finance Act, 1994 for commissioning and installation, transport of goods by road (Service Tax Rules, 1994)	AAACA0914AST001	October 28, 2004	Valid until our Company carries out activity for which the certificate has been

			issued
Registration under the Contract Labour (Regulation and Abolition) Act, 1970	LO(SZ)SLN-PE-436	November 27, 2006	Not applicable
Inspection of premises for first aid and dire fighting measures adopted to be satisfactory	HOM(FS)(11Q)6-10/76-XL-SML NOC 7139-41	August 10, 2006	For the year 2006-2007
Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974	NO/PCB/825/EE(Parwano o/06-1080-81)	November 7, 2006	March 31, 2009

(1) Date of production being June 5, 2003
(2) Certificate not valid in case the constitution of the management of the firm undergoes change.

Applications made by our Company pending approval:

Our Company has made an application dated October 31, 2006 for renewal of the registration and license to work a factory under the Factories Act for the year 2007.

C. Manufacturing unit located at Plot No. 3-8, 29-34, Sector-5, I.I.E. Pantnagar (SIDCUL) Uttaranchal

Description	Number	Date of Issue	Date of Expiry
Registration and license and license to work a factory under the Factories Act, 1948	USN-925	April 26, 2006	December 12, 2007
Registration under the Central Excise	AAECA0914AXM001	December 12, 2005	Valid until Company carries on the activity for which it has been issued.
Registration under Service Tax Rules, 1994 for the payment of service tax on goods transport, commission and installation, maintenance and repair	AAECA0914AST002	March 13, 2006	Valid until Company carries on the activity for which it has been issued.
Registration under the Uttaranchal Trade Tax Rules, 1948	R-U-740 D	September 24, 2005	Valid until cancelled
Registration under the Central Sales Tax Act, 1956	R-U 5038770	September 1, 2005	Valid until cancelled
No objection certificate from Uttranachal Environment Protection and Pollution Control Board	736/05/983	August 18, 2005	Not applicable
Registration under the Employees Provident Funds and Miscellaneous Provisions Act, 1952	UA 33606	February 1, 2006	Not applicable
Registration under the Employee State Insurance Act	61-4504-67/RU	November 16, 2007	Not applicable
Registration under the Contract Labour (Regulation and Abolition) Act, 1970	Not available	July 21, 2006	Not applicable
Acknowledgement of the Secretariat for Industrial Assistance for production Sandwich, Panel, room/cabinets of manufacture in relation of the manufacture of tanks, reservoirs and containers of metal NEC, with a capacity of 2,250,000 No. s	3622/SIA/IMO/2005	July, 29, 2005	Not applicable
Acknowledgement of the Secretariat for Industrial Assistance for the production of power interface unit, line conditioner unit, battery of manufacture charger in relation to the manufacture of electricity distribution and control equipment (Including voltage stabilizers) with a capacity of 24,000 numbers	3620/SIA/IMO/2005	July 29, 2005	Not applicable
Acknowledgement of the Secretariat for Industrial Assistance for the production of green shelter for telecom of manufacture the manufacture of apparatus for radio broad casting and television, transmission (includes manufacture of relay transmitters and television transmitters for industrial use) with	3556/SIA/IMO/2005	July 26, 2005	Not applicable

Description	Number	Date of Issue	Date of Expiry
a capacity of 24,000 numbers			

Applications filed for approvals pending approval:

- Application dated December 30, 2006 to the Uttaranchal Environment Protection and Pollution Control Board for renewal of consent under Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 for the year 2007-2008

D. Approvals relating to units at Gurgoan, Haryana

Description	Number	Date of Issue	Date of Expiry
Registration under the Employees State Insurance Act, 1948	13/37632/66	February 15, 2005	Not applicable
Registration under the Employees Provident Funds and Miscellaneous Provisions Act, 1952	HR/GGN/26959	July 1, 2004	Not applicable
Haryana Value Added tax Act, 2003	06261925941	April 9, 2004	Valid until cancelled

a) Approvals relating to unit located at Plot No. 90, Sector-5, IMT Manesar, Gurgaon, Haryana

Description	Number	Date of Issue	Date of Expiry
Registration under the Central Excise Rules, 2002.	AAACA0914AXM003	November 17, 2004	Valid until our Company carries out activity for which the certificate has been issued
No objection certificate from the Fire Station Officer.	2007/3145	October 7, 2007	October 6, 2008
Registration of Establishment under Punjab Shops and Commercial Establishment Rule Act, 1958	GGN/2007/L.I.17/85	March 2, 2007	March 31, 2009

b) Approvals relating to unit located at Plot No. 48, Sector-5, IMT Manesar, Gurgaon, Haryana

Description	Number	Date of Issue	Date of Expiry
No objection certificate from the Fire Station Officer.	2007/3146	December 5, 2007	December 4, 2008
Registration of Establishment under Punjab Shops and Commercial Establishment Rule Act, 1958	GGN/2007/L.D.17/85	March 2, 2007	March 31, 2009

Applications filed for approvals pending approval:

- Application dated September 7, 2004 to the Chief Inspector of Factories, Chandigarh, for registration of factory and grant of license under the Factories Act, 1948.

c) Approvals relating to R&D unit located at Plot No. 182, Sector-5, IMT Manesar, Gurgaon, Haryana

Description	Number	Date of Issue	Date of Expiry
No objection certificate from the Fire Station Officer.	2007/3144	October 15, 2007	October 14, 2008
Registration of Establishment under Punjab Shops and Commercial Establishment Rule Act, 1958	GGN/2007/4/L.I.-16	March 2, 2007	March 31, 2008

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorized by a resolution of our Board dated January 27, 2007.

The board of directors of the selling shareholder, MKU Holdings Private Limited has pursuant to its resolution dated January 19, 2007, has authorized the Offer. Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay have vide letters dated January 19, 2007 authorized the Offer.

Prohibition by SEBI, RBI or governmental authorities

Our Company, our Directors, our Selling Shareholders, our Promoters, the Directors, our Subsidiaries, our Promoter Group companies, associates of our group companies and other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither we nor our Directors, our Selling Shareholders, Promoters, Promoter Group companies, associates or relatives of our Promoters have been detained as willful defaulters by the RBI or government authorities. There are no violations of securities laws committed by any them in the past or pending against them.

Eligibility for the Offer

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as described below:

- Our Company has net tangible assets of at least Rs. 30,000,000 in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Our Company has a track record of distributable profits in terms of Section 205 of the Companies Act for at least three out of immediately preceding five years as detailed below;
- Our Company has a net worth of at least Rs.10,000,000 in each of the preceding three full years (of 12 month each) prior to the Offer;
- The proposed Offer Size does not exceed five times the pre-Offer net worth as per the audited accounts for the Fiscal 2007; and
- The net profit, dividend, net worth, net tangible assets and monetary assets for purposes of the eligibility criteria described above have been derived from the auditor's report included in this Draft Red Herring Prospectus under the section titled "Financial Statements", on page 105 of Draft this Red Herring Prospectus.

(Rs. in'000)

Sl. No	Eligibility Criteria	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
1.	Distributable profits, as per Section 205 of the Companies Act	1,001	93,962	399,519	1,208,015	2,281,284
2.	Net worth	1,090	95,775	489,615	1,676,325	3,519,644

Our Company undertakes that the number of Allottees in the Offer shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15 % per annum for the period of delay.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE

FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO THE SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 20, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

(i) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.**

(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 OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

(A) **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

(B) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER;**

(D) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**

(E) **WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. THE SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT

ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

We certify that written consent from our Promoters have been obtained for inclusion of their securities as part of Promoters' contribution subject to lock-in and the securities proposed to form part of the Promoters' contribution subject to lock-in, will not be disposed/sold/transferred by the Promoters during the period starting from the date of filing this Draft Red Herring Prospectus with the SEBI till the date of commencement of lock-in period as stated in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 56, 60 and 60B of the Companies Act.

Disclaimer from the Company and the BRLMs

Investors that Bid in the Offer will be required to confirm and will be deemed to have represented to the Company, Selling Shareholders and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws and rules.

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, www.acmetelepower.com would be doing so at his or her own risk.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, the Selling Shareholders and our Company dated November 20, 2007 and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by us, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither the Company, Selling Shareholders nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software or hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Company and their respective group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company and the Selling Shareholders, for which they have received, and may in future receive, compensation.

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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers" as defined in Rule 144A of the Securities Act, in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain Persons in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by either of the Stock Exchanges mentioned above, the Selling Shareholders will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company and the Selling Shareholders becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Offer Closing Date, whichever is earlier, then the Company and the Selling Shareholders shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of Allotment for the Offer.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Offer; and (b) BRLMs and Syndicate Member, Escrow Collection Bankers, Registrar to the Offer and the legal advisors, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors, S.R. Batliboi & Co., Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in the section titled "Financial Statements" on page 105 of this Draft Red Herring Prospectus and such consent and report have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors, S.R. Batliboi & Co., Chartered Accountants, have given their written consent to inclusion of their report relating to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and have not withdrawn such consent up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Offer, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and Designated Stock Exchange.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Offer which will be Annexed with the Red Herring Prospectus, and except as stated otherwise stated in this Draft Red Herring Prospectus we have not obtained any expert opinions.

Expenses of the Offer

The total expenses of the Offer are estimated to be approximately Rs. [●] thousand. The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Offer would be borne by the Selling Shareholders, except listing fees which shall be borne by our Company.

The estimated Offer expenses are as under:

(Rs. in '000)

Activity	Expenses
Lead management, underwriting and selling commission*	[•]
Advertising and marketing expenses*	[•]
Printing and stationery*	[•]
Others (Registrar's fee, legal fee, listing fee, etc.)*	[•]
Total estimated Offer expenses*	[•]

** Will be completed after finalization of the Offer Price*

Fees Payable to the BRLMs and the Syndicate Member

The total fees payable to the BRLMs and the Syndicate Member (including underwriting commission and selling commission) will be as per the engagement letter dated November 20, 2007 with the BRLMs issued by our Company and the Selling Shareholders, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Offer

The fees payable by us to the Registrar to the Offer for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding dated November 19, 2007 between us and the Registrar to the Offer, a copy of which is available for inspection at our Corporate Office.

The Registrar to the Offer will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable them to make refunds or send allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

Previous Rights and Public Issues

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 19 of this Draft Red Herring Prospectus, our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Companies under the Same Management

We do not have any companies under the same management within the meaning of section 370(1B) of the Companies Act, which has made any public or rights issue during the last three years.

Promise v/s performance

Neither our Company nor any Promoter Group or associate companies have made any previous rights and public issues.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Stock Market Data of our Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares of our Company are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Offer and us will provide for retention of records with the Registrar to the Offer for a period of at least one year from the last date of dispatch of the letters of allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

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

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances will be 15 business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have also appointed a Mr. Jitendra Kumar, Company Secretary and Compliance Officer for this Offer and he may be contacted in case of any pre-Offer or post Offer related problems, at the following address:

Mr. Jitendra Kumar
Acme Tele Power Limited
DLF Infinity Tower,
Building C, 9th Floor,
DLF Cyber City, Phase-II,
Gurgaon 122 002, Haryana, India.
Tel: +91 124 456 1800
Fax: +91 124 414 7188
Email: ipo@acme.in
Website: www.acmetelepower.com

Change in Auditors

The following are the changes in our auditors in the last three years:

Name of Auditor	Change	Date
M/s S. Tekriwal & Associates, Chartered Accountants	Resigned	November 30, 2006
S.R. Batliboi & Associates	Appointed	November 30, 2006

Capitalization of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last five years, except as stated in the section titled “Capital Structure” on page 19 of this Draft Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets in the last five years.

Payment or benefit to officers of Our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies, RBI, FIPB and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for the Offer

The Offer has been authorized by a resolution of our Board dated January 27, 2007. The selling shareholder MKU has vide board resolution dated January 19, 2007 authorized the Offer and Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay have vide letters dated January 19, 2007 authorized the Offer.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of allotment.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Offer Price

The face value of the Equity Shares is Rs. 2 each and the Offer Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares. The Floor Price is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page 253 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in New Delhi.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, the Selling Shareholders shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares are only being offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

OFFER STRUCTURE

The present Offer of 17,283,580 Equity Shares of Rs. 2 each, at a price of Rs. [●] for cash aggregating Rs. [●] is being made through the 100% Book Building Process. The Offer comprises a Net Offer of 17,133,580 Equity Shares and a reservation for Employees of 150,000 Equity Shares.

	Employees	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Upto 150,000 Equity Shares	At least 10,280,148 Equity Shares	Not less than 1,713,358 Equity Shares available for allocation or Offer Size less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 5,140,074 Equity Shares available for allocation or Offer Size less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Offer Size available for Allotment/allocation	Upto 0.87% of the Offer**	At least 60% of the Net Offer being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Net Offer available for allocation or the Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of Net Offer available for allocation or the Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) 514,008 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 9,766,140 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	[•] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares.
Maximum Bid	Such number of Equity Shares in multiples of [•] Equity Shares so that the Bid Amount does not exceed Rs. [•]	Such number of Equity Shares not exceeding the Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the Offer subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	Employees	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate Member.	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	Full Bid Amount on bidding	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* *Subject to valid Bids being received at or above the Offer Price. In terms of Rule 19 (2) (b) of the SCRR, this is an Offer for less than 25% of the post–Offer capital, therefore, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer shall be Allotted to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange.*

** *Any under subscription in Equity Shares, if any, reserved for Employees would be included in the Net Offer and allocated in accordance with the description in Basis of Allotment as described on page 248 of this Draft Red Herring Prospectus.*

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

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer at anytime including after the Bid/Offer Closing Date, until the Allotment of Equity Shares at a meeting of the Board, without assigning any reason thereof. Notwithstanding the foregoing, the Offer is also subject to obtaining final approval of the Stock Exchanges.

Letters of Allotment or Refund Orders

Our Company shall facilitate and the Selling Shareholders shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of Allotment of Equity Shares. The Selling Shareholders shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company and the Selling Shareholders further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;

- Dispatch of refund orders will be done within 15 days from the Bid/Offer Closing Date or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions will be given to the clearing system; and

- The Company and the Selling Shareholders shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company and the Selling Shareholders will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Offer.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Offer Programme

Bidding Period

BID/OFFER OPENS ON	**[●]**
BID/OFFER CLOSES ON	**[●]**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Offer Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

The Selling Shareholders and the Company reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least one day prior to the Bid /Offer Opening Date.

In case of revision in the Price Band, the Offer Period will be extended for three additional days after revision of the Price Band subject to the Offer Period not exceeding 10 days. Any revision in the Price Band and the revised Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release in two widely circulated newspapers one each in English and Hindi, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

OFFER PROCEDURE

The SEBI Guidelines were recently amended. There is uncertainty in relation to the effect of these amendments on the Offer Procedure. The BRLMs are currently discussing the same with SEBI and the stock exchanges. All investors are therefore cautioned that the Offer Procedure as detailed herein may be modified or supplemented or amended based on the discussions between SEBI, the Stock Exchanges and the BRLMs.

Book Building Procedure

In terms of Rule 19 (2) (b) of the SCRR, this is an Offer for less than 25% of the post–Offer capital, therefore, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, up to 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the Syndicate. In case of QIB Bidders, our Company and the Selling Shareholders, in consultation with the BRLMs, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids under the Employee Reservation Portion, our Company and the Selling Shareholders would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company and the Selling Shareholders to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non repatriation basis	White
Non-Residents, Eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue
Bidders in the Employee Reservation Portion	Pink

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;

- Mutual Funds registered with SEBI;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable;

- Venture Capital Funds registered with SEBI;

- Foreign Venture Capital Investors registered with SEBI;

- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;

- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;

- FII registered with SEBI, on a repatriation basis.

- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority, India;

- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;

- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Multilateral and Bilateral Development Financial Institutions; and

- Employees of the Company

As per existing regulations, OCBs cannot participate in the Offer.

Participation by associates of BRLMs and the Syndicate Member

The BRLMs and the Syndicate Member shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member are entitled to subscribe for Equity Shares in the Offer, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 514,008 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Application by NRIs

1. Bid cum application forms have been made available for NRIs at our registered/corporate office, members of the Syndicate and the Registrar to the Offer.

2. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The offer of Equity Shares to a single FII should not exceed 10% of our post-Offer issued capital (i.e. 10% of 171,335,792 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of our total paid up capital. With the prior approval of the RBI, our Board and our shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however, as of the date of this Draft Red Herring Prospectus no such resolution has been recommended to our shareholders for approval.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Offer Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Bidders in the Employee Reservation Portion**

The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may Bid at Cut-off Price. However, the maximum Bid by an Employee cannot exceed Rs. 250 million. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However the maximum Bid under the Employee Reservation Portion cannot exceed 150,000 Equity Shares.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

(a) The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Member or their authorized agent(s) to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

(a) Our Company, the Selling Shareholders and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Offer Period in accordance with the terms of the Syndicate Agreement.

(b) The Bidding Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in an English national newspaper and a Hindi national newspaper, both with wide circulation and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 days.

(c) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page [•]) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(d) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids" on page [•].

(e) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(f) During the Bidding/Offer Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(g) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page [•].

Bids at Different Price Levels

(a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 2 each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can Bid at any price with in the Price Band, in multiples of Rs. 1 (One).

(b) Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(c) In case of revision in the Price Band, the Offer Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 days. Any revision in the Price Band and the revised Bidding/Offer Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers, one each in English and Hindi, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Member.

(d) Our Company and the Selling Shareholders, in consultation with the BRLMs, can finalise the Offer Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders and Employees bidding under the Employee Reservation Portion who Bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Employees bidding under the Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price and Employees bidding under the Employee Reservation Portion at Cut off Price (i.e., the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company, the Selling Shareholders and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full

Bid Price from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Offer Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Refund Account are as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Offer to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the section titled "Offer Procedure" on page 225) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account shall be held for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Offer Structure" on page 221. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares transferred at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation/ transfer, will be refunded to such Bidder within 15 days from the Bid/Offer Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid Closing Date, the

Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor.
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares Bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or the Selling Shareholders.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In the case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the section titled "Offer Procedure" on page 225.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding/Offer Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(i) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Offer Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) Our Company and the Selling Shareholders, in consultation with the BRLMs, shall finalise the "Offer Price".

(c) The allocation to QIBs will be at least 60% of the Net Offer and allocation to Non-Institutional and Retail Individual Bidders will be not less than 10% and 30% of the Net Offer, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company and the Selling Shareholders, in consultation with the BRLMs. Any under subscription in the Employee Reservation Portion would be included in the Net Offer. However, if the aggregate demand by Mutual Funds is less than 514,008 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange.

(e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the FIPB and RBI, while granting permission for allotment of Equity Shares to them in this Offer.

(f) The BRLMs, in consultation with us and the Selling Shareholders , shall notify the members of the Syndicate of the Offer Price and allocations to their respective Bidders, where the full Bid Price has not been collected from the Bidders.

(g) The Selling Shareholders and the Company reserve the right to cancel the Offer any time after the Bid/Offer Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Offer Closing Date.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the Selling Shareholders, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Offer Price and allocation(s) /allotment to the Bidders.

(b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer Price, Offer size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

We and the Selling Shareholders will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Offer Advertisement

Subject to Section 66 of the Companies Act, our Company and the Selling Shareholders shall after receiving final observations, if any, on this Prospectus from SEBI, publish an advertisement, in the from prescribed by the SEBI Guidelines in an English national daily with wide circulation, one national newspaper and a regional language newspaper.

Advertisement regarding Offer Price and Prospectus

Our Company and the Selling Shareholders will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Offer. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allotment for the Retail and Non-Institutional Bidders. However, investors should note that the Selling Shareholders shall ensure that the date of allotment of the Equity Shares to all investors in this Offer shall be done on the same date.

(b) The BRLMs or the Syndicate Member would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/ Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for the allotment to such Bidder.

(d) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth under the chapter "Offer Procedure" of this Draft Red Herring Prospectus.

Notice to QIBs: Allotment/Transfer Reconciliation and Revised CAN

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and allotment of Equity Shares

(a) The Company and the Selling Shareholders will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, the Company and the Selling Shareholders would ensure the credit to the successful Bidders depository account allotment within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be offered, transferred and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Offer.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their PAN allotted under the IT Act. The copies of the PAN card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

(h) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not Bid at Cut Off Price (for QIB Bidders, Non-Institutional Bidders and Bidders bidding under the Employee Reservation Portion, for whom the Bid Amount exceeds Rs. 100,000) ;

(g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white or blue).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Offer Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) For Bidders bidding under the Employee Reservation Portion, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter.

(g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository the Bidders bank account details. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. The bank account details of the Bidder to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or nine digit Magnetic Ink Character Recognition ("MICR") code for making refunds electronically and occupation (hereinafter referred to as 'Demographic Details'). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Offer. Hence the Bidders are advised to update their Demographic Details as provided to the DP and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Selling Shareholders, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Selling Shareholders, in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three).

3. NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Price exceeds Rs. 100,000.

For further details, please refer to the section titled 'Maximum and Minimum Bid Size' on page 228.

In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Our Company or the Selling Shareholders do not require any approval for the Offer of Equity Shares to Eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and other Eligible NRIs. As per the RBI regulations, OCBs are not permitted to participate in the Offer.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Selling Shareholders in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the Selling Shareholders, the BRLMs may deem fit.

Bids by Employees

For the purpose of the Employee Reservation Portion, Employee means all or any of the following:

(a) a permanent employee of the Company or of the Subsidiaries as of the date of filing the Red Herring Prospectus who are Indian nationals based in India as of [•] and are present in India on the date of submission of the Bid cum ApplicationForm.

(b) a Director of the Company or of the Subsididaries, whether a whole time Director, part time Director or otherwise, as of the date of filing the Red Herring Prospectus who are Indian nationals based in India as of [•] and are present in India on the date of submission of the Bid cum Application Form.

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour Form).
- Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ first Bidder should be Employees.
- Only Employees (as defined above) would be eligible to apply in this Offer under the Employee Reservation Portion.
- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.
- Employees who Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off Price. This facility is not available to other Employees whose Bid Amount in any of the bidding options exceeds Rs. 100,000.

- The maximum Bid under Employee Reservation Portion by an Employee cannot exceed Rs. 2.50 million.
- Bid by Employees can be made also in the 'Net Offer' portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand. Under subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

If the aggregate demand in this category is greater than [•] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see the section titled "Offer Procedure- Basis of Allotment" on page 248 of this Draft Red Herring Prospectus.

PAYMENT INSTRUCTIONS

Our Company, the Selling Shareholders and the members of the Syndicate shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Offer. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/allotment as per the following terms:

Payment into Escrow Account

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Offer Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of QIB Bidders: **"**Escrow Account– ATPL Public Offer – QIB – R"
    - In case of non-resident QIB Bidders: **"**Escrow Account– ATPL Public Offer – QIB– NR"
    - In case of Resident Bidders: **"**Escrow Account– ATPL Public Offer"
    - In case of Non Resident Bidders: "Escrow Account – ATPL Public Offer – NR"
    - In case of Employees: **"**Escrow Account- ATPL Public Offer-Employee"

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer.

9. On the Designated Date and no later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/allotment to the Bidders.

10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/Postal orders will not be accepted.

Payment by Stockinvest

In terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Offer.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Employees both under Employees Reservation Portion as well as in the Net Offer shall not be treated as multiple Bids.

The Selling Shareholders reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention the Permanent Account Number ("PAN") allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

RIGHT TO REJECT BIDS

In case of QIB Bidders, our Company and the Selling Shareholders, in consultation with the BRLMs, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bidders in the Employee Reservation Portion, the Selling Shareholders have a right to reject Bids based on technical grounds. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;

2. Age of First Bidder not given;

3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

5. PAN/Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;

6. GIR number furnished instead of PAN;

7. Bids for lower number of Equity Shares than specified for that category of investors;

8. Bids at a price less than lower end of the Price Band;

9. Bids at a price more than the higher end of the Price Band;

10. Bids at Cut Off Price by Non-Institutional and QIB Bidders applying for greater than 1,00,000 Equity Shares;

11. Bids for number of Equity Shares which are not in multiples of [•];

12. Category not ticked;

13. Multiple Bids as defined in this Draft Red Herring Prospectus;

14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

15. Bids accompanied by Stockinvest/money order/postal order/cash;

16. Signature of sole and/or joint Bidders missing;

17. Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Member;

18. Bid cum Application Forms does not have Bidder's depository account details;

19. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

20. Bids by employees of the Company or Directors of the Company not eligible to apply in the Employee Reservation Portion.

21. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;

22. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

23. Bids by QIBs not submitted through the Syndicate;

24. Bids by OCBs;

25. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and

26. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Offer shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

a) Agreement dated April 30, 2007 with NSDL, our Company and the Registrar to the Offer;

b) Agreement dated May 22, 2007 with CDSL, our Company and the Registrar to the Offer.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of transferred shares in the respective beneficiary accounts, refunds, etc.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

A. **For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allotment to all the successful

Retail Individual Bidders will be made at the Offer Price.

- The Offer size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. **For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Offer Price.

- The Offer size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment refer below.

C. **For Employee Reservation Portion**

  - Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Offer Price.

  - If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.

  - If the aggregate demand in this category is greater than 150,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•]Equity Share thereafter. For the method of proportionate basis of allotment, refer below.

  - Only Employees (as defined above) are eligible to apply under Employee Reservation Portion.

D. **For QIBs**

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Offer Price.

- The QIB Portion shall be available for allotment to QIB Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.

- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

(i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Offer Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares. The method of proportionate basis of allotment is stated below.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Offer Details

Sr. No.	Particulars	Offer details
1	Offer size	200 million Equity Shares
2	Allocation to QIB (50%)	100 million Equity Shares
	Of which:	
	a. Reservation to MF (5%)	5 million Equity Shares
	b. Balance for all QIBs including MFs	95 million Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million Equity Shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of Equity Shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80

S. No	Type of QIB bidders#	No. of Equity Shares bid for (in millions)
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of Equity Shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Offer Structure" on page 221.
2. Out of 100 million equity shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.
3. The balance 95 million equity shares (i.e. 100 - 5 (available for mutual funds)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including 5 mutual fund applicants who applied for 200 equity shares).
4. The figures in the fourth column titled "Allocation of balance 95 million equity shares to QIBs proportionately" in the above illustration are arrived as under:
   - For QIBs other than mutual funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 95 / 495
   - For mutual funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 95/495
   - The numerator and denominator for arriving at allocation of 95 million shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to mutual funds in the manner specified in column III of the table above.

Basis of Allotment

In the event of the Offer being over-subscribed, our Company and the Selling Shareholders shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

  - Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and

  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are adviced to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s), Bankers to the Offer nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

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

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of

complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through Direct Credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Selling Shareholders.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Selling Shareholders. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Selling Shareholders shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Offer Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Selling Shareholders and our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, The Selling Shareholders further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/ Offer Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/ Offer Closing Date would be ensured; and

The Selling Shareholders shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Letters of Allotment or Refund Orders

The Selling Shareholders shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of Allotment of Equity Shares, and shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Selling Shareholders further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Offer Closing Date;
- Dispatch of refunds will be done within 15 days from the Bid/Offer Closing Date; and
- They will pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the 15 day time prescribed above.

The Selling Shareholders will provide adequate funds required for dispatch of refunds orders or allotment advice to the Registrar to the Offer.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest in case of delay in dispatch of allotment letters/refund orders

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Offer Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Offer Closing Date.

In case of revision in the Price Band, the Bidding/Offer Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UNDERTAKINGS BY THE SELLING SHAREHOLDERS

The Selling Shareholders undertake the following:

- that the Equity Shares being sold pursuant to this Offer have been held by us for a period of more than one year and the Equity Shares are free and clear of all liens or encumbrances and shall be transferred to the successful Bidders within the specified time;
- there would be no further offer of capital of our Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares Allotted pursuant to the Offer have been listed;
- that the complaints received in respect of this Offer shall be attended to expeditiously. The Selling Shareholders have authorised our Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in this Offer;
- that the funds required for making refunds or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Offer;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;

- that the refund instruction shall be given or allotment advice to the successful Bidders shall be dispatched within specified time; and

- that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicants within 15 days of closure of the Offer giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- that no further issue of Equity Shares shall be made until the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;

- that the complaints received in respect of this Offer shall be attended to expeditiously. The Selling Shareholders have authorised our Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in this Offer;

- that the funds required for making refunds or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Offer;

- that the refund instruction shall be given or allotment advice to the successful Bidders shall be dispatched within specified time; and

- that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicants within 15 days of closure of the Offer giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

By way of a circular dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be offered is not less than the price at which the equity shares are offered to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Subscription by foreign investors (NRIs/FIIs)

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Offer.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Share Capital

3. `The authorized share capital of the Company shall be such amount and be divided into such shares, as may, from time to time, be provided in clause V of Memorandum of Association with power to sub divide, consolidate and increase and with power , from time to time, to issue any shares of the original Capital with and subject to any preferential, qualified or special rights, privileges or condition as may be, thought fit , and up on the sub division of shares to apportion the right to participate in profits in any manner as between the shares resulting form sub division.

Minimum Paid up Capital

4. The minimum paid up capital of the Company is Rs. 5,00,000/- (Rupees Five lacs only).

New Capital same as existing Capital

5. Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Shares shall be considered as part of the existing Capital and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.

Redeemable Preference Shares

6. Subject to the provisions of section 80 of the Act, the Company shall have the power to issue preference shares, which are, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provision to apply on issue of Redeemable Preference Shares

7. On the issue of redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:

   (a) no such Preference Shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;

   (b) no such Preference Shares shall be redeemed unless they are fully paid;

   (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's share premium account before the Preference Shares are redeemed;

   (d) where any such Preference Shares are redeemed otherwise than out of the proceeds of a fresh issue there shall out of profits which would otherwise have been available for dividends be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the Preference Shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company except as provided in section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

Reduction of Capital

8. The Company may (subject to the provisions of sections 78, 80 and 100 to 105 inclusive of Act) from time to time by Special Resolution reduce its Capital and any Capital Redemption Reserve Account or share premium account in any manner for the time being authorised by law, and in particular Capital may be paid off on the footing that it may be called upon again or otherwise.

This Article is not to derogate from any power the Company would have, if these Articles were omitted.

Sub-division, consolidation and cancellation of Shares

9. Subject to the provisions of section 94 of the Act, the Company in General Meeting may, from time to time, consolidate all or any of its share capital into Shares of larger amount than its existing Shares or sub-divide its Shares, or any of them into Shares of smaller amount than is fixed by the memorandum and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division one or more of such Shares shall have some preference or special advantage as regards dividend, Capital or otherwise over or as compared with the others or other. Subject to as aforesaid the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Modification of rights

10. If at any time share capital, by reason of the issue of Preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound-up be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the Shares of that class. This Article shall not derogate from any power, which the Company would have if these Articles were omitted. The provision of these Articles relating to General Meetings shall, *mutatis mutandis*, apply to every such separate Meeting but so that if at any adjourned Meeting of such holders a quorum as defined above is not present, those persons who are present shall be the quorum.

Board may accept surrender of Shares

11. Subject to the provisions of sections 100 to 105 (inclusive) of the Act, the Board may accept from any Member on such terms and conditions as shall be agreed a surrender of all or any of his Shares.

SHARES AND CERTIFICATES

Register and Index of Members

12. To the extent applicable, the Company shall cause to be kept a Register and index of Members in accordance with sections 150 and 151 of the Act. The Company shall be entitled to keep in any state or country outside India a branch Register of Members resident in that state or country.

Shares to be numbered progressively and no Share to be sub-divided

13. The Shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned no Share shall be sub-divided. Every forfeited or surrendered Share shall continue to bear the number by which the same was originally distinguished.

Further issue of Capital

14(a) Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Equity Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed Capital of the Company by allotment of further Equity Shares then:

(i) Such further Equity Shares shall be offered to the persons who, at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those Equity Shares at that date;

(ii) Such offer shall be made by a notice specifying the number of Equity Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;

(iii) The offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Equity Shares offered to him or any of them in favour of any other Person and the notice referred to in sub clause (ii) shall contain a statement of this right.

(iv) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the Person to whom such notice has been given that he declines to accept the Equity Shares offered, the Board may dispose off them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in sub clause (a) above, the further Equity Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof in any manner whatsoever.

(i) If a Special Resolution to that effect is passed by the Company in General Meeting, or

(ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by the Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the central government is satisfied, on an application made by the Board in this behalf, that the proposal is most beneficial to the Company.

(c) Nothing in sub clause (c) of clause (1) hereof shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Equity Shares comprised in the renunciation.

(d) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debentures issued by the Company;

(i) To convert such Debentures or loans into Equity Shares in the Company; or

(ii) To subscribe for Equity Shares in the Company.

Provided that the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term;.

(i) Either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with rules, if any, made by that government in this behalf; and

(ii) In the case of Debentures or loans or other than debentures issued to or loans obtained from government or any institution specified by the central government in this behalf, has also been approved by a Special Resolution passed by the Company in General Meeting before the issue of the loans.

Shares under control of Directors

15. Subject to the provisions of Section 81 of the Act and these Articles (including for the avoidance of doubt Article 16A, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be

deemed to be fully paid Shares. Provided that option or right to call shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Power to issue Shares at a General Meeting

16. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 14 and 15, the Company may, in its General Meeting, determine that any Shares (whether forming part of the original Capital or of any increased Capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in a General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.

Anti Dilution Rights of Investor Shareholders

16A. If during the subsistence of the Share Subscription Agreement, the Company issues any shares or securities, or any rights, options, warrants, rights or instruments entitling the holder to receive any shares or securities of the Company or any options to purchase or rights to subscribe to shares or securities which are by their terms convertible into or exchangeable for shares ("**Dilution Instrument"**) or in the event of any Share split, issue of bonus Shares, Share dividends, consolidation of Shares, combinations or re-capitalisations at any time ("**Dilution Event**"), then each Investor Shareholder's shareholding interests in the Company shall be protected and in accordance with such obligation of protection (i) each Investor Shareholder shall be entitled to subscribe to such number of Dilution Instruments in proportion to its equity shareholding in the Company and shall also be entitled to subscribe to its pro rata number (calculated on the same basis after giving effect to the Investor Shareholder's subscription pursuant to this Article 16(A), but not including the number of securities held by other shareholders not subscribing in such issuance) of any securities not subscribed for by the other shareholders; and (ii) each Investor Shareholder's shareholding in the Company shall be automatically adjusted to ensure that any Dilution Event does not dilute the shareholding interests of any Investor Shareholder. The Company shall not issue any Dilution Instrument or approve or permit any Dilution Event in contravention of the provisions of this Article 16(A); and

Except for Shares issued under the ESOP, no Shares in the Company shall be issued, allotted or transferred to any person or party on terms (i) that are more favourable than those on which the Shares are acquired by the Investor Shareholders, whether as to price, valuation or otherwise howsoever or (ii) that limit, affect or conflict or have the effect of limiting, affecting or conflicting with any of the rights of any of the Investor Shareholders, including under these Articles, Provided that the Investor Shareholders and the Primary Shareholder acknowledge that the Pre IPO transferees will be entitled to the same rights which will be on the same terms as those given to the Investors Shareholders, including under these Articles .

Issue of Shares for Consideration other than cash

17. Subject to these Articles and the provisions of the Act, the Board may issue and allot Shares in the Capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or for services rendered to the Company in the conduct of its business and Shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid up Shares.

Acceptance of Shares

18. Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is on the Register of Members shall for the purposes of these Articles be a Member.

Initial Public Offering

18A. (i) None of the Investor Shareholders shall be named as or be deemed to be a 'promoter' in the prospectus or any other documents related to the IPO and none of the Investor Shareholders shall be required to offer or make available any of their shares (including any Additional Shares) in the Company for the purposes of any mandatory lock-in as applicable to 'promoters' under the applicable law and regulations in respect of public offerings. None of the Investor Shareholders shall be required to give any representation, warranty or indemnity whatsoever in connection with the IPO, other than that their Shares, if any, offered in the IPO, have clear title.

(ii) In the event that, the floor of the IPO Price Band is lower than the Average Investment Price of an Investor Shareholder, then,

(a) each Investor Shareholder shall have the option ("**IPO Adjustment Option**") exercisable at its sole discretion and independently of any other Investor Shareholder, to require the Primary Shareholder to sell and transfer to the Investor Shareholder such number of Shares of the Company (including all legal and beneficial interest in and to the same) (the "**Additional Adjustment Shares**") at the RBI Floor Price, as are necessary to ensure that the Relevant INR Average Acquisition Price of the Investor Shareholder is equal to the lower end of the IPO Price Band.

(b) The IPO Adjustment Option may be exercised by each Investor Shareholder by notice (the "**IPO Adjustment Exercise Notice**") in writing to the Primary Shareholder and the Escrow Agent within a period of two (2) Business Days from the date of receipt by the Investor Shareholder of a notification in writing (the "**Price Band Notification**") of the final IPO Price Band from the Primary Shareholder (the "**Exercise Period**"). The Price Band Notification shall be issued by the Primary Shareholder within one (1) Business Day of the finalisation of the IPO Price Band. The IPO Adjustment Exercise Notice shall state the number of Additional Adjustment Shares that are sought to be purchased by the Investor Shareholder concerned and the amount of consideration (the "**IPO Adjustment Consideration**") payable in respect thereof, calculated in accordance with the Share Subscription Agreement and the RBI Approval (as may be applicable to that Investor Shareholder).

(c) In the event of any revision of the IPO Price Band, the provisions of Article 18A(iv)(a) and (b) shall apply all over again.

(d) he completion of the sale and purchase of any Additional Adjustment Shares shall take place before the allotment of any Shares under the IPO.

(e) The Primary Shareholder and the Investor Shareholders agree that the obligation of the Primary Shareholder to transfer Additional Adjustment Shares to the Investor Shareholders under this Article is subject to the requirements under applicable law, whereby the Primary Shareholder is obliged to hold at least 20% of the post-IPO share capital of the Company.

(f) Notwithstanding any other provision of these Articles, if the Investor Shareholder or its nominee exercises its IPO Adjustment Option in accordance with the terms of these Articles , and is unable to purchase the Additional Adjustment Shares due to rejection/non receipt of the RBI Approval for such Investor Shareholder, the Primary Shareholder shall, on release of the applicable lock-in under the SEBI (Disclosure and Investor Protection) Guidelines, 2000, take best efforts to transfer the Additional Adjustment Shares to such Investor Shareholder subject to such Investor Shareholder (a) obtaining the required regulatory approvals for such transfer; and (b) remitting the IPO Adjustment Consideration, immediately prior to such transfer. The Primary Shareholder and the Investor Shareholders agree that this Article shall apply notwithstanding the termination of the Share Subscription Agreement, howsoever terminated.

(g) The Primary Shareholder and the Company shall disclose the pre-emptive rights of the Investor Shareholders to the Additional Adjustment Shares and other relevant provisions of this Article 18A to the IPO investment bank(s), and ensure that all requisite disclosures with respect to such pre-emptive rights and provisions are made in the offer documents (including any draft offer document) in relation to the IPO.

Exit Options

18B In the event that the Company does not make an IPO in accordance with Article 18A, each of the Investor Shareholders shall have the option (the "**Exit Option**"), exercisable at their sole discretion and independently of any other Investor Shareholders to require the Primary Shareholder to provide an exit to the Investor Shareholder concerned through one or more of the methods provided below. The Exit Option may be exercised by each Investor Shareholder at any time within a period of thirty (30) days from the expiry of 07 November 2008 (the "**Exit Exercise Period**"), by notice in writing to the Primary Shareholder ("**Exit Notice**"). On receipt of an Exit Notice the Primary Shareholder shall purchase or procure the purchase of all of the Relevant Investor Shares at the Relevant Aggregate Acquisition Amount, through any of the following methods specified below (the choice of which vests solely with the Primary Shareholder) within one hundred twenty (120) days from receipt of the Exit Notice.

(a) The Primary Shareholder may itself purchase all of the Relevant Investor Shares at the Relevant Aggregate Acquisition Amount. In the event that the Primary Shareholder intends to exercise this option, the Primary Shareholder shall,

(i) (if the Relevant Average Acquisition Price is not higher than the RBI Ceiling Price), provide a notice to that effect to the Investor Shareholder and remit the Relevant Aggregate Acquisition Amount to the Investor Shareholder. The relevant Investor Shareholder shall be irrevocably bound to transfer the Relevant Investor Shares to the Primary Shareholder within two (2) Business Days of receipt of the Relevant Aggregate Acquisition Amount. All exchange rate risks associated with such transaction shall be borne by the Primary Shareholder; or

(ii) (if the Relevant Average Acquisition Price of an Investor Shareholder is higher than the RBI Ceiling Price), either:

(A) apply for the approval of the Reserve Bank of India for transfer of the Relevant Investor Shares by the Investor Shareholder concerned to the Primary Shareholder at such Relevant Average Acquisition Price, and, upon receipt of the approval of the Reserve Bank of India, provide a notice to the Investor Shareholder of such receipt, and remit the Relevant Average Acquisition Amount to the Investor Shareholder. The relevant Investor Shareholder shall be irrevocably bound to transfer the Relevant Investor Shares to the Primary Shareholder within 2 (two) Business Days of receipt of the Relevant Aggregate Acquisition Amount. The Investor Shareholders shall extend reasonable co-operation in enabling the Primary Shareholder to apply to the Reserve Bank of India under this Article. All exchange rate risks associated with such transaction shall be borne by the Primary Shareholder; or

(B) procure that a Person Resident Outside India (as that expression is understood under the Foreign Exchange Management Act, 1999 ("**PROI**") buys the Relevant Investor Shares at the Relevant Aggregate Acquisition Amount, and provide a notice to that effect to the Investor Shareholder. The Primary Shareholder shall procure that the PROI shall remit the Relevant Aggregate Acquisition Amount to the Investor Shareholder, and the relevant Investor Shareholder shall be irrevocably bound to transfer the Relevant Investor Shares to the PROI within 2 (two) Business Days of receipt of the Relevant Aggregate Acquisition Amount. All exchange rate risks associated with such transaction shall be borne by the Primary Shareholder; or

(b) The Primary Shareholder shall procure that the Company buys-back all of the Relevant Investor Shares for the Relevant Average Acquisition Amount, provided that if the Relevant Average Acquisition Price of an Investor Shareholder is higher than the RBI Ceiling Price then prior to such buy-back, the Primary Shareholder shall transfer, such number of Shares of the Company (including all legal and beneficial interest in and to the same) (the "**Additional Buy Back Shares**"), at the RBI Floor Price, as are necessary to ensure that the Relevant Average Acquisition Price of the Investor Shareholder is not more than the RBI Ceiling Price, and then, subject to applicable law, procure that all of the Shares then held by the Investor Shareholder concerned (including the Additional Buy Back Shares) are bought back by the Company at the Relevant Average Acquisition Price for the Relevant Aggregate Acquisition Amount ("**Buy Back**"). On receipt of a Buy Back offer made by the Company under this Article, the Investor Shareholder concerned shall be irrevocably bound to tender the Relevant Investor Shares at the RBI Ceiling Price to the Company in accordance with the terms of the Buy Back notice given by the Company.

(c) Without prejudice to the obligations of the Primary Shareholder in this Article18.B and the rights and remedies of the Investor Shareholder in this Article 18B, a failure by the Primary Shareholder to purchase or procure the purchase of any Relevant Investor Shares in accordance with Article 18 B, using any of the methods permitted therein, shall not relieve the Primary Shareholder from its obligation under Article 18 B to purchase or procure the purchase of the Relevant Investor Shares at the Relevant Aggregate Acquisition Amount, and the Primary Shareholder shall be obliged to apply all other methods available to the Primary Shareholder to purchase or procure the purchase of the Relevant Investor Shares at the Relevant Aggregate Acquisition Amount.

(d) Notwithstanding anything to the contrary in these Articles, in the event of a breach by the Company, the Primary Shareholder or any of the Secondary Shareholders of any of their respective, covenants, undertakings, obligations or agreements under the Share Subscription Agreement and such breach is not cured by the Company, the Primary Shareholder or the relevant Secondary Shareholder within a period of thirty (30) Business Days of receipt of a notice from any Investor Shareholder to cure such breach (the "**Cure Period**"), the Exit Option of the Investor Shareholders under these Articles shall be accelerated such that the Exit Option would be exercisable by each Investor Shareholder immediately, as if the Exit Exercise Period had come into effect on the expiry of the Cure Period.

18C Each of, the Primary Shareholder and the Secondary Shareholders shall not participate in / offer any of the Shares held by them in the Buy Back.

Deposit and Call etc., to be a debt payable immediately

19. The money, if any, which the Board shall, on the allotment of any Shares being made by them. require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them shall, immediately on the insertion of the name or the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

Liability of Members

20. Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the Capital represented by his Share or Shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Company's regulations require or fix for the payment thereof.

Share Certificates

21(a) 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 Board so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of applications of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall in such form as the Board may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

(b) Director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Renewal of Share Certificates

22 If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees or if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where 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

The first named of joint-holders deemed sole holder

23. If any Share stands in the names of two or more persons, the person first named in the Register or Members shall, as regards receipts of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at Meetings, and the transfer of the Shares, be deemed the sole holder thereof but the joint-holders of a Share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Share and for all incidents thereof according to the Company's regulations.

Company not bound to recognise any interest in Share other than that of registered holder

24. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any Share, (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons or the survivor or survivors of them.

Company to purchase its own securities

25. Subject to the provisions of sections 77A, 77AA and 77B of the Act and these Articles, the Company may purchase its own Shares or other specified securities referred to as buy-back out of its free reserves or the securities premium account or the proceeds of any Shares or other specified securities. No buy-back of any kind of Shares or other specified securities will be made out of the proceeds of an earlier issue of the same kind of Shares or same kind of other specified securities.

25A Except for any Buy Back offers that may be provided as exits under the Pre IPO Transfer, the Company shall not make any buy-back offer for any of its securities or otherwise agree to buy-back any of its securities, except a buy-back of Subscription Shares and any Additional Shares pursuant to the terms of Article 18B.

DEMATERIALISATION OF SECURITIES

Dematerialisation

26. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its Shares, Debentures and other securities (both present and future) held by it with the Depository and to offer its Shares, Debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

Options for Investors

27(a) 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 the law, in respect of any security in the 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.

(b) If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form

28. All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 187B, 187C and 372A of the Act shall apply to Depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and beneficial owners

29 (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in Article 29 (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a Member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

Service of documents

30. Notwithstanding anything 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.

Transfer of Securities

31. Nothing contained in the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of Depository.

Allotment of Securities Dealt with in a Depository

32. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive Numbers of Securities held in a Depository

33. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

Register and Index of Beneficial Owners

34. The register and index of beneficial owners by a Depository under the Depositories Act shall be deemed to be the register and index of Members and security holders for the purposes of these Articles.

UNDERWRITING AND BROKERAGE

Commission may be paid

35. Subject to the provisions of section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares or Debentures in the Company or procuring, or agreeing to procure subscription (whether absolute or conditional) for any Share or Debentures in the Company, but so that the commission shall not exceed in the case of Shares five per cent of the price at which the Shares are issued and in the case of Debentures two and a half percent of the price at which the Debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other.

Brokerage

36. The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

37. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that Share Capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to Capital as part of the cost of construction of the work or building or the provision of plant.

CALLS

Directors may make calls

38. The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a Meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.

Notice of calls

39. At least fourteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such calls shall be paid.

Calls to date from resolution

40. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a Meeting of the Board.

Call may be revoked or postponed

41. A call may be revoked or postponed at the discretion of the Board.

Liability of joint-holders

42. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

Directors may extend time

43. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour.

Calls to carry interest

44. If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

Sums deemed to be calls

45. Any sum, which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue of same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Proof on trial of suit for money due on Shares

46. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the Meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

47(a) The Board 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 the sum in advance and the Board agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board 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 provision of this Article shall mutatis mutandis apply to the calls on Debentures of the Company.

LIEN

Company to have lien on Shares

48. The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except on the condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed the "registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause.

As to enforcing lien by sale

49. For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their Members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made unless a sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

50. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the amount in respect of which the lien exists.

FORFEITURE OF SHARES

If money payable on Share not paid, notice to be given to Member

51. If any Member fails to pay any calls or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice

52. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

Partial payment not to preclude forfeiture

53. Neither a judgment in favour of the Company for call or other moneys due in respect of any Shares nor any past payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of its Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the Company from proceeding to enforce a forfeiture of such Shares as hereinafter provided.

In default of payment Share to be forfeited

54. If the requirements of any such notice as aforesaid shall not be complied with, every or any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice for forfeiture to a Member

55. When any Share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited Share to be the property of the Company and may be sold, etc.

56. Any Share so forfeited shall be deemed to be property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Liability on forfeiture

57. Any Member whose Share has been forfeited shall cease to be a Member in respect of the Share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the Company all calls, or installments, interest and expenses, owing upon or in respect of such Share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce payment thereof, or any part thereof, without any deduction or allowance for the value of the Shares at the time of forfeiture, but shall not be under any obligation to do so.

Effect of forfeiture

58. The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

59. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, or an Officer duly authorised by the Board in this behalf and that certain Shares in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.

Validity of sale

60. Upon any sale after forfeiture, or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register in respect of the Shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of Share certificate in respect of forfeited Shares

61. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificates or certificates originally issued in respect of the relative Shares shall (unless the same

shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a duplicate certificate in respect of the said Shares to the person or persons entitled thereto.

Power to annul forfeiture

62. The Board may at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

CONVERSION OF SHARES INTO STOCK

Conversion and Reconversion

63. The Company may, by ordinary resolution

(a) convert any paid up Shares into stock; and

(b) reconvert any stock into paid up Shares of any denomination.

Rights of Holders of Stock

64. (a) The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near as circumstances admit.
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

(b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at Meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

(c) Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up Shares shall apply to stock and the words, “Share” and “shareholder” in those regulations shall include “stock” and “stockholder” respectively.

SHARE WARRANTS

Company may issue share warrants

65. The Company may issue share warrants, subject to, and in accordance with the provisions of sections 114 and 115 of the Act; and accordingly the Board, may in its discretion, with respect to any Share which is fully paid-up, on application in writing signed by the person registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time require, issue a share warrant.

Rights of holders of share warrants

66(a) The bearer of a share warrant may, at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a Meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any Meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holders of the Shares included in the deposited warrant.

(b) Not more than one person shall be recognized as depositor of the share warrant.

(c) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

67(a) Subject as herein otherwise expressly provided; no person shall, as bearer of a share warrant, sign a requisition for calling a Meeting of the Company, or attend, or vote or exercise any other privilege of a Member at a Meeting of the Company, or be entitled to receive any notices from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privilege and advantages as if he were named in the register of Members as the holder of the Shares included in the warrant, and he shall be a Member of the Company.

Board's power to make rules

68. The Board may, from time to time, make rules as to the terms on which (it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

TRANSFER AND TRANSMISSION OF SHARES

Register of transfers

69. The Company shall keep a register of transfer and therein shall fairly and distinctly enter particulars of every transfer or transmission of any Share.

Instrument of transfer

70. The instrument of transfer shall be in writing and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be complied with in respect of all transfer of Shares and registration thereof.

Transfer form to be completed and presented to the Company

71. For physical Shares, the instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such Shares until the name of the transferee shall have been entered in the Registrar of Members in respect thereof. Before the registration of transfer the certificate of the Shares must be delivered to the Company.

Transfer Books and Register of Members when closed

72. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the transfer books, Register of Members or register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Refusal to register transfer of Shares

73. Subject to the provisions of the Listing Agreements and Article 82A hereof, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except:

(a) when the transferee is, in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein;

(b) when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;

(c) when the transferor objects to the transfer provided he serves on the Company within a reasonable time a prohibitory order of a court of competent jurisdiction.

74. Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether by pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

75. The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as may be prescribed.

Notice of application when to be given

76. Where in the case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Death of one or more joint-holders of Shares

77. In case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other person.

Title of Shares of deceased Member

78. The executors or administrators or holders of a succession certificate or the legal representatives of a deceased Member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the Shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a succession certificate or the legal representatives unless they have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of probate or letters of administration or succession certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary, register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member as a Member.

Registration of persons entitled to Shares otherwise than by transfer

79. Subject to the provisions of the Act and Articles 77 and 78 any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the

provision herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares.

Persons entitled may receive dividend without being registered as Member

80. A person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter, provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the Share.

Fee on registration of transfer probate, etc.

81(a) No fee shall be charged for:

(i) registration of transfer of the Company's Shares and Debentures, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document;

(ii) sub-division and consolidation of Shares and Debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading;

(iii) sub-division of renounceable letters of right;

(iv) issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilised;

(v) registration of any power of attorney, probate, letters of administration or similar other documents.

(b) Fees as agreed upon with the Stock Exchanges will be charged for –

(i) issue of new certificates in replacement of those that are torn, defaced, lost of destroyed;

(ii) sub-division and consolidation of Shares and Debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pacca transfer receipts into denominations other than those fixed for the market unit of trading.

Company not liable for disregard of a notice prohibiting registration of a transfer

82. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming may equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or to be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Transfer of Share during the subsistence of the Share Subscription Agreement

82A (i) **Lock-In**

During the subsistence of the Share Subscription Agreement, the Primary Shareholder and the Secondary Shareholders:

(a) shall at all times collectively hold and maintain the legal and beneficial right, title and interest in and to, not less than 75% of the total issued and paid-up equity share capital and voting rights of the Company; and

(b) shall at all times collectively hold and maintain not less than 51% of the total issued paid-up equity share capital and voting rights of the Company without any pledge, mortgage, charge, lien or other encumbrance.

82A(ii) During the subsistence of the Share Subscription Agreement, the Primary Shareholder shall at all times hold and maintain not less than 40% of the total issued paid-up equity share capital and voting rights of the Company without any pledge, mortgage, charge, lien or other Encumbrance.

82A(iii) Each Investor Shareholder shall at all times (whether before or after the IPO) be at liberty to sell, transfer or otherwise dispose of in any manner (including by way of pledge, mortgage, charge, lien or Encumbrance) all or any of their respective Shares (including any Additional Shares) in the Company to any person, including to any of its Affiliate without any restriction or condition, at anytime prior to the IPO, and thereafter subject to the applicable lock-in under the SEBI (Disclosure and Investor Protection) Guidelines, 2000. Further in the event that any Investor Shareholder transfers any of its Shares (including any Additional Shares) at any time prior to the IPO, the Investor Shareholder shall procure that such transferee shall enter into a deed of adherence in a form mutually acceptable to the Company, the Primary Shareholder and the other Investors Shareholders and such deed of adherence shall provide *inter alia* for the transferee to be bound *mutatis mutandis* by all of the obligations of the relevant transferor Investor Shareholder and shall further include representations and warranties of the transferee, consistent with those of the Investor Shareholder under the Share Subscription Agreement.

82A(iv) **Right of First Refusal**

(a) During the subsistence of the Share Subscription Agreement, except for the Pre-IPO Transfer, any offer of Shares under the IPO and any transfer of any Additional Shares to an Investor Shareholder, if the Primary Shareholder desires to sell or transfer any of its Shares (the "**Offer Shares**") to any person (a "**Proposed Transferee**"), then the Primary Shareholder shall by written notice (the "**Offer Notice**") to each of the Investor Shareholders notify the Investor Shareholders of the Terms of the proposed sale or transfer. In this Article, "**Terms**" means (i) the identity of the Proposed Transferee and the identity of the entity(ies) controlling the Proposed Transferee, (ii) the number of Shares it proposes to sell to the Proposed Transferee (the "**Offer Shares**"), (iii) details of the price offered by the Proposed Transferee to acquire the offer Shares in the Company and the terms of payment thereof, (iv) the proportion of the Offer Shares being offered to the relevant Investor Shareholder in keeping with the shareholding of the other Investor Shareholders ("**Relevant Offer Shares**") and (v) a description of all other terms and conditions of such proposed sale or transfer.

(b) For a period of thirty (30) Business Days from the date of receipt of the Offer Notice (the "**Offer Period**"), each of the Investor Shareholders shall severally have the right exercisable at their sole discretion to, purchase the Relevant Offer Shares upon the Terms (the "**Right of First Refusal**"), through the delivery of a written notice ("**ROFR Acceptance Notice**") within the Offer Period to the Primary Shareholder with a copy to the other Investor Shareholders.

(c) A failure by any Investor Shareholders to deliver a ROFR Acceptance Notice to the Primary Shareholder within the Offer Period shall be deemed to be a waiver of such Investor Shareholder's rights under this Article.

(d) In the event of a delivery of a ROFR Acceptance Notice by any Investor Shareholders in accordance with this Article (such Investor Shareholders hereafter the "**ROFR Accepting Investor Shareholders**"), the completion of transfer of the Relevant Offer Shares to each of the ROFR Accepting Investor Shareholders shall occur within forty five (45) Business Days following the expiry of the Offer Period provided that the time required for obtaining any regulatory approvals in connection with such sale shall be excluded in calculating the foregoing period of forty five (45) Business Days.

(e) In the event that a relevant Investor Shareholder does not issue a ROFR Acceptance Notice in accordance with this Article within the Offer Period then and in that event only, the Primary Shareholder may sell the Relevant Offer Shares to the Proposed Transferee on Terms within 30 (thirty) Business Days of the expiry of the Offer Period, provided however, that the Proposed Transferee shall execute a deed of adherence in a form and manner satisfactory to the Investor Shareholders to the Share Subscription Agreement, agreeing to be bound by the terms of the Share Subscription Agreement prior to such sale and provided further that in the event of a failure to consummate the sale to the Proposed Transferee within the aforesaid 30 (thirty) Business Days, the Right of First Refusal of each of the Investor Shareholders under this Article shall again take effect with respect to any sale of Shares (including the Offer Shares) by the Primary Shareholder, and so on from time to time.

(f) Notwithstanding anything to the contrary in this Article 82A, in the event of an exercise of a Right of First Refusal in accordance with Article 82A(iv)(b), the Primary Shareholders shall not be entitled to sell any of the Offer Shares to the Proposed Transferee until it has first transferred all of the Relevant Offer Shares to the ROFR Accepting Investor Shareholder(s) concerned in accordance with Article 82A(iv)(d).

BORROWING POWERS

Power to borrow

83.(a) Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a Meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally from any source, for the purpose of the Company borrow or secure the payment of such sums as it thinks fit. Provided, however, where the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up Capital of the Company and its free reserves by the limits prescribed by Section 372A of the Act, (that it to say, reserves not set apart for any specific purpose), the Board shall not borrow or raise such moneys without the consent of the Company in General Meeting.

83(b) With effect from November 7, 2008 the Company shall maintain a debt-equity ratio such that the ratio of debt owed by the Company will not be more than twice the capital and free reserves of the Company, post the buy-back, or such other debt equity ratio that may be prescribed as per the law applicable to buy back offers at that point in time.

MEETINGS OF MEMBERS

Annual General Meeting

89. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year, provided that no more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day, that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the registered office of the Company is situated as the Board may determine and the Notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting, which he attends on any part of the business, which concerns him as Auditor.

Extraordinary General Meeting

90. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up Capital as at that date carries the right of the voting in regard to the matter in respect of which the requisition has been made.

Requisition of Members to state object of Meeting

91. Any valid requisition so made by Members must state the object or objects of the Meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

On receipt of requisition, Directors to call Meeting, in default requisitionists may do so

92. Upon receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty one days from the date of the requisition being deposited at the Office cause a Meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in section 169(4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

Meeting called by requisitionists

93. Any Meeting called under the foregoing Articles by the requisitions shall be called in the same manner, as nearly as possible as that in which Meeting are to be called by the Board.

Twenty-one days' notice of Meeting to be given

94. Twenty-one days' notice at least of every General Meeting, Annual, Extraordinary General Meeting by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided to such persons as are under these Articles entitled to receive notice from the Company, provided that in the case of Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other Meeting with the consent of Members holding not less than 95 per cent or such part of the share capital of the Company as given a right to vote at the Meeting, a Meeting may be convened by a shorter notice in the case of an Annual General Meeting, if any business other than:

i) the consideration of the Accounts Balance Sheets and Reports of the Board of Directors and Auditors;

ii) the declaration of dividend;

iii) the appointment of Directors in place of those retiring;

iv) the appointment of and fixing of the remuneration of the Auditors is to be transacted,

and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interests, if any, therein of every Director, and the manager (if any), where any such item of special business relates to, or affects any other company, the extent of shareholding interest in other company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 per cent of the paid-up share capital of that other company where any item of business consists of according or approval to any document by the Meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Omission to give notices not to invalidate a resolution passed

95. The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.

Meeting not to transact business not mentioned in notice

96. No General Meeting, Annual or Extraordinary General Meeting shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notices upon which it was convened.

Quorum at General Meeting

97. Five Members present in person shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the requisite quorum shall be present.

Body corporate deemed to be personally present

98. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with section 187 of the Act.

If quorum not present, Meeting to be dissolved or adjourned

99. If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum shall not be present, the Meeting, convened upon the requisition of Members, shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine, and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the Meeting was called.

Chairman of General Meeting

100. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting or if he shall be unable or unwilling to take the chair, then the Directors present shall elect any Director present and willing to take the chair as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be the Chairman of such Meeting.

Business confined to election of Chairman while chair vacant

101. No business shall be discussed at any General Meeting except the election of a Chairman whilst the chair is vacant.

Chairman with consent may adjourn Meeting

102. The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place in the city or town in which the Office of the Company is for the time being situate but no business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

Questions at General Meeting how decided

103. At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on declaration of the result of the show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any Member or Members holding not less than one-tenth of

the total voting power in respect of the resolution or by any Member or Members present in person or by proxy, and holding Shares in the Company conferring a right to vote on the resolution being Shares on which an aggregate sum has been paid-up which is not less than Rs. 50,000/-, and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Chairman's casting vote

104. In the case of an equality of votes, the Chairman shall not have a casting vote.

Poll to be taken if demanded

105. If a poll is demanded as aforesaid the same shall subject to Article 103 be taken at such time (not later than forty-eight hours from the time when the demand was made) either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Scrutineers at poll

106. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll if declared to remove a scrutineer from office and fill vacancy in the office of scrutineer arising from such removal or form any other cause.

In what case Poll be taken without adjournment

107. Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment shall be taken at the Meeting forthwith.

Demand for poll not to prevent transaction of other business

108. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

Members not allowed to vote

109.(a) No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of class of shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not bee paid or in regard to which the Company has, and has not exercised, any right of lien.

Number of votes to which Member entitled

110. Subject to the provisions of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of Shares for the time being forming part of the Capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his Share of the paid-up equity share capital of the Company. Provided, however, that if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of

Section 87 of the Act, he shall have a right to vote only on resolution placed before the Meeting which directly affect the rights attached to his preference Shares.

Casting of vote by a Member entitled to more than one vote

111. On a poll taken at a Meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

How Members of unsound mind may vote

112. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may, on poll vote, by proxy.

Votes of joint Members

113. If there be joint registered holders of any Shares, any one of such persons may vote at any Meeting or may appoint another person (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting, then one of the said persons so present whose name stands higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other or others of the joint holders shall be entitled to be present at Meeting. Several executors or administrators of a deceased Member in whose name Shares stand shall be for the purpose of these Articles deemed joint holders thereof.

Voting in person or by proxy

114. Subject to the provisions of these Articles votes may be given either personally or by proxy, body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

Vote in respect of Shares of deceased and insolvent Member

115. Any person entitled under these Articles to transfer any Share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty eight hours at least before the time of holding the Meeting or adjourned Meeting as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Voting by postal ballot

116. If applicable, resolutions passed by the Company mentioned in Rule 4 of the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 shall be passed through Postal Ballot. The procedure to be followed for conducting business through Postal Ballot should be as given in Rule 5 of the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

Appointment of proxy

117. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporation, or be signed by an officer of any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.

Proxy either of specified Meeting or for a period

118. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

Proxy to vote only on a poll

119. A Member present by proxy shall be entitled to vote only on a poll.

Deposit of instrument of appointment

120. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office not later than forty-eight hours before the time for holding the Meeting at which, the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of Proxy

121. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of Member

122. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the Meeting.

Time for objections of votes

123. No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

Chairman of the Meeting to be the judge of validity of any vote

124. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

MINUTES OF MEETINGS

Minutes of General Meeting and inspection thereof by Members

125.(a) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialled or signed and the last page of the record or proceedings of each Meeting in such book, shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(c) In no case shall the minutes of proceedings of a Meeting be attached by pasting or otherwise.

(d) The minutes of each Meeting shall contain a fair and correct summary of the proceedings conducted at the Meeting.

(e) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the Meeting (a) is or could reasonably be regarded as defamatory of any person; (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

(f) Any such minutes shall be of the proceedings recorded therein.

(g) The book containing the minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours, for such period not being less in the aggregate than two hours in each day as the Directors determine, to inspection of any Member without charge.

POWERS OF DIRECTORS

Powers of Directors

162. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

DIVIDENDS

166. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible amount Members in proportion to the amount of Capital paid or credited paid-up on the Shares held by them respectively.

The Company in General Meeting may declare a dividend

167. The Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividends only to be paid out of profits

168. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, Provided that:

(a) If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

(b) if the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of section 205 of the Act or against both.

168A With effect from November 7, 2008 the Company shall maintain sufficient free reserves to enable the Company to buy back the Subscription Shares and Additional Shares in accordance with all applicable law, at the RBI Ceiling Price.

Interim dividend

169. The Board may, from time to time, pay to the Members such interim dividend as in their judgment the position of the Company justifies.

Capital paid-up in advance at interest not to earn dividend

170. Where Capital is paid in advance of calls, such Capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.

Dividends in proportion to amount paid-up

171. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividends is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly.

Transfer of Share must be registered

172. A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends how remitted

173 Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entered or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint holdings. Every such cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Interest on unpaid dividend

174. Subject to the provisions of sections 201 to 208 of the Act, no unpaid dividend shall bear interest as against the Company.

Unclaimed dividend

175. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called the “Unpaid Dividend Account". Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to a fund known as investor education and protection fund established under section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board.

Dividend and call together

176. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time

as the dividend may, if so arranged between the Company and the Member, be set off against the calls.

Capitalisation

177.(a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend (or representing premium received on the issue of Shares and standing to the credit of the Share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as Capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued Shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued Shares and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said Capitalised sum provided that a Share premium account and a Capital redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

(b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the Members on the footing that they receive the same as Capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

ACCOUNTS

Directors to keep true accounts

178.(a) The Company shall cause to be kept at the office or at such other place in India as the Board thinks fit proper books of accounts in accordance with section 209 of the Act with respect to:

(i) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;

(ii) all sales and purchases of goods by the Company;

(iii) the assets and liabilities of the Company.

(b) Where the Board decides to keep all or any of the books of accounts at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

(c) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of account.

(d) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office and proper summarised returns, made up-to-date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's books of account are kept as aforesaid.

(e) The books of accounts shall give a true and fair view of the state of affairs of the Company or branch office as the case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

178A During the subsistence of the Share Subscription Agreement, the Company shall within fifteen (15)days of the approval of its audited accounts by the shareholders of the Company:

(a) deliver to each Investor Shareholder an original valuation report prepared by a chartered accountant (including for the avoidance of doubt, any of, Deloitte & Touche, Ernst & Young, KPMG or PricewaterhouseCoopers) acceptable to the Investor Shareholders, certifying the applicable RBI Floor Price; and

(b) deliver to the Investor Shareholders an original valuation report of the statutory auditor of the Company and an original valuation report of a Category I Merchant Banker acceptable to the Investor Shareholders, certifying the applicable RBI Ceiling Price.

178B With effect from November 7, 2008, the Company shall deliver upon the written request of an Investor Shareholder,

(a) quarterly unaudited financial statements (including profit and loss statements, balance sheets and cash flow projections), quarterly income statements and management reports of the Company within 60 (sixty) days from the end of the respective quarter; and

(b) information on all material contracts entered into by the Company, within 30 (thirty) days of the Company entering into the same.

As to inspection of accounts or books by Members

179. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

Statement of accounts to be furnished to General Meeting

180. The Directors shall from time to time, in accordance with sections 210, 211, 212, 215, 216 and 217 of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit & Loss Accounts and Reports as are required by these sections.

Copies shall be sent to each Member

181. (a) A copy of every such Profit & Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet), shall at least twenty-one days before the Meeting at which the same are to be laid before the Members be sent to the Members of the Company, to holders of Debentures issued by the Company (not being Debentures which ex- facie are payable to the bearer thereof), to trustees for the holders of such Debentures and to all persons entitled to receive notice of General Meeting of the Company.

(b) Without prejudice to the generality of the above provisions the Company may, if its Shares are listed at any recognised Stock Exchange make available for inspection at its registered office for a period not exceeding 21 days before the date of the Meeting and send a statement containing the salient features of such documents in the prescribed forms or copies thereof as the Company may deem fit to every Member of the Company and to every trustee for the holder of any Debenture issued by the Company not less than 21 days before the date of the Meeting.

Audited and approved Balance Sheet and Profit and Loss Account to be conclusive evidence

182. Every Balance Sheet and Profit & Loss Account of the Company when audited and approved by the Company at an Annual General Meeting shall be conclusive except as regards any error discovered therein. Whenever any such error is discovered the Balance Sheet and Profit & Loss Account shall forthwith be corrected by the Board and thenceforth shall be conclusive.

Financial Year

183. The period for which the accounts of the Company shall be maintained annually shall be from the first day of April in each calendar year to the last day of March in the next calendar year.

DOCUMENTS AND NOTICES

Service of documents or notices on Members by Company

186. (a) A document or notice may be served or given by the Company on any Member either personally or by sending it by post to him to his registered address in India or (if he does not have a registered address in India) to the address supplied by him to the Company for serving documents or notices on him.

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by property addressing, prepaying and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member, and such service shall be deemed to have been effected in the case of a notice of a Meeting, at the expiration of forty-eight hours after the letter, containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

187. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

On joint-holder

188. A document or notice may be served or given by the Company on or to the joint-holders of a Share by serving or giving the document on or to the joint-holder named first in the register of Members in respect of the Shares.

On personal representatives etc.

189. A document or notice may be served or given by the Company on or to the person entitled to a Share in consequence of the death or insolvency of a Member by sending it through the post in prepaid letter addressed to them by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled or until such an address has been so supplied by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

To whom documents or notices must be served or given

190. Documents or notices of every General Meeting shall be served or given in such manner here-inafter authorised on or to (a) every Member, (b) every person entitled to a Share in consequence of the death or insolvency of a Member, and (c) the Auditor or Auditors for the time being of the Company.

Members bound by documents or notices served on or given to previous holders

191. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which previously to his name and address being entered on the Register of Members shall have been duly

served on or given to the person from whom he derives his title to such Shares.

Documents or notices by Company and signature thereto

192. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.

Service of document or notice by Member

193. All documents or notices to be served or given by Members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office.

WINDING UP

Liquidator may divide assets in specie

194. The Liquidator on any winding-up (whether voluntary, under supervision of the Court or compulsory) may', with the sanction of Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Directors' and others' right of indemnity

195. Subject to section 201 of the Act, every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquired or discharged or in connection with any application under section 633 of the Act in which relief is granted to him by the Company.

SECRECY CLAUSE

Secrecy Clause

196. (a) Every Director, (except institutional/ex-officio Director) Auditor, Trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company and all 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 his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No Member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors 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, secret process or any other matter which may relate to the conduct of the business of the Company and which, in opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

Applicability of Certain Articles

197.1 Applicability of provisions relating to Primary Shareholder and Investor Shareholders

Notwithstanding anything to the contrary contained in these Articles, the provisions of Articles 16A, 18A, 18B, 25A, 82A(ii), 82A(iii), 83(b), 168A, 178A, and 178B shall not create any rights or obligations on the part of any other shareholders other than the Primary Shareholder, the Secondary Shareholders (as expressly specified therein) and the Investor Shareholders and shall not for the avoidance of doubt, be enforceable against any shareholder other than the Primary Shareholder, the Secondary Shareholders (as expressly specified therein) and the Investor Shareholder.

197.2 Applicability in the event of listing of the Shares or termination of the Share Subscription Agreement

Notwithstanding anything contained elsewhere in these Articles, in the event of listing of the Shares pursuant to an IPO or termination of the Share Subscription Agreement, the provisions of Articles 1.1A(except to the extent that any of the expressions defined therein are used in Article 18A(ii)(f)), 16A, 18A(excepting for Article 18A(ii)(f)), 18B, 18C, 25A, 82A(i), 82A(ii), 82A(iii), 83(b), 168A, 178A, and 178B shall forthwith cease to operate.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, NCT at New Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office and Corporate Office from 10.00 am to 4.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/ Offer Closing Date.

Material Contracts to the Offer

1. Letters of appointment dated November 20, 2007 to the BRLMs from our Company and Selling Shareholders appointing them as the BRLMs
2. Memorandum of Understanding dated November 20, 2007 among our Company, the Selling Shareholders and the BRLMs
3. Memorandum of Understanding dated November 19, 2007 executed by our Company, Selling Shareholders and the Registrar to the Offer.
4. Escrow Agreement dated [•] among the Company, the Selling Shareholders, the BRLMs, the Escrow Banks and the Registrar to the Offer
5. Syndicate Agreement dated [•] among the Company, the Selling Shareholders, the BRLMs and the Syndicate Member
6. Underwriting Agreement dated [•] among the Company, the Selling Shareholders, the BRLMs and the Syndicate Member

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time
2. Our certificate of incorporation and change of name and registered office of the Company
3. Letter of authorizations dated January 19, 2007 from the selling shareholders, Mr. Manoj Kumar Upadhyay and Ms. Mamta Upadhyay for the Offer and board resolution dated January 19, 2007 from the selling shareholder, MKU Holdings Private Limited for the Offer
4. Board Resolution of the Company dated January 27, 2007 authorizing the Offer and Board and shareholders resolution in relation to other related matters.
5. A share subscription agreement dated November 8, 2007 was entered into among MKU Holdings Private Limited, the Company and DB International (Asia) Limited, Earthstone Holding (Private) Limited, Kotak Mahindra Capital Company Limited and Mr. M.K. Upadhyay and Ms. Mamta Upadhyay (as the confirming parties)
6. Share purchase agreement dated September 14, 2007 between Acme Tele Power (Cyprus) Limited and the shareholders of Reime for acquisition of 100% of the share capital of Reime.
7. Share purchase agreement dated October 19, 2007 between Acme Tele Power (Cyprus) Limited, MKU Cyprus Limited and Acme Tele Power Singapore PTE Limited, for the sale of 100 equity shares of Acme Tele Power Singapore PTE Limited
8. Technology transfer agreement dated September 25, 2007 between Company and MKU Cyprus Limited fin relation to the non-adiabiatic airconditioning cycle
9. Technology transfer agreement dated September 25, 2007 between the Company and MKU Cyprus Limited for manufacture of fuel cell
10. Agreements dated September 14, 2007 between our Company and MKU Holdings Private Limited for the assignment of trademarks to MKU Holdings Private Limited
11. Agreement dated September 16, 2007 between our Company and MKU Holdings Private Limited for the license of trademarks

12. Board resolutions setting out the present term of employment of our Directors

13. Report of the Auditors dated November 8, 2007 prepared as per Indian GAAP and mentioned in the section titled "Financial Statements on page 105 of this Draft Red Herring Prospectus

14. Copies of annual reports of our Company for the last five years

15. The tax benefit report dated November 8, 2007 prepared by the Auditors

16. Consent of the Auditors for inclusion of their report on accounts in the form and context in which they appear in the Draft Red Herring Prospectus

17. General Power of Attorney dated November 20, 2007 executed by the Directors of our Company in favour of person(s) for signing and making necessary changes to the Draft Red Herring Prospectus and other related documents

18. Power of Attornies dated November 16, 2007 given to Mr. Jitendra Kumar and Mr. sunil Sethy on behalf of the Selling Shareholders

19. Consents of Bankers to the Company, BRLMs, Syndicate Member, Registrar to the Offer, Bankers to the Offer, Legal counsel to the Company, Directors of the Company, Company Secretary and Compliance Officer, as referred to act, in their respective capacities

20. Initial listing applications dated [•] and [•] filed with the BSE and the NSE, respectively

21. In-principle listing approvals dated [•] and [•] from the BSE and the NSE, respectively, valid till [●] and [●] respectively

22. Application dated [●] and [●] filed with the BSE and the NSE respectively for extension of in-principle listing approval

23. Tripartite Agreement dated April 30, 2007 among NSDL, our Company and the Registrar to the Offer

24. Tripartite Agreement dated May 22, 2007 among CDSL, our Company and the Registrar to the Offer

25. SEBI observation letter no. [●] dated [●].

26. Due diligence certificate dated November 20, 2007 to SEBI from the BRLMs.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. Manoj Kumar Upadhyay
(Manging Director)

Mr. Sunil Sethy

Mr. Virendra Kumar Maurya
(Independent Director)

Mr. Arun Seth
(Independent Director)

Mr. Shyam Sunder Bhartia
(Independent Director)

Sanjay Dhawan	**Mr. Sanjeev Aggarwal**	**Jitendra Kumar**
Chief Executive Officer	**Chief Financial Officer**	**Company Secretary**

SIGNED BY THE SELLING SHAREHOLDERS

MKU Holdings Private Limited*
through their constituted attorney Mr. Manoj Kumar Upadhyay

Mr. Manoj Kumar Upadhyay

Ms. Mamta Upadhyay

Date: November, 20 2007

Place: New Delhi