



## PRABHAT TELECOMS (INDIA) LIMITED

(CIN- U72100MH2007PLC169551)

Our Company was originally incorporated as “Prabhat Telecommunication Private Limited” in Mumbai, Maharashtra under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 02nd April, 2007 bearing Registration Number: 169551 issued by the Registrar of Companies, Mumbai, Maharashtra. The name of our Company was changed from Prabhat Telecommunication Private Limited to Prabhat Telecoms (India) Private Limited with effect from 23rd May, 2007 vide fresh certificate of incorporation issued by the Registrar of Companies, Mumbai, Maharashtra. Our Company was converted into a Public Limited Company and consequently the name was changed to “Prabhat Telecoms (India) Limited” vide fresh Certificate of Incorporation dated 22nd April, 2013 issued by the Registrar of Companies, Mumbai, Maharashtra.

For further details of incorporation, change of name and registered office of our Company, please refer to chapter titled “General Information” and “Our History and Corporate Structure” beginning on page 38 and 109 respectively of this Prospectus.

**Registered office:** 2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (East), Mumbai-400 097  
**Corporate office:** Unit No. 402, 4th Floor, Western Edge -1 Western Express Highway, Borivali (East), Mumbai - 400 066, Maharashtra, India  
**Tel: +91-22- 40676000; Fax: +91-22-40676042 Email: investors@prabhatgroup.net; Website: www.prabhattelecoms.com**  
**Company Secretary & Compliance Officer: Mr. Lijo Mathew Varghese**  
**PROMOTERS OF OUR COMPANY: MR. VISHWAMANI TIWARI**

THE OFFER	
<p><b>PUBLIC OFFER OF 22,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“EQUITY SHARES”) OF PRABHAT TELECOMS (INDIA) LIMITED (“PRABHAT” OR THE “PTIL” OR THE “COMPANY”) FOR CASH AT A PRICE OF RS. 51/- PER EQUITY SHARE, INCLUDING A SHARE PREMIUM OF RS. 41/- PER EQUITY SHARE (THE “OFFER PRICE”) THROUGH AN OFFER FOR SALE BY MR. VISHWAMANI TIWARI &amp; M/S. VEE THREE INFORMATICS LIMITED (“THE SELLING SHAREHOLDERS”) AGGREGATING RS. 1122.00 LAKHS (“THE OFFER”), OF WHICH 1,20,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 51/- PER EQUITY SHARE, AGGREGATING RS. 61.20 LAKHS WILL BE RESERVED FOR SUBSCRIPTIONS BY THE MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”). THE OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF 20,80,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH CASH AT A PRICE OF RS. 51 PER EQUITY SHARE, AGGREGATING RS. 1060.80 LAKHS IS HEREINAFTER REFERRED TO AS THE “NET OFFER”. THE OFFER AND THE NET OFFER WILL CONSTITUTE 26.46% AND 25.02% RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.</b></p>	
<p><b>THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH AND THE OFFER PRICE OF RS. 51/- IS 5.10 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.</b></p>	
<p>In terms of SEBI Circular No. CIR/CFD/POLICY CELL/11/2015, all potential investor shall participate in the offer only through an Application Supported by Blocked Amount (“ASBA”) Process providing details about the bank account which will be blocked by Self Certified Syndicated Banks (“SCSBs”) for the same. For details in this regards, specific attention is invited to the chapter titled “Offer Procedure” beginning on page 194 of this Prospectus. A copy will be delivered for registration to registrar of companies as required under Section 26 of the Companies Act, 2013.</p>	
<p>All potential investors may participate in the Offer through an Application Supported by Blocked Amount (“ASBA”) process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. For details in this regard, specific attention is invited to the chapter titled “Offer Procedure” beginning on page 194 of this Prospectus. 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. Qualified Institutional Buyers and Non-Institutional Investors shall compulsorily participate in the Offer through ASBA process. A Copy will be delivered for registration to the Registrar as required under Section 26 of the Companies Act, 2013.</p>	
<p><b>THE OFFER IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME. For further details please refer to Section titled “Offer structure” beginning on Page 190 of this Prospectus.</b></p>	
RISK IN RELATION TO THE FIRST OFFER	
<p>This being the first Offer of our Company, there has been no formal market for our Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Offer price of Rs. 51 per Equity Share is 5.10 times of face value. The Offer price (as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on “Basis for Offer Price” beginning on page 69 of this Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the equity shares will be traded after listing.</p>	
GENERAL RISKS	
<p>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 our 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 (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page 13 of this Prospectus.</p>	
COMPANY AND SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY	
<p>The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.</p>	
LISTING	
<p>The Equity Shares of our Company Offered through this Prospectus are proposed to be listed on the SME Platform of BSE Limited (“BSE”). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being Offered in this Offer. However, our Company has received an approval letter dated 9th May, 2016 from BSE for using its name in this Offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Offer, SME Platform of the BSE shall be Designated Stock Exchange.</p>	
LEAD MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p><b>NAVIGANT CORPORATE ADVISORS LIMITED</b> 423, A Wing, Bonanza, Sahar Plaza Complex, J B Nagar, Andheri Kurla Road, Andheri East, Mumbai-400 059 Tel No. +91-22-6565 4402; +91-22-6560 5550 Email Id- sarthak@navigantcorp.com Investor Grievance Email: info@navigantcorp.com Website: www.navigantcorp.com SEBI Registration Number: INM000012243 Contact Person: Mr. Sarthak Vijlani</p>	 <p><b>CAMEO CORPORATE SERVICES LIMITED</b> Submaramanian Building, 1 Club House Road, Chennai 600 002. Tel No. +91-44-2846 0390/1989 Fax No. +91-44-2846 0129 Website: www.cameoindia.com E-mail ID: cameo@cameoindia.com SEBI Registration No: INR000003753 Contact Person: Mr. R. D. Ramasamy</p>
OFFER PROGRAMME	
OFFER OPENS ON: 22 <sup>ND</sup> JULY, 2016	OFFER CLOSES ON: 26 <sup>TH</sup> JULY, 2016

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**SECTION I: GENERAL**

**DEFINITIONS AND ABBREVIATIONS**

In this Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

**DEFINITIONS**

TERMS	DESCRIPTION
"Our Company", "the Company", "PTIL", "Prabhat" "we", "us" or "Prabhat Telecoms (India) Limited "	Prabhat Telecoms (India) Limited, a Public Limited Company incorporated under the Companies Act, 1956
"you", "your" or "yours"	Prospective investors in this Offer

**CONVENTIONAL/GENERAL TERMS**

TERMS	DESCRIPTION
AOA/Articles/ Articles of Association	Articles of Association of Prabhat Telecoms (India) Limited
Banker to the Offer	IndusInd Bank Limited, PNA House, 4 <sup>th</sup> Floor, Plot No. 57 / 57 1, Road No. 17, Near SRL, MIDC, Andheri (East), Mumbai-400 093
Board of Directors / Board/Director(s)	The Board of Directors of Prabhat Telecoms (India) Limited
BSE	BSE Limited
BSE-SME	The SME platform of BSE Limited for listing of Equity Shares offered under Chapter X-B of the SEBI (ICDR) Regulations
CIN	Company Identification Number
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 and / or Provisions of the Companies Act, 1956
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DIN	Directors Identification Number
Director(s)	Director(s) of Prabhat Telecoms (India) Limited, unless otherwise specified
EPS	Earnings Per Share
Equity Shares / Shares	Equity Shares of our Company of face value of Rs. 10.00 each unless otherwise specified in the context thereof
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time.
GIR Number	General Index Registry Number
Gol/ Government	Government of India
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offerings
Key Managerial Personnel / Key Managerial Employees	The officers vested with executive powers and the officers at the level immediately below the Board of Directors as described in the section titled "Our Management" on page 121 of this Prospectus.
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Prabhat Telecoms (India) Limited
Non Resident	A person resident outside India, as defined under FEMA
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations

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TERMS	DESCRIPTION
Overseas Corporate Body / 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 the Foreign Exchange Management (Deposit) Regulations, 2000. <b>OCBs are not allowed to invest in this Offer.</b>
Peer Review Auditors	M/s Motilal & Associates, Chartered Accountants, the Peer View Auditors of our Company.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoter / Promoters	Promoter of the Company Being Mr. Vishwamani Tiwari
Promoter Group Companies / Group Companies / Group Enterprises	Unless the context otherwise specifies, refers to those entities mentioned in the section titled “Our Promoter Group / Group Companies / Entities” on page 127 of this Prospectus.
Registered office of our Company	2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (East), Mumbai-400 097
RoC	Registrar of Companies, Mumbai, Maharashtra,.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME Platform of BSE SME/Stock Exchange	The SME platform of BSE SME for listing of Equity Shares offered under Chapter X-B of the SEBI (ICDR) Regulations
Statutory Auditor / Auditor	M/s Rajeew Sood & Co., Chartered Accountants, the Statutory Auditors of our Company.
SWOT	Analysis of strengths, weaknesses, opportunities and threats

**OFFER RELATED TERMS**

TERMS	DESCRIPTION
Allocation	Unless the context otherwise requires, allocation of Equity Shares pursuant to the Offer to successful Applicants.
Allot/ Allotment / Allotted	Unless the context otherwise requires, the transfer of Equity Shares pursuant to the Offer to successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges.
Allottee	An applicant to whom the Equity Shares are being / have been allotted.
Applicant	Any prospective investor (including an ASBA Applicant) who makes an application pursuant to the terms of the Prospectus and the Application Form.
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.
Application Form/ASBA Applicant	The form in terms of which the Applicant shall make an application to subscribe to the Equity Shares of our Company.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by all Applicants to make application authorizing a SCSB to block the application amount in the ASBA Account maintained with such SCSB.

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TERMS	DESCRIPTION
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant.
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled " <i>Offer Procedure - Basis of Allotment</i> " beginning on page 205 of this Prospectus.
Broker Centres	Broker Centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of the BSE
BSE	BSE Limited.
Business Day	Monday to Friday (except public holidays)
CAN or Confirmation of Allocation Note	Confirmation of Allocation Note The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Company Secretary and Compliance Officer	The Company Secretary & Compliance Officer of our Company being Mr. Lijo Mathew Varghese
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Offer made by the Applicants with the Lead Manager, the Registrar to the Offer and the Stock Exchanges, a list of which is provided on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996.
Depository Participant/DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the ASBA Accounts to the Public Offer Account in terms of the Prospectus.
Prospectus	This Prospectus dated 9 <sup>th</sup> July, 2016 issued in accordance with Section 26 & 32 of the Companies Act, 2013.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Prospectus constitutes an invitation to subscribe for the Equity Shares on the basis of the terms thereof.
Banker to Offer Agreement	Agreement entered into on 18 <sup>th</sup> May, 2016 amongst our Company, Lead Manager, the Registrar, the Banker to the Offer for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof.
Bankers to the Offer	The bank(s), which are clearing members and are registered with SEBI as Banker (s) to the Offer at which the Public Offer Account for the Offer will be opened, in this case being IndusInd Bank Limited
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form
Offer Closing Date	22 <sup>nd</sup> July, 2016
Offer Opening Date	26 <sup>th</sup> July, 2016
Offer Period	The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.

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TERMS	DESCRIPTION
Offer Price	The price at which Equity Shares will be allotted being Rs. 51/- per Equity Share
Offer Proceeds	Proceeds of this Offer, which will be available to selling shareholders
Offer / Offer for Sale / OFS	Public Offer of 22,00,000 Equity Shares of face value Rs. 10 each of Prabhat Telecoms (India) Limited for cash at a price of Rs. 51 per Equity Share (the "Offer Price") aggregating up to Rs. 1122.00 Lacs.
LM / Lead Manager	The Lead Manager for the Offer being Navigant Corporate Advisors Limited
Market Maker	Market Maker appointed by our Company from time to time, in this case being Alacrity Securities Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time.
Market Making Agreement	The Market Making Agreement dated 8 <sup>th</sup> March, 2016 between our Company and Market Maker.
Market Maker Reservation Portion	The reserved portion of 1,20,000 Equity Shares of Rs. 10 each at an Offer Price of Rs. 51 each to be subscribed by Market Maker.
MOU/ Offer Agreement	The Memorandum of Understanding dated 8 <sup>th</sup> March, 2016 between our Company and Lead Manager
Mutual Fund(s)	Mutual fund(s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Offer	The Offer (excluding the Market Maker Reservation Portion) of 20,80,000 Equity Shares of face value Rs. 10 each of Prabhat Telecoms (India) Limited for cash at a price of Rs. 51 per Equity Share (the "Offer Price") aggregating up to Rs. 1060.80 Lacs.
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs).
Other Investors	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Offer.
Prospectus	The Prospectus, to be filed with the ROC in accordance with the provisions of Section 26 & 32 of the Companies Act, 2013.
Public Offer Account	The Bank Account opened with the Banker(s) to this Offer to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund and Foreign Venture Capital investor registered with the Board, a foreign institutional investor and sub-account (other than a subaccount which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of Rs. 25.00 Crore; a pension fund with minimum corpus of Rs. 25.00 Crore rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005 - DDII dated November 23, 2005 of the Government of India published in the Gazette of

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TERMS	DESCRIPTION
	India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Registered Broker	Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of either BSE or NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.bseindia.com/members/MembershipDirectory.aspx">http://www.bseindia.com/members/MembershipDirectory.aspx</a> & <a href="http://www.nseindia.com/membership/dynaContent/find_a_broker.htm">http://www.nseindia.com/membership/dynaContent/find_a_broker.htm</a>
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended
Registrar/ Registrar to this Offer/RTI	Registrar To The Offer Being Cameo Corporate Services Limited
Reserved Category / Categories	Categories of persons eligible for making application under reservation portion.
Reservation Portion	The portion of the Offer reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors/RIIs	Individual Bidders (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to Rs. 2,00,000 in this Offer.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
Self-Certified Syndicate Bank or SCSB	A Bank which is registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Selling Shareholder	Mr. Vishwamani Tiwari & M/s. Vee Three Informatics Limited
SME Exchange	SME Platform of the BSE Limited i.e. BSE-SME
Stock Exchange	BSE Limited (SME Platform)
Underwriter	The Lead Manager, who have underwritten this Offer pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement dated 8 <sup>th</sup> March, 2016 entered into between the Underwriter and our Company.
Working Days	Working days shall be all trading days of stock exchanges excluding Sundays and bank holidays

**COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS**

TERM	DESCRIPTION
PTIL	Prabhat Telecoms (India) Limited
2G	Second Generation Mobile Telecommunication
3G	Third Generation Mobile Telecommunication
4G	Fourth Generation Mobile Telecommunication
CDMA	Code Division Multiple Access
EIR	Equipment Identity Register
ESN	Electronic Serial Number
GMPCS	Global Mobile Personal Communications by Satellite
GSM	Group Special Mobile also Known as Global System for Mobile Communications
GSM Associations	Group Special Mobile Associations
IMEI	International Mobile Equipment Identity
ISPs	Internet Service Providers

TERM	DESCRIPTION
IVR	Interactive Voice Response
OEM(s)	Original Equipment Manufacturer(s)
MMS	Multimedia Messaging Service
PCB	Printed Circuit Board
PMRTS	Public Mobile Radio Trunked Services
SMS	Short Messaging Services
SMT	Surface Mount Technology
Tier 1	Cities with population of more than three million
Tier 2	Cities with population between one to three million
Tier 3	Cities with population of less than one million
TTML	Tata Teleservices (Maharashtra) Limited
Dongle	A device that attaches to a computer to access internet.
FWT	Fixed Wireless Telephone
EVDO	Enhanced Voice- Data Optimized
OMH	Open Market Handset

#### ABBREVIATIONS

ABBREVIATION	FULL FORM
ACS	Associate Company Secretary
A/C	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
AOA	Articles of Association
ASBA	Application Supported by Blocked Amount
B.A	Bachelor of Arts
B.Com	Bachelor of Commerce
B.E.	Bachelor of Engineering
B.Tech.	Bachelor of Technology
BG/LC	Bank Guarantee / Letter of Credit
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CC	Cash Credit
CENVAT	Central Value Added Tax
C. A.	Chartered Accountant
CIN	Corporate Identification Number
CST	Central Sales Tax
CAIIB	Certified Associate of the Indian Institute of Bankers
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
C.S.	Company Secretary
DGFT	Directorate General of Foreign Trade
DIN	Director Identification Number
DIPP	Department of Industrial Policy & Promotion
DP	Depository Participant
DP ID	Depository Participant's Identification Number
DNB	Diplomat of National Board
ECS	Electronic Clearing System

ABBREVIATION	FULL FORM
EBIDTA	Earnings before Interest, Depreciation, Tax and Amortisation
EGM / EOGM	Extra Ordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
ESIC	Employee's State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time
FPIs	"Foreign Portfolio Investor" means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FY / Fiscal	The period of twelve (12) months ended on March 31 of that particular year
FV	Face Value
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
i.e.	That is
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
IFRS	International Financial Reporting Standards
IRDA	Insurance Regulatory and Development Authority
Indian GAAP	Generally Accepted Accounting Principles in India
I. T. Act	The Income Tax Act, 1961, as amended.
IT Authorities	Income Tax Authorities
I. T. Rules	The Income Tax Rules, 1962, as amended, except as stated otherwise
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
IPO	Initial Public Offer
KMP	Key Managerial Personnel
LM	Lead Manager
MICR	Magnetic Ink Character Recognition
Mn	Million
MNC	Multi National Company
MOA	Memorandum of Association
MOF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
MBA	Master's in Business Administration
N.A.	Not Applicable
NAV	Net Asset Value
No.	Number

**Prabhat Telecoms (India) Limited-Prospectus**

ABBREVIATION	FULL FORM
NR	Non Resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NRE Account	Non-Resident (External) Account
NRO Account	Non-Resident (Ordinary) Account
NI Act	Negotiable Instruments Act, 1881
OCB	Overseas Corporate Bodies
p.a	Per annum
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
Pvt	Private
P/E Ratio	Price/Earnings Ratio
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement Indian Rupees, the official currency of the Republic of India
SARFAESI	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts Regulations Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI (Venture Capital) Regulations	Regulations Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME	Small And Medium Enterprises
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$/ \$	United States Dollar, the official currency of the Unites States of America
VAT	Value added tax
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India
w.e.f	With effect from
YoY	Year on Year



## **Prabhat Telecoms (India) Limited-Prospectus**

### **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

#### **Certain Conventions**

All references in this Prospectus to "India" are to the Republic of India. All references in this Prospectus to the "U.S.", "USA" or "United States" are to the United States of America.

In this this Prospectus, the terms "we", "us", "our", "the Company", "our Company", "Prabhat Telecoms (India) Limited", "Prabhat" or "Prabhat Telecoms (India)", unless the context otherwise indicates or implies, refers to Prabhat Telecoms (India) Limited. In this Prospectus, unless the context otherwise requires and the word "Lac / Lakh" means "one hundred thousand", the word "million (mn)" means "Ten Lac / Lakh", the word "Crore" means "ten million" and the word "billion (bn)" means "one hundred crore". In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

#### **FINANCIAL DATA**

Unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared and restated for the financial year ended 2011,2012,2013, 2014 and 2015 and for the period from April 01, 2015 to January 31, 2016 in accordance with Indian GAAP, Accounting Standards, the Companies Act, as stated in the reports of our Peer Auditors and SEBI (ICDR) Regulations, 2009 included under Section titled "Financial Information of our Company" beginning on page 135 of this Prospectus. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points. Our Company has no subsidiaries. Accordingly, financial information relating to us is presented on a Standalone basis. Our fiscal year commences on April 1 of every year and ends on March 31<sup>st</sup> of every next year.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian Accounting Practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

#### **CURRENCY OF PRESENTATION**

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "USD", "U.S.\$" or "U.S. Dollar(s)" are to United States Dollars, if any, the official currency of the United States of America. This Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Prospectus, throughout all figures have been expressed in Lacs, except as otherwise stated. The word "Lacs", "Lac", "Lakhs" or "Lakh" means "One Hundred Thousand".

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.



## **INDUSTRY & MARKET DATA**

Unless stated otherwise, industry and market data and forecast used throughout this Prospectus was obtained from internal Company reports, data, websites, Industry publications report as well as Government Publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe industry and market data used in this Prospectus is reliable, it has not been independently verified by us or the LM or any of their affiliates or advisors. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

## FORWARD LOOKING STATEMENTS

Our Company has included statements in this Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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

1. General economic and business conditions in India and in the markets in which we operate and in the local, regional and national economies;
2. Changes in laws and regulations relating to the sectors in which we operate;
3. Realization of Contingent Liabilities;
4. Occurrence of Environmental Problems & Uninsured Losses;
5. Increased competition in industries / sector in which we operate;
6. Factors affecting the industry in which we operate;
7. Our ability to meet our capital expenditure requirements
8. Our ability to successfully implement our growth strategy and expansion plans and to successfully launch and implement various projects and business plans for which funds are being raised through this Offer;
9. Fluctuations in operating costs;
10. Our ability to attract and retain qualified personnel;
11. Our failure to keep pace with rapid changes in technology;
12. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices.
13. Occurrence of natural disasters or calamities affecting the areas in which we have operations;
14. Any adverse outcome in the legal proceedings in which we/our group companies are involved;
15. Other factors beyond our control;
16. Our ability to manage risks that arise from these factors;
17. Changes in Government policies and Regulatory actions that apply to or affect our business;
18. Conflicts of interest with affiliated companies, the promoter group and other related parties; and
19. The performance of the financial markets in India and globally.



**Prabhat Telecoms (India) Limited-Prospectus**

For further discussion of factors that could cause our actual results to differ, see the Section titled "Risk Factors ", "Our Business" & "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 13, 92 & 153 respectively of this 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, our Directors, our Officers, Lead Manager and Underwriter 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, and the Lead Manager 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 Exchange for the Equity Shares allotted pursuant to this Offer.

## SECTION II

### RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision prospective investors must rely on their own examination of our Company and the terms of this offer including the merits and risks involved.

Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business.

If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

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 implications of any of the risks mentioned herein. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 92, “Industry Overview” beginning on page 79 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 153 respectively, of this Prospectus as well as other financial information contained herein.

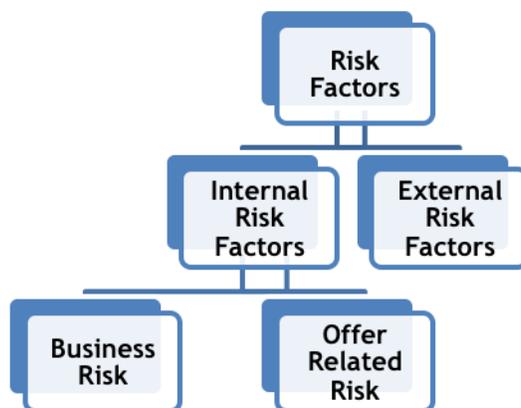
The following factors have been considered for determining the materiality of Risk Factors:

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

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated in this Prospectus. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviations” beginning on page 1 of this Prospectus. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

The risk factors are classified as under for the sake of better clarity and increased understanding:



**INTERNAL RISK FACTORS:**

**A: Business Risk / Company Specific Risk**

1. There are outstanding litigations against our Company and Promoter Group concerns, which if determined adversely, could affect our business and financial operations:

Summary of litigations are given below:

Sr. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. in Lacs)
<b>LITIGATIONS BY AND AGAINST OUR COMPANY</b>			
<b>Litigations filed by our Company</b>			
1.	Civil cases filed by our Company	4	103.98
2.	Criminal cases filed by our Company	5	28.21
<b>Litigations filed against our Company</b>			
1.	Civil cases against our Company	1	8.00
<b>LITIGATIONS INVOLVING OUR PROMOTER GROUP ENTITIES</b>			
1.	Criminal cases filed by our Promoter Group Entities	2	95.50

\*For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 165 of this Prospectus.

2. We are dependent on our management team for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.

Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new projects and expand our business.

3. The Registered Office of our Company is not owned by us.

We operate from our registered office situated at 2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (East), Mumbai-400 097. The registered office of our Company belongs to our Promoter i.e. Mr. Vishwamani Tiwari and he has permitted us to use the same as registered office of our company without any rent. Any discontinuance of such arrangement will lead us to locate any other premises. Our inability to identify the new premises may adversely affect the operations, finances and profitability of our Company.

4. We have substantial indebtedness and will continue to have debt service obligations following the Offer. The total amounts outstanding and payable by our Company as principal and interest were Rs. 7964.82 Lacs as on 31<sup>st</sup> January, 2016.

The total amounts outstanding and payable by us as principal and interest on account of the loan arrangements with banks, financial institutions, promoters and other body corporate as on 31<sup>st</sup> January, 2016 are Rs. 7964.82 Lacs. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure 9 & 10 of section titled "Financial Information of Our Company" on pages 148 & 149 of this Prospectus.

5. Our lenders have charge over our movable and immovable properties in respect of finance availed by us.

We have secured our lenders by creating charge over our properties. In the event we default in repayment of the loans availed by us and any interest thereof, our properties may be forfeited by lenders. For further information on the financing and loan agreements along with the total amounts outstanding; please refer to Annexure 9 of section titled “Financial Information of our Company” on page 135 of this Prospectus.

6. We have reported negative cash flows.

The detailed break up of cash flows is summarized in below mentioned table and our Company has reported negative cash flow in certain financial years and which could affect our business and growth:

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Net Cash Flow from Operating Activities	318.38	(1,118.54)	(536.39)	(13.39)	(1,469.64)	(1,281.50)
Net Cash Flow from Investing Activities	(145.18)	(1,495.83)	23.19	(217.51)	(832.49)	(397.52)
Net Cash Flow from Financing Activities	(159.17)	2,680.99	503.14	232.46	2,300.80	1,682.30
Net Increase / (Decrease) in Cash & Cash Equivalents	14.03	66.61	(10.06)	1.56	(1.33)	3.29

7. Our indebtedness and the conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of these agreements contain restrictive covenants, including, but not limited to, requirements that we obtain written consent from lenders prior to issuing new shares, incurring further debt, creating further encumbrances on our assets, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends, undertaking new projects or making investments. There can be no assurance that we will be able to comply with these covenants or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business. Certain of our loans may be called at any time by our lenders pursuant to terms of the relevant agreements. An event of default under any of these loan arrangements, if not cured or waived, could have a material adverse effect on us.

8. Our Promoter Group entity is engaged into the business which is similar to our Company’s proposed expansion plan and this could lead to a potential conflict of interest.

Our Promoter Group Company, M/s. Vee Three Informatics Ltd., is engaged in similar activity set out as main objects in the MOA of our Company and our proposed expansion plan. There could exist conflict of interests arising out of common pursuits between our Promoter Group Entity and our Company in future.

9. Our business has experienced growth in the past, which we may not be able to sustain in the future.

The total turnover of our Company has sustained the growth since FY 2010-11. Our Company has reported total turnover of Rs. 19,593.75 in fiscal 2012 as compared to Rs. 15,045.65 Lacs in fiscal 2011 with a growth of 30.23%, Rs. 21,396.42 in fiscal 2013 as compared to Rs. 19,593.75 Lacs in fiscal 2012 with a growth of 9.20%, Rs. 29,425.36 Lacs in fiscal 2014 as compared to Rs. 21,396.42 in fiscal 2013 showing growth at the rate of 37.52% and Rs. 30,326.73 Lacs in fiscal 2015 as compared to Rs. 29,425.36 in fiscal 2014 showing growth at the rate of 3.06%. We may not be able to sustain our growth or maintain a similar rate of growth in the future due to non-availability of professionals with necessary skill sets, decline in the demand for our products due to increased competition, and lack

of management resources or due to a general slowdown in the economy. Failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

- 10. If we fail to successfully identify and respond to changing customer preferences and demands in a cost-effective and timely manner, we will not be able to compete effectively and our ability to generate revenues and grow our business will be adversely impacted.**

The markets for our products are characterized by rapidly changing technologies, frequent new product introductions, short product life cycles and evolving industry standards as well as changes in consumer preferences and demand for features.

The competitiveness of our product portfolio depends on our ability to introduce on a continuous and timely basis, new innovative and appealing products and enhance existing products with added features, and to create new or address yet unidentified needs among our current and potential customers.

In order to do so, we need to identify and understand the key market trends and user segments and address our customers evolving needs in different customer segments proactively and on a timely basis. To achieve that, we must constantly obtain and evaluate feedback from our customers, and our distributors and suppliers on customer usage patterns. If we fail to analyse correctly, or accurately anticipate technological trends or our end users needs and preferences, or if we are unable to respond to such trends by developing and offering cost effective products, our ability to retain our current, as well as attract new customers will be impaired, and our ability to generate revenues and grow our business will suffer.

Even if we complete the development of our new products and services in a cost-effective and timely manner, they may not gain traction in the market at all or at anticipated levels, which would adversely affect our business.

- 11. If we are unable to successfully manage the introduction of new products, our business, operating cash flows and financial condition will be adversely affected.**

As we introduce new or enhanced products we face risks including among other things, disruption in customers ordering patterns, excessive or insufficient levels of existing product inventories, difficulties in ramping-up our manufacturing arrangements, revenue deterioration in our existing product lines, insufficient supplies of new products to meet customers demand, possible product and technology defects and a potentially different sales and support environment. The development and commercialisation process is both time consuming and capital intensive. We may focus our resources on technologies that do not become widely accepted or are not commercially viable. Our ongoing investments in research and development for new products and processes may result in higher costs without a proportionate increase in revenues.

Further, any leak of information about new products or features or technologies prior to their launch may reduce the effectiveness of our product launches, reducing sales volumes of current products due to anticipated future products, making it more difficult to compete, shortening the exclusivity of our product innovation and/or increasing market expectations for the results of our new products before we have had an opportunity to demonstrate the market viability of such products. Our failure to manage the introduction of newer products will adversely affect our business, operating cash flows and financial condition.

- 12. Our sales and profitability could be harmed if we are unable to maintain and further build our brand.**

We believe that our future success will be partially influenced by further development of the "V3", "Xccess", "iDemand", "MIPOW-Make it different", and "MobilePlus etc. brands and our ability to communicate effectively about our products to various target customers through consistent and focused marketing strategies. The trademarks of the brands "V3" and "Xccess" are applied by our group Company viz., Vee Three Informatics Ltd. An agreement for use of trademark has been entered into between our Company and Vee Three Informatics Ltd, pursuant to which our Company has been assigned the right to use these Trademarks. Our Company has applied for trademark registration of "MIPOW", "MobilePlus, PLATINUM (Label) and KID PLAY (Label) and or our corporate logo in our own

name. A number of factors, including adverse publicity regarding our brand ambassadors and unsuccessful product introductions, may have a negative effect on our reputation and erode our brand image. Insufficient investments in marketing and brand building could also erode or impede the development of our brand. Further, our brand is relatively new and, therefore, may not have significant brand recall in all market segments in which we sell our products or may be confused with other domestic mobile handset brands.

**13. We operate in a highly competitive environment and may not be able to effectively compete.**

Competition in our industry is based on pricing of products, innovation, perceived value, brand recognition, promotional activities, advertising, special events, new product introductions and other activities. Maintaining or increasing our market share will also depend on the effectiveness of our marketing initiatives, including advertisements and our ability to anticipate and respond to various competitive factors, including our ability to improve our manufacturing arrangements, and intellectual property, introduce new products and respond to pricing strategies by competitors and changes in customer preferences. Our competitors include companies such as Nokia, Samsung, LG, Spice, Videocon, Micromax, Lava, Karbonn, Asus etc.

Some of our competitors may devote greater resources to the development, promotion and sale of their products than we do. They may have lower costs and/or be better able to withstand lower prices in order to gain market share at our expense. They may offer better terms to third-party, original equipment manufacturers ("OEMs"), suppliers and distributors. They may be more diversified than we are and better able to leverage their other businesses, products and services to be able to accept lower returns in the mobile device market and gain market share.

In particular, we expect to face additional competition from domestic mobile handset companies in the markets in which we operate, which offer low cost mobile handsets, including handsets that have features similar to ours. In particular, it may be difficult for us to make profitable sales in markets where our domestic competitors are present and in which we have not previously made sales of our products. If market prices are substantially reduced by any of these domestic companies in their respective markets, our business in those markets could be materially adversely affected. Further, if we do not continue to distinguish our products through distinctive, technologically advanced features and design, as well as continue to build and strengthen our brand recognition, we could lose market share and our revenues and earnings could decline. Failure to compete successfully against current or future competitors could harm our business, operating cash flows and financial condition.

**14. We have high working capital requirements. If we experience insufficient cash flows to meet required payments on our working capital requirements, there may be an adverse effect on our results of operations**

Our business requires a substantial amount of working capital. In many cases, working capital is required to finance the purchase of materials and execution of work on projects before payment is received from clients. Our working capital requirements may increase if, in certain contracts, payment terms do not provide for advance payments to us or if payment schedules are less favourable to us. We may need to borrow additional funds in the future to fulfill our working capital needs. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

**15. Accidents in the existing and proposed assembly line may lead to public liability consequences. Further, our revenue could be diminished if we are associated with negative publicity**

Occurrence of accidents at our existing and proposed Assembly line may expose our Company to pay compensation and penalty to our workmen and third parties for any losses or damage to human life/health or the environment. Further, our revenue could be diminished if we are associated with negative publicity.

16. Our products are manufactured by third parties that, in turn, rely on third-party suppliers, which present numerous risks to our ability to receive an adequate supply of quality products, and we have not entered into agreements with any of these parties.

Currently we are working with a select group of OEM partners, some of whom have been working with us since the commencement of our mobile handset and data card business. We have not entered into any agreements with OEMs but have working relationships with many OEMs. We rely on these OEM partners to manufacture our products and our manufacturing partners rely on third-party suppliers for many of the components used in our products. Moreover, our agreements with our OEM partners are generally not long-term or exclusive and, although we work closely with our OEM partners and their third-party suppliers, we do not exercise control over their contractual arrangements. Thus, our manufacturing model presents numerous risks to our ability to receive an adequate supply of quality products at reasonable prices and meet our customer's demands, which, if we fail to do, would have a negative impact on our business, financial position, results of operations, cash flows and prospects. These risks include:

- Interruptions to the manufacturing operations of our OEM partners or their third-party suppliers due to strikes, lockouts, work stoppages or other forms of labour unrest, breakdown or failure of equipment, earthquakes, floods and other natural disasters, as well as accidents and the need to comply with the directives of relevant governmental authorities;
  - Insufficient quality controls or failures in the quality controls of our OEM partners or their third-party suppliers;
  - Significant adverse changes in the financial or business conditions of our OEM partners or their third-party suppliers;
  - Performance by our OEM partners or their third-party suppliers below expected levels of output or efficiency;
  - Any inability of our OEM partners or their third-party suppliers to obtain timely and adequate delivery of quality materials, parts and components;
  - Increase in the cost of materials, parts and components;
  - The possibility that our competitors will engage our OEM partners or their third-party suppliers, directly or indirectly, and thereby reduce the manufacturing capacity available to us;
  - Any inability on our part to renew existing agreements with or find replacements for existing OEM partners and third-party suppliers, respectively;
  - Risks related to the delay in making deliveries as our OEM partners and third-party suppliers are based outside India; and
  - Misappropriation of our intellectual property by our OEM partners or their third-party suppliers.
17. It may be difficult for us to recruit and retain highly skilled technical personnel that are necessary for our business in order to remain competitive.

Competition for highly skilled technical personnel in technology industry is intense. We believe that our future success depends largely on our continued ability to hire, assimilate, retain and leverage the skills of qualified engineers and other highly-skilled personnel needed to develop successfully new products. We may not be as successful as our competitors at recruiting, assimilating, retaining and utilizing these highly-skilled personnel. Our competitors may choose to locate research and development facilities in India and would likely be able to offer better compensation packages to such personnel. If we are unable to recruit and retain qualified personnel with the requisite experience, our growth and competitive position will be adversely affected.

**18. We will not receive any proceeds from the Offer.**

This Offer comprises of an Offer for Sale of 22,00,000 Equity Shares our Promoter, Mr. Vishwamani M Tiwari and our Promoter group entity i.e. M/s. Vee Three Informatics Limited. The entire proceeds from this Offer will be paid to them and our Company will not receive any proceeds from this Offer.

**19. Upon completion of the Offer, our Promoters / Promoter Group may continue to retain significant control over us, which will allow them to influence the outcome of matters submitted to the shareholders for approval.**

After completion of the Offer, our Promoters and Promoter Group will collectively own 67.66% of the Equity Shares. As a result, our Promoters together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

**20. Rise in Input Costs may affect our profitability.**

The input costs of the products of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

**21. We are subject to risk arising from exchange rate fluctuations.**

Our Company imports majority of its raw materials from international markets which are denominated in US Dollars. The exchange rate between the US Dollars with that of the Indian Rupee has been volatile in recent years and may continue to fluctuate in the future. Depreciation of the Indian Rupee against US Dollars may have a material adverse effect on the product cost and profit margins.

**22. Certain warehouses/distribution offices and certain other premises from where we operate are not owned by us.**

We do not own certain premises from which we operate, such as certain of our warehouse and distribution offices, and any claim by the owners of such premises or withdrawal of their consent to our occupancy may disrupt our operations. Further, we may be unable to locate suitable alternate facilities on favorable terms, or at all, and this may have a material adverse effect on our business, financial condition and results of operation. For details of our properties, see "Our Business" on page 92.

**23. Assignment of trademark in the name of our Company is pending at the office of Registrar of Trademark, Mumbai**

Our Company has applied for Trademark which are pending at the office of Registrar of Trademark, Mumbai. Details are tabled as below:

Logo/Word Mark	Class
MIPOW -Make it Different	09
Mobile Plus	35
P Logo	09
PLATINUM (Label)	17

Logo/Word Mark	Class
KID PLAY (Label)	09 & 28

There can be no assurance that the all or any of the above mentioned trade mark applications shall be granted. Our Company may need to litigate in order to protect our interests; such litigation may be costly and time consuming with no guarantee of favourable result. The business or goodwill of our Company may be adversely affected by its failure to protect the trademark against misuse by any third party.

**24. Change in regulatory and government policies in the for import of mobile handset accessories etc, may adversely affect our results of operations and financial condition.**

We largely import our products, which are manufactured in China & Hong Kong & are imported from there in India. In future, if there is any adverse change in Government Import Policy, it could adversely affect our business adversely and affect our business and results of operations.

**25. Our Insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse impact on our business.**

We have maintained insurance coverage of our assets and accident policies as specified in section titled Insurance Policies on page 102 of the Prospectus. We believe that the insurance coverage maintained, would reasonably cover all normal risks associated with the operation of our business, however, there can be no assurance that any claim under the insurance policies maintained by us will be met fully, in part or on time. In the event we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

**26. Our Company has entered into certain related party transactions.**

Our Company has entered into certain transactions with related parties, including our Promoters and Promoter Group. While we believe that such transactions are carried on arms length basis, however any transactions with our related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For more details, please refer to chapter titled “Related Party Transactions” on page 133 of the Prospectus

**B: Risk related to this Offer and our Equity Shares**

**27. Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditure and other factors.**

Our Company is dividend paying company in the past years. For further details please refer to chapter titled “Dividend Policy” on page 134 of the Prospectus. However, the amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all.

**28. Any future issue of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.**

Any future equity issues by us, including in a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us or sales of its Equity Shares by the Promoter may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

- 29. There is no guarantee that the Equity Shares offered pursuant to this Offer will be listed on the BSE SME in a timely manner.**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of shares issued. We have only applied to BSE-SME to use its name as the Stock Exchange in this offer document for listing our shares on the BSE-SME. In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Offer will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a delay in listing the Equity Shares on the BSE-SME. Any delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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

Following the listing, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity.

#### **EXTERNAL RISK FACTORS**

- 31. Natural calamities and force majeure events may have an adverse impact on our business.**

Natural disasters may cause significant interruption to our operations, and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of deficient or abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy, which could adversely affect our business and results of operations.

- 32. We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards ("IFRS"). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.**

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the "IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal/period.

- 33. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.**

Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company's business could cause its results of

operations to suffer. Any significant change in India's economic policies could disrupt business and economic conditions in India generally and the Company's business in particular.

**34. Financial instability in Indian financial markets could adversely affect our company's results of operations and financial condition.**

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other emerging economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

**35. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.**

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**36. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.**

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

**37. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the Mumbai terrorist attacks and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

- 38. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.**

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

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

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 may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

- 40. Natural calamities could have a negative impact on the Indian economy and cause Our Company's business to suffer.**

India has experienced natural calamities such as earthquakes, tsunami, and floods in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operation as well as the price of the Equity Shares.

- 41. You may be subject to Indian taxes arising out of capital gains on sale of Equity Shares.**

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months is not subject to capital gains tax in India if securities transaction tax ("STT") is paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax. Any change in tax provisions may significantly impact your return on investments.

**PROMINENT NOTES:**

**1) SIZE OF THE OFFER:**

Public Offer Of 22,00,000 Equity Shares Of Face Value Of Rs. 10/- Each ("Equity Shares") Of Prabhat Telecoms (India) Limited ("Prabhat" or The "PTIL" or The "Company") For Cash At A Price Of Rs.51/- Per Equity Share, Including A Share Premium Of Rs. 41 Per Equity Share (The "Offer Price") Through An Offer For Sale By Mr. Vishwamani Tiwari & M/s. Vee Three Informatics Limited ("Selling Shareholders") Aggregating Rs. 1122.00 Lakhs ("The Offer"), Of Which 120000 Equity Shares Of Face Value Of Rs. 10/- Each For Cash At A Price Of Rs. 51 Per Equity Share, Aggregating Rs. 61.20 Lakhs Will Be Reserved For Subscriptions By The Market Maker To The Offer (The "Market Maker Reservation Portion"). The Offer Less Market Maker Reservation Portion I.E. Offer Of 20,80,000 Equity Shares Of Face Value Of Rs.10/- Each Cash At A Price Of Rs. 51/- Per Equity Share, Aggregating Rs. 1060.80 Lakhs Is Hereinafter Referred To As The "Net Offer". The Offer And The Net Offer Will Constitute 26.46% And 25.02% Respectively Of The Post Offer Paid Up Equity Share Capital of The Company.

**2) The average cost of acquisition of Equity Shares by the Promoters:**

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Vishwamani Tiwari	6295100	12.32

*\*The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the Offer of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them, if any. For more information, please refer to the section titled "Capital Structure" on page 45.*

- 3) Our Net worth as on 31<sup>st</sup> January 2016 is Rs. 4013.94 Lacs as per Restated Financial Statements.
- 4) The Book - Value per share as on 31<sup>st</sup> January 2016 is Rs. 48.27 as per Restated Financial Statements.
- 5) There was no change in the name of the Company at any time during last three years immediately preceding the date of filing of this offer document except the fact that the constitution of our Company was changed to Public Limited and consequently name of Our Company was changed to "Prabhat Telecoms (India) Limited" vide fresh Certificate of Incorporation dated 22<sup>nd</sup> April, 2013 issued by the Registrar of Companies, Mumbai, Maharashtra.
- 6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the BSE, the Designated Stock Exchange. For more information, please refer to "Basis of Allotment" on page 205 of the Prospectus. The Registrar to the Offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) Investors are advised to refer to the paragraph on "Basis for Offer Price" on page 69 of this Prospectus before making an investment in this Offer.
- 8) Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarifications/information pertaining to the Offer. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.
- 9) Other than as stated in the section titled "Capital Structure" beginning on page 45 of this Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 10) Except as mentioned in the sections titled "Capital Structure" beginning on page 45 of this Prospectus, we have not issued any Equity Shares in the last twelve months.

- 11) Except as disclosed in the sections titled “*Our Promoters*” or “*Our Management*” beginning on pages 124 and 113 respectively of this Prospectus, none of our Promoters, our Directors and our Key Managerial Employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- 12) Any clarification or information relating to the Offer shall be made available by the LM 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 LM for any complaints pertaining to the Offer. Investors are free to contact the LM for any clarification or information relating to the Offer who will be obliged to provide the same to the investor.
- 13) For transactions in Equity Shares of our Company by the Promoter Group and Directors of our Company in the last six (6) months, please refer to paragraph under the section titled “*Capital Structure*” on page 45 of this Prospectus.
- 14) There are no contingent liabilities as on 31<sup>st</sup> January, 2016.
- 15) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section titled “*Financial Information*” on page 135 of this Prospectus.
- 16) Except as disclosed in the section titled “*Our Promoter Group / Group Companies / Entities*” on page 147, none of our Group Companies have business interest in our Company.
- 17) For interest of Promoters/Directors, please refer to the section titled “*Our Promoters*” beginning on page 127 of this Prospectus.
- 18) The details of transactions with the Group Companies/ Group Enterprises and other related party transactions are disclosed as Annexure 17 of restated financial statement under the section titled “*Financial Information*” on page 151 of the Prospectus.

### SECTION III: INTRODUCTION

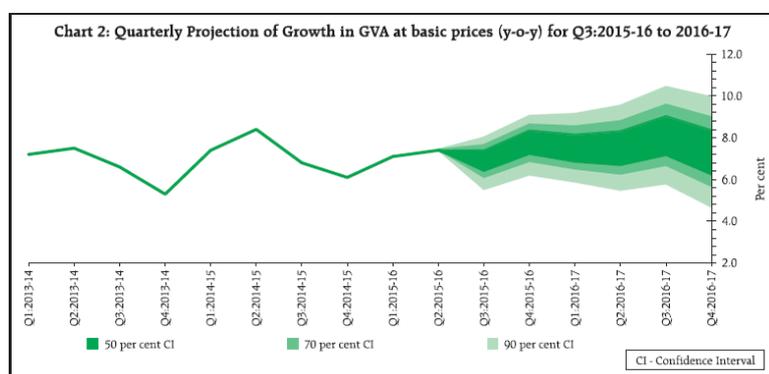
#### SUMMARY

*This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Prospectus, including the information on “Risk Factors” and related notes on page 13 of this Prospectus before deciding to invest in Equity Shares.*

#### INDUSTRY OVERVIEW

##### OVERVIEW OF THE INDIAN ECONOMY

The Indian economy is ranked fourth in the world, on purchasing power parity basis, after United States, China and Japan (Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>). For the fiscal year 2015, the forecast for real GDP growth rate in India is estimated to achieve a marginally higher rate of 7.5% than last year (7.3%) as mentioned in ‘Sixth Bi-Monthly Monetary Policy Statement’ for 2015-16 by Dr. Raghuram G. Rajan, Governor. (Source: [https://rbi.org.in/scripts/BS\\_ViewBulletin.aspx?Id=16054](https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=16054)).



India is set to emerge as the world’s fastest-growing major economy by 2015 ahead of China, as per the recent report by The World Bank. India’s Gross Domestic Product (GDP) is expected to grow at 7.5 per cent in FY 2015-16, as per the report.

The improvement in India’s economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI’s inflation focus supported by benign global commodity prices.

According to IMF World Economic Outlook April, 2015, India ranks seventh globally in terms of GDP at current prices and is expected to grow at 7.5 per cent in 2016.

India’s economy has witnessed a significant economic growth in the recent past, growing by 7.3 per cent in FY2015 as against 6.9 per cent in FY2014. The size of the Indian economy is estimated to be at Rs 129.57 trillion (US\$ 2.01 trillion) for the year 2014 compared to Rs 118.23 trillion (US\$ 1.84 trillion) in 2013.

The steps taken by the government in recent times have shown positive results as India’s gross domestic product (GDP) at factor cost at constant (2011-12) prices 2014-15 is Rs 106.4 trillion (US\$ 1.596 trillion), as against Rs 99.21 trillion (US\$ 1.488 trillion) in 2013-14, registering a growth rate of 7.3 per cent. The economic activities which witnessed significant growth were ‘financing, insurance, real estate and business services’ at 11.5 per cent and ‘trade, hotels, transport, communication services’ at 10.7 per cent. According to a Goldman Sachs report released in September 2015, India could grow at a potential 8% on an average during from fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanisation and other structural reforms.

##### OVERVIEW OF INDIAN TELECOM INDUSTRY

India is the world’s second-largest telecommunications market, with over 1.0 billion subscribers as of May 2015. The wireless segment (97.36 per cent of total telephone subscriptions) dominates the market. It has also been growing at a brisk pace. During FY07-15, wireless subscriptions witnessed a CAGR of 24.78 per cent

to 969.8 million. . It is also the second largest country in terms of internet subscribers. India had 267.39 million internet subscriptions as of December 2014.

India's telecommunications market is expected to experience further growth, fuelled by increased non-voice revenues and higher penetration in rural market. Telecom penetration in the nation's rural market is expected to increase from 46.14 per cent as of December 2014 to 70 per cent by 2017. The emergence of an affluent middle class is triggering demand for the mobile and internet segments. Availability of affordable smartphones, along with a rise in the security level of mobile transactions, is expected to boost growth of transactions conducted via phones, with the overall transaction value being tripled in 2014 from last year.

Strong policy support from the government has been crucial to the sector's development. FDI cap in the telecom sector has been increased to 100 per cent from 74 per cent. In January 2015, the Government of India recommended reduction in license fees of telecom by 6 per cent for operators; telecom operators currently pay 8 per cent of adjusted gross revenue as license fee.

## **PRESENT STATUS**

India is currently the world's second-largest telecommunications market and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and will contribute substantially to India's gross domestic product (GDP), according to report prepared by GSM Association (GSMA) in collaboration with the Boston Consulting Group (BCG).

The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth in the Indian telecom sector. The government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of foreign direct investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country.

- ✓ **Second-largest subscriber base:** With a subscriber base of nearly 1022.61 million by the end of September 2015, India has the second-largest telecom network in the world.
- ✓ **Third-highest number of internet users:** With 375 million internet subscriptions in October 2015, India stood third-highest in terms of total internet users in 2015. It is expected that India will be the second largest country in terms of internet subscribers with 402 million internet users by December 2015.
- ✓ **Most of the Internet accessed through mobile phones:** Mobile based Internet is a key component of Indian Internet usage, with seven out of eight users accessing internet from their mobile phones.
- ✓ **Rising penetration rate:** Urban tele density stood at 152.76 per cent and rural tele density at 48.66 per cent as on September 2015.
- ✓ **Affordability and lower rates:** Availability of affordable smart phones and lower rates are expected to drive growth in the Indian telecom industry.

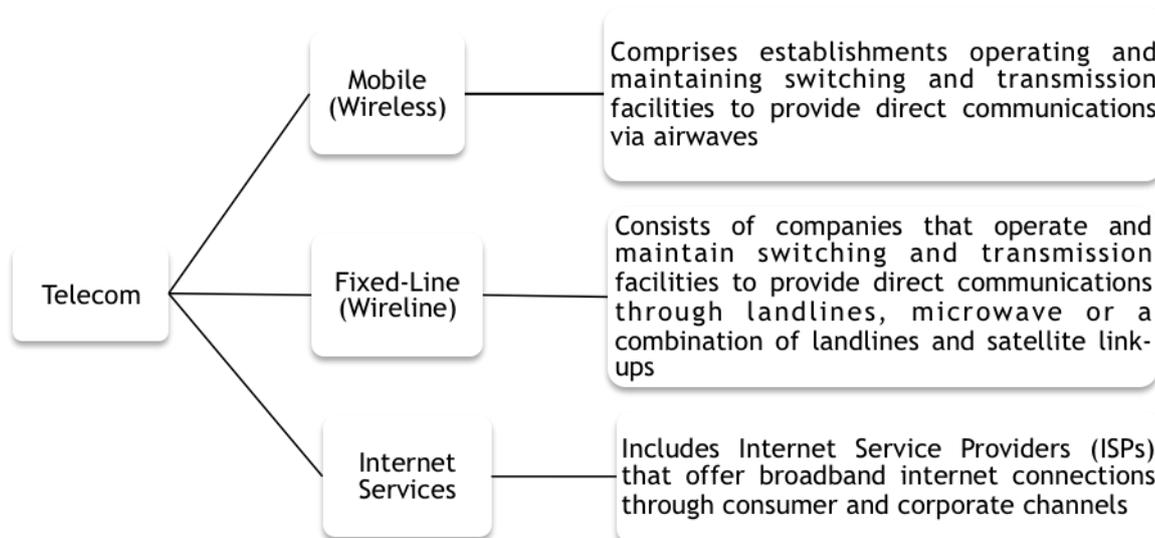
## **ADVANTAGE INDIA**

- **2015:** Number of subscribers: 1.022 Billion
- ✓ **Robust demand:** India is the world's second-largest telecommunications market, with 1022.61 million subscribers as on September, 2015.  
With 70 per cent of the population staying in rural areas, the rural market would be a key growth driver in the coming years.
- ✓ **Attractive opportunities:** Telecom penetration in the nation's rural market is expected to increase to 70 per cent by 2017 from 48.66 per cent as of September 2015.  
India became the second-largest internet market in December 2014.  
The government of India has introduced Digital India program under which all the sectors such as healthcare, retail, etc. will be connected through internet.

- ✓ **High ratings:** The country has a strong telecommunication infrastructure. In terms of telecommunication ratings, India ranks ahead of its peers in the West and Asia.
- ✓ **Policy support:** The government has been proactive in its efforts to transform India into a global telecommunication hub; prudent regulatory support has also helped. National Telecom Policy 2012 calls for unified licensing, full MNP and free roaming.
- **FY16E:** Number of subscribers: 1.2 billion

## MARKET OVERVIEW AND TRENDS

The Telecom Market split into three segments:



## MARKET SIZE

Driven by strong adoption of data consumption on handheld devices, the total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017, registering a Compound Annual Growth Rate (CAGR) of 5.2 per cent between 2014 and 2017, according to research firm IDC.

India's mobile subscriber base is expected to cross 500 million! subscribers by the end of FY2015 from 453 million subscribers at the end of FY2014.

According to a study by GSMA, smartphones are expected to account for two out of every three mobile connections globally by 2020 making India the fourth largest smartphone market.

The broadband services user-base in India is expected to grow to 250 million connections by 2017, according to GSMA.

India added the highest number of net mobile phone subscriptions of 13 million during the third quarter of 2015@.

International Data Corporation (IDC) predicts India to overtake US as the second-largest smartphone market globally by 2017 and to maintain high growth rate over the next few years as people switch to smartphones and gradually upgrade to 4G.

In spite of only 5 per cent increase in mobile connections in 2015, overall expenditure on mobile services in India is expected to increase to US\$ 21.4 billion in 2015, led by 15 per cent growth in data services expenditure, as per research firm Gartner.

The Indian telecom sector is expected to generate four million direct and indirect jobs over the next five years according to estimates by Randstad India. The employment opportunities are expected to be created



**Prabhat Telecoms (India) Limited-Prospectus**

due to combination of government's efforts to increase penetration in rural areas and the rapid increase in smartphone sales and rising internet usage.

**ROAD AHEAD**

India will emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by 2025, as per a Microsoft report. With the government's favourable regulation policies and 4G services hitting the market, the Indian telecommunication sector is expected to witness fast growth in the next few years.



## **BUSINESS OVERVIEW**

Our Company was incorporated at Mumbai as "Prabhat Telecommunications (India) Private Limited" on 2<sup>nd</sup> April, 2007. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23<sup>rd</sup> May, 2007. We have been converted in to a Public Limited Company and consequently name was changed to "Prabhat Telecoms (India) Limited" on 22<sup>nd</sup> April, 2013. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 109 of this Prospectus.

We are engaged into design, assemble, and customize import and distribution of mobile handsets, wireless dongles / data-cards, data products and mobile / telecom accessories. We sell feature mobile handsets under our brand name "V3" Mobiles and internet data cards & smart phones / tablets, fixed wireless terminal and high end telecom devices under brand name "Xccess". We sell accessories like screen guard, Memory card etc under the brand name "Platinum". We are a distributor of CDMA handsets for TTML for Mumbai Circle. We sell our CDMA product to chain of distributors PAN India through TTML/TTSL corporate tie-ups. We also sell our product through organised retail chain like The Mobile Store, Mobile plus etc. We also sell our products through more than 15 online portals.

We have been evolved in 1997 as telecom technical support company namely Prabhat Enterprises. Later on we entered into the world of telecom products by venturing in to selling and distribution of various brands like Fly, Kyocera, Tata Sky and Micromax. Our Promoter Mr. Vishwamani Tiwari has a background of engineering and possess more than twelve years of experience in telecom industry. Our Company is the first company to launch EVDO phone, 1X Data Card n open Market and Low End CDMA Data Phone (LEDP), Open Market EVDO REV-A dongle etc.

The company has started to design, assemble and manufacture the telecom product under its own in-house brand in 2011. The company started to design and assemble the telecom devices like CDMA Mobile Handsets, CDMA Data Cards, FWT, WiFi Routers, accessories etc under its own brand. The CDMA/GSM feature handsets are designed, assembled and distributed under the brand name "V3 Mobile". Similarly the data product and smart phone Fixed wireless Terminal, Tablet and other high end telecom devices are designed, assembled and distributed under the brand "Xccess" and accessories under the brand "PLATINUM".

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We steadily strive to remain at the forefront in terms of both design and technological advancement. Our Company is dedicated to deliver the latest in breath taking technologies to customers in the most quickest and extreme forms.

We have also started its own e-commerce portal to promote its own branded product along with other leading branded devices under the Brand "Mobile Plus". The portal is being operated as [www.themobileplus.com](http://www.themobileplus.com).

## **OUR OPERATIONS**

Our operations mainly consist of:

- A. Distribution of the Mobile Phone Handsets (GSM & CDMA) of various brands through the retail chain "Mobile Plus".
- B. Assembling and distribution of its own products CDMA Mobile Phone, Data Cards, FWP, Tablets through the retail chain "Mobile Plus" and Open market sales.
- C. Distribution of Mobile Phone accessories under the brand "Platinum" and "Mi Pow" through the retail chain "Mobile Plus".
- D. Distribution of own CDMA Mobile handsets and CDMA EVDO Data Cards in Mumbai Circle for TTML.

## **Our Business Strategy**

Our strategy is to build upon our competitive strengths and business opportunities to become one of the vital and leading telecom equipment companies. Our aim is to provide the customers with cutting edge technological products and support system, ensuring timely and cost effective delivery of product and services. We intend to achieve this by implementing the following strategies:

### ***To increase Mobile plus outlets on pan India basis***

With the growing size of mobile handsets market in India for the technological revolution the needs for mobile handsets will increase exponentially particularly in tier 2 and tier 3 cities. To keep pace with the increasing needs of the industry we plan to increase our Mobile Plus outlets in the range of 150 to 200 on pan India basis.

### ***To strengthen the distribution network and after sale service points***

We believe our branding efforts will fuel our growth in markets and in order to cater to the higher anticipated demand for our products, we plan to continue to expand the density as well as the geographic reach of our existing distribution network. Additionally, after-sales services, such as technical support and repair, are essential in order to maintain consumer satisfaction with our products and create positive brand reputation. Accordingly, we plan to continue to grow the number of authorized service providers at all levels and increase the number of field-based technical engineers and service coordinators.

### ***To reap the benefit by enhancing assembling capacities and setting up quality control laboratories***

We are focused on establishing and increasing our assembling facilities of telecom equipments, as this will allow us to exercise control over costs and we also plan to set up quality control laboratories to deliver the quality products. We believe that an increase in facilities will help us reap the benefits of economies of scale and this would eventually lead to an improvement in the price competitiveness of our products.

### ***Constant Technology Up gradation***

Our Company target to focus on constant up gradation of technology and launch futuristic products keeping in mind its usage in the Indian conditions.

### ***Pursue strategic acquisitions and investments abroad***

In order to expand, we seek to identify acquisition targets and/or joint venture partners whose resources, capabilities, technologies and strategies are complementary to and are enabling us to establish our presence abroad.

### ***Penetration in to global markets***

We are looking forward to enter into global markets and we plan to target countries where we can leverage our track record and experience in India to compete effectively and expand our revenue base.

### ***Strengthening our brand***

We intend to invest in developing and enhancing recognition of our brand – Prabhat and V3, through brand building efforts, communication and promotional initiatives such as exhibitions fairs, electronic media, organizing events, participation in industry events, public relations and investor relations efforts. This will help us to maintain and improve our reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

## SWOT

### Strengths

- Cordial relations with Customers, Distributors and suppliers
- Consumers in India now rely heavily on mobile communication.
- In depth knowledge of Industry - Commercial & Technical
- Established facilities
- Experienced management team

### Weaknesses

- Dependent upon growth in telecom Industry
- Lack of brand awareness
- Surge in finance needs to cope up with the increased demand.

### Opportunities

- The industry is constantly subject to new breakthroughs and could easily produce new handsets that incorporate new technologies to encourage a continuous cycle of buying from consumers.
- Technological convergence is continually increasing and some ideas and manufacturers may come into the market from the computer industry.
- The overall usage of mobile phones is still increasing. The proportion of the population using a mobile phone has gradually increased for many years.

### Threats

- Industry is prone to change in government policies, any material changes in the duty or International prices may adversely impact our financials.
- Prices of products are prone to exchange rate fluctuations
- There are no entry barriers in our industry which puts us to the threat of competition from new entrants.

**SUMMARY OF FINANCIAL DATA**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Equity &amp; Liabilities:-</b>						
<b>Shareholders' Funds</b>						
Share Capital	831.48	831.48	831.48	799.00	461.75	249.90
Reserve & Surplus	3,182.46	3,107.47	2,994.89	2,524.43	2,552.66	1,209.89
<b>Total (A)</b>	<b>4,013.94</b>	<b>3,938.95</b>	<b>3,826.37</b>	<b>3,323.43</b>	<b>3,014.41</b>	<b>1,459.79</b>
<b>Non Current Liabilities</b>						
Share Application Money	-	-	-	-	15.25	477.00
Long Term Borrowings	1,532.66	1,655.93	927.20	914.89	729.25	-
Other Long Term Liabilities	-	-	-	-	-	-
Deferred Tax Liabilities (Net)	66.29	73.65	106.07	88.02	12.45	10.45
<b>Total (B)</b>	<b>1,598.94</b>	<b>1,729.58</b>	<b>1,033.27</b>	<b>1,002.91</b>	<b>756.95</b>	<b>487.45</b>
<b>Current Liabilities</b>						
Short Term Borrowings	6,432.16	5,553.41	2,939.93	1,985.52	1,515.95	632.82
Trade Payables	5,996.16	6,389.60	6,817.64	4,845.42	4,392.98	5,296.55
Other Current Liabilities	77.85	19.55	371.79	413.10	160.44	164.71
Short Term Provisions	328.82	304.79	241.31	283.23	118.81	132.65
<b>Total (C)</b>	<b>12,834.99</b>	<b>12,267.35</b>	<b>10,370.66</b>	<b>7,527.27</b>	<b>6,188.19</b>	<b>6,226.74</b>
<b>Total (D=A+B+C)</b>	<b>18,447.88</b>	<b>17,935.88</b>	<b>15,230.30</b>	<b>11,853.61</b>	<b>9,959.55</b>	<b>8,173.98</b>
<b>Assets:-</b>						
<b>Fixed Assets:</b>						
Tangible Assets	2,241.96	2,366.40	1,142.32	1,171.13	1,085.60	161.18
Intangible Assets	59.65	130.24	148.03	73.67	57.33	99.00
Deferred Tax Asset (Net)	-	-	-	-	-	-
Long Term Loans & Advances	257.44	111.11	199.29	-	-	-
Non Current Investments	2.00	2.00	-	-	-	-
Other Non Current Assets	233.92	92.42	64.30	176.60	88.25	239.47
<b>Total (E)</b>	<b>2,794.96</b>	<b>2,702.17</b>	<b>1,553.94</b>	<b>1,421.40</b>	<b>1,231.17</b>	<b>499.65</b>
<b>Current Assets</b>						
Current Investments	-	-	-	-	-	-
Inventories	2,828.27	3,132.31	2,110.99	2,356.20	1,855.60	1,767.36
Trade Receivables	10,917.68	10,082.75	9,879.02	6,732.79	6,437.42	5,405.35
Cash & Bank Balances	93.10	79.07	12.45	22.50	20.96	22.30
Short Term Loans & Advances	1,813.87	1,939.58	1,673.90	1,320.71	414.40	479.32
<b>Total (F)</b>	<b>15,652.91</b>	<b>15,233.70</b>	<b>13,676.35</b>	<b>10,432.20</b>	<b>8,728.38</b>	<b>7,674.32</b>
<b>Total (G=E+F)</b>	<b>18,447.88</b>	<b>17,935.88</b>	<b>15,230.29</b>	<b>11,853.60</b>	<b>9,959.55</b>	<b>8,173.98</b>

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Income</b>						
Revenue from Operations	25,747.02	30,326.73	29,425.36	21,396.42	19,593.75	15,045.66
Other Income	97.11	96.62	389.14	145.62	91.82	67.71
<b>Total</b>	<b>25,844.13</b>	<b>30,423.36</b>	<b>29,814.50</b>	<b>21,542.04</b>	<b>19,685.57</b>	<b>15,113.36</b>
<b>Expenditure</b>						
Purchases (inclusive of Branch Transfer)	24,241.22	29,969.10	28,430.14	20,709.08	18,941.80	15,807.68
Change in inventories of Finished Goods, Stock-in-Trade & Scrap	304.04	(1,021.31)	245.21	(456.21)	(88.25)	(1,220.86)
Employees Costs	118.41	148.89	99.56	68.40	61.82	103.35
Other Expenses	112.09	193.32	97.82	255.11	168.81	112.82
<b>Total</b>	<b>24,775.75</b>	<b>29,290.00</b>	<b>28,872.73</b>	<b>20,576.38</b>	<b>19,084.19</b>	<b>14,803.01</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>1,068.37</b>	<b>1,133.35</b>	<b>941.77</b>	<b>965.66</b>	<b>601.38</b>	<b>310.36</b>
Depreciation	199.02	265.36	59.00	51.20	119.79	23.98
<b>Profit before Interest &amp; Tax</b>	<b>869.35</b>	<b>867.99</b>	<b>882.77</b>	<b>914.46</b>	<b>481.59</b>	<b>286.37</b>
Interest & Finance Charges	768.33	749.40	456.03	363.64	222.90	71.08
Exceptional Items	-	-	-	-	-	-
<b>Net Profit before Tax</b>	<b>101.02</b>	<b>118.59</b>	<b>426.74</b>	<b>550.82</b>	<b>258.69</b>	<b>215.29</b>
<b>Less: Provision for Taxes:</b>						
Current Tax	33.40	38.42	97.50	122.37	75.13	62.25
Deferred Tax	(7.37)	(32.41)	18.05	75.57	2.00	8.88
Dividend Distribution Tax	-	-	-	-	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>74.99</b>	<b>112.58</b>	<b>311.19</b>	<b>352.88</b>	<b>181.56</b>	<b>144.16</b>
Extra Ordinary Items	-	-	-	-	-	-
<b>Net Profit</b>	<b>74.99</b>	<b>112.58</b>	<b>311.19</b>	<b>352.88</b>	<b>181.56</b>	<b>144.16</b>

**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Net profit after taxes	74.99	112.58	311.19	352.88	181.56	144.16
Adjustment for:						
Add: Depreciation	199.02	265.36	59.00	51.20	119.79	23.98
Less: Interest Income	0.31	5.94	15.44	23.92	18.81	1.40
Add: Interest & Finance Charges	768.33	749.40	456.03	363.64	222.90	71.08
Operating Profit before Working capital changes	<b>1042.03</b>	<b>1,121.40</b>	<b>810.78</b>	<b>743.80</b>	<b>505.44</b>	<b>237.82</b>
Adjustments for:						
Decrease (Increase) in Trade & Other Receivables	(834.93)	(203.74)	(3,146.23)	(295.37)	(1,032.07)	(4,891.97)
Decrease (Increase) in Short Term Loans & Advances	125.71	(265.68)	(353.19)	(906.31)	64.92	(104.95)
Decrease (Increase) in Inventories	304.04	(1,021.32)	245.21	(500.60)	(88.25)	(1,220.86)
Decrease (Increase) in Deferred Tax Liabilities	(7.37)	(32.42)	18.05	75.57	2.00	8.88
Increase (Decrease) in Trade Payables	(393.44)	(428.03)	1,972.22	452.44	(903.56)	4,492.46
Increase (Decrease) in Other Current Liabilities	58.30	(352.23)	(41.31)	252.66	(4.27)	122.65
Increase (Decrease) in Short Term Provisions	24.03	63.48	(41.92)	164.42	(13.84)	74.47
Net Changes in Working Capital	<b>(723.65)</b>	<b>(2,239.94)</b>	<b>(1,347.17)</b>	<b>(757.19)</b>	<b>(1,975.08)</b>	<b>(1,519.32)</b>
<b>Net Cash Flow from Operating Activities (A)</b>	<b>318.38</b>	<b>(1,118.54)</b>	<b>(536.39)</b>	<b>(13.39)</b>	<b>(1,469.64)</b>	<b>(1,281.50)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Sale / (Purchase) of Fixed Assets	(3.99)	(1,471.66)	(104.55)	(153.08)	(1,002.53)	(160.45)
Interest Income	0.31	5.94	15.44	23.92	18.81	1.40
Decrease (Increase) in Investments	-	(2.00)	-	-	-	1.00
Decrease (Increase) in Other Non Current Assets	(141.50)	(28.13)	112.30	(88.35)	151.23	(239.47)
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(145.18)</b>	<b>(1,495.83)</b>	<b>23.19</b>	<b>(217.51)</b>	<b>(832.49)</b>	<b>(397.52)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>						
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	-	259.84	1.26	942.25	1,475.00
Interest & Finance Charges	(768.33)	(749.40)	(456.03)	(363.64)	(222.90)	(71.08)
Increase / (Repayment) of Long Term Borrowings	(123.27)	728.73	12.31	185.64	729.25	(140.53)
Increase / (Repayment) of Short Term Borrowings	878.76	2,613.48	954.41	469.57	883.13	436.45
Decrease (Increase) in Long Term Loans & Advances	(146.33)	88.18	(199.29)	-	-	-
Dividend and Dividend Distribution Tax	-	-	(68.09)	(60.36)	(30.93)	(17.54)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(159.17)</b>	<b>2,680.99</b>	<b>503.14</b>	<b>232.46</b>	<b>2,300.80</b>	<b>1,682.30</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>14.03</b>	<b>66.61</b>	<b>(10.06)</b>	<b>1.56</b>	<b>(1.33)</b>	<b>3.29</b>
Cash and cash equivalents at the beginning of the year / Period	79.07	12.45	22.50	20.96	22.30	19.01
Cash and cash equivalents at the end of the year/ Period	93.10	79.07	12.45	22.50	20.96	22.30

**OFFER DETAILS IN BRIEF**

**PRESENT OFFER IN TERMS OF THE PROSPECTUS**

<b>Equity Shares Offered:</b>	Offer for Sale of 22,00,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share aggregating Rs. 1122.00 Lacs.
<b>Of Which:</b>	
<b>Offer for Sale by Mr. Vishwamani Tiwari</b>	11,00,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share aggregating Rs. 561.00 Lacs.
<b>Offer for Sale by Mr. Vee Three Informatics Limited</b>	11,00,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share aggregating Rs. 561.00 Lacs.
<b>Of Which:</b>	
<b>Offer Reserved for the Market Makers</b>	1,20,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share aggregating Rs. 61.20 Lacs.
<b>Net Offer to the Public*</b>	20,80,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share aggregating Rs. 1060.80 Lacs.
<b>Equity Shares outstanding prior to the Offer</b>	83,14,800 Equity Shares of face value of Rs. 10 each
<b>Equity Shares outstanding after the Offer</b>	83,14,800 Equity Shares of face value of Rs. 10 each
<b>Objects of the Offer</b>	Please refer section titled “ <i>Objects of the Offer</i> ” on page 67 of this Prospectus.

This Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “*Offer Structure*” on page 190 of this Prospectus.

The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on 29<sup>th</sup> February, 2016 and by consent of selling shareholders dated 29<sup>th</sup> February, 2016.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present Offer is a fixed price offer the allocation<sup>1</sup> is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to:
  - i. Individual applicants other than retail individual investors; and
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.



**GENERAL INFORMATION**

**PRABHAT TELECOMS (INDIA) LIMITED**

Our Company was originally incorporated as “Prabhat Telecommunication Private Limited” in Mumbai, Maharashtra under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 02<sup>nd</sup> April, 2007 bearing Registration Number: 169551 issued by the Registrar of Companies, Mumbai, Maharashtra. The name of our Company was changed from Prabhat Telecommunication Private Limited to Prabhat Telecoms (India) Private Limited with effect from 23<sup>rd</sup> May, 2007 vide fresh certificate of incorporation issued by the Registrar of Companies, Mumbai, Maharashtra. Our Company was converted in to a Public Limited Company and consequently the name was changed to “Prabhat Telecoms (India) Limited” vide fresh Certificate of Incorporation dated 22<sup>nd</sup> April, 2013 issued by the Registrar of Companies, Mumbai, Maharashtra.

**REGISTERED OFFICE:**

2, Geetanjali Apartments,  
Manchhu Bhai Road, Near Manali Hotel,  
Near Subway, Malad (East),  
Mumbai-400 097  
Tel: 91-22- 40676000  
Fax: 91-22-40676042  
Website: [www.prabhattelecoms.com](http://www.prabhattelecoms.com)  
E-Mail: [investors@prabhatgroup.net](mailto:investors@prabhatgroup.net)

**CORPORATE OFFICE:**

Unit No. 402, 4<sup>th</sup> Floor, Western Edge -1,  
Western Express Highway,  
Borivali (East), Mumbai 400 066  
Tel: 91-22- 40676000  
Fax: 91-22-40676042  
Website: [www.prabhattelecoms.com](http://www.prabhattelecoms.com)  
E-Mail: [investors@prabhatgroup.net](mailto:investors@prabhatgroup.net)

**COMPANY REGISTRATION NUMBER:** 169551

**COMPANY IDENTIFICATION NUMBER:** U72100MH2007PLC169551

**REGISTRAR OF COMPANIES:**

**Registrar of Companies, Mumbai, Maharashtra**  
100, Everest, Marine Drive,  
Mumbai - 400 002  
Tel: +91-22-2284 6955, 2281 2627, 2281 2645  
Fax: +91-22-22811977  
Email: [roc.mumbai@mca.gov.in](mailto:roc.mumbai@mca.gov.in)  
Website: [www.mca.gov.in](http://www.mca.gov.in)

**DESIGNATED STOCK EXCHANGE:**

**SME PLATFORM OF BSE**

P.J. Towers, Dalal Street,  
Mumbai, Maharashtra, 400 001

For details in relation to the changes to the name of our Company, please refer to the section titled “Our History and Corporate Structure” beginning on page 109 of this Prospectus.

**BOARD OF DIRECTORS:**

Our Board of Directors comprise of the following members:

NAME	DESIGNATION	DIN	ADDRESS
Mr. Vishwamani Tiwari	Managing Director	01932624	2, Geetanjali Apts., Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E), Mumbai, 400 097
Mr. Parag Rameshchandra Malde	Whole Time Director	05354513	1/2, Prabha Kunj, S.V. Road, Malad (West), Mumbai -400064
Ms. Dipti Suresh More	Executive Non Independent Director	07148169	203, Kala Kutir Bldg No.2, 2 <sup>nd</sup> Floor, Dongar Pada, Virar (West), Thane - 401303
Mr. Vaibhav Shastri	Independent Director	02136309	C-302 A, Sushant Lok Phase I, Gurgaon -122 002, Haryana, India
Mr. Atul Dattatray Bhatkhalkar	Independent Director	06518965	B - 7,1/12, Dudha Sagar Soc., Shiva Road, Aarey Cheknaka, Goregoan East, Mumbai - 400 065, Maharashtra, India

For further details of Directors of our Company, please refer to section titled "Our Management" on page 113 of this Prospectus.

**COMPANY SECRETARY & COMPLIANCE OFFICER:**

**Mr. Lijo Mathew Varghese**

Unit No. 402, 4<sup>th</sup> Floor, Western Edge -1,

Western Express Highway,

Borivali (East), Mumbai 400 066

Tel: 91-22- 40676000

Fax: 91-22-40676042

Website: [www.prabhattelecoms.com](http://www.prabhattelecoms.com)

E-Mail: [investors@prabhatgroup.net](mailto:investors@prabhatgroup.net)

*Note: Investors may contact our Company Secretary and Compliance Officer and / or the Registrar to the Offer and/ or the Lead Manager, 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 refund orders, etc.*

*All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSBs to whom the Application was submitted (at ASBA Locations), giving full details such as name, address of applicant, contact number, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of relevant SCSBs to whom the Application was submitted (at ASBA Location) where the ASBA Application Form was submitted by the ASBA Applicants.*

**CHIEF FINANCIAL OFFICER:**

**Mr. Amit Chandrakant Pandit**

Unit No. 402, 4<sup>th</sup> Floor, Western Edge -1,

Western Express Highway,

Borivali (East), Mumbai 400 066

Tel: 91-22- 40676000

Fax: 91-22-40676042

Website: [www.prabhattelecoms.com](http://www.prabhattelecoms.com)

E-Mail: [investors@prabhatgroup.net](mailto:investors@prabhatgroup.net)



**STATUTORY AUDITORS:**

**M/S. RAJEEV SOOD & CO.,**  
Chartered Accountants  
282/6, Moti Bazaar, Mandi, Himachal Pradesh  
Tel: +91-1905-228540  
Firm Registration No: 10478N  
Contact Person: Mr. Arvind Sankhyain

**PEER REVIEW AUDITORS:**

**M/S. MOTILAL & ASSOCIATES**  
Chartered Accountants  
Chartered Accountants  
304, Orchid Plaza, Behind Gokul Shopping Center,  
Off S.V.Road, Borivali (West), Mumbai - 400 092  
Tel: +91-22-22663526  
E-mail: motilalassociates@gmail.com  
Contact Person: Mr. Motilal Jain  
Membership No. 036811  
Firm Registration No.-106584W

**LEAD MANAGER:**

**NAVIGANT CORPORATE ADVISORS LIMITED**  
423, A Wing, Bonanza,  
Sahar Plaza Complex,  
J B Nagar, Andheri Kurla Road,  
Andheri East,  
Mumbai-400 059  
Tel No. +91-22-6565 4402; +91-22-6560 5550  
Email Id- [sarthak@navigantcorp.com](mailto:sarthak@navigantcorp.com)  
Investor Grievance Email: [info@navigantcorp.com](mailto:info@navigantcorp.com)  
Website: [www.navigantcorp.com](http://www.navigantcorp.com)  
SEBI Registration Number: INM000012243  
Contact Person: Mr. Sarthak Vijlani

**LEGAL ADVISORS TO THE OFFER:**

**MS. JYOTI MALDE**  
B-601/602, Akshardham Complex,  
S.V. Road, Goraswadi Corner,  
Malad (West), Mumbai- 400 064

**REGISTRAR TO THE OFFER:**

**CAMEO CORPORATE SERVICES LIMITED**  
Submaramanian Building,  
1 Club House Road, Chennai 600 002  
Tel No. +91-44-2846 0390/1989  
Fax No. +91-44-2846 0129  
Website: [www.cameoindia.com](http://www.cameoindia.com)  
E-mail ID: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)  
SEBI Registration No: INR000003753  
Contact Person: Mr. R. D. Ramasamy

**BANKERS TO THE OFFER:**

**INDUSIND BANK LIMITED**

PNA House, 4<sup>th</sup> Floor,  
Plot No. 57 / 57 1, Road No. 17,  
Near SRL, MIDC,  
Andheri (East), Mumbai-400 093  
Contact Person: Mr. Suresh Esaki  
Email: [suresh.easaki@indusind.com](mailto:suresh.easaki@indusind.com)  
Contact No.: +91-22 6106 9234  
Fax No.: +91-22-6106 9315

**SELF CERTIFIED SYNDICATE BANKS:**

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

**CREDIT RATING:**

As the Offer is of Equity shares, credit rating is not required.

**DEBENTURE TRUSTEES:**

As this Offer is not a debenture issue, the appointment of debenture trustees is not required.

**IPO GRADING:**

Since the Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

**BROKERS TO THE OFFER:**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Offer.

**APPRAISAL AND MONITORING AGENCY:**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Offer size is below Rs. 50,000 Lacs. Since the Offer size is only of Rs. 1122.00 Lacs, our Company has not appointed any monitoring agency for this Offer. However, as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to be entered into with BSE upon listing of the Equity Shares and the Corporate Governance requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Offer.

**DETAILS OF THE APPRAISING AUTHORITY;**

The objects of the Offer and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

**INTER-SE ALLOCATION OF RESPONSIBILITIES;**

Since Navigant Corporate Advisors Limited is the sole Lead Manager to this Offer, a statement of inter se allocation responsibilities among Lead Manager’s is not required.

**EXPERT OPINION:**

Except the report of the Statutory Auditor of our Company on the financial statements and statement of tax benefits included in this Prospectus, our Company has not obtained any other expert opinion.

**UNDERWRITING AGREEMENT:**

**Underwriting**

The Company and the Lead Manager to the Offer hereby confirm that the Offer is 100% Underwritten. The Offer is 100% underwritten by the Lead Manager- Navigant Corporate Advisors Limited in the capacity of Underwriter to the Offer.

Pursuant to the terms of the Underwriting Agreement dated 8<sup>th</sup> March, 2016 entered into by us with Underwriter- Navigant Corporate Advisors Limited, the obligations of the Underwriter are subject to certain conditions specified therein. In the opinion of our Board of Directors the resources of the above mentioned Underwriter is sufficient to enable them to discharge their underwriting obligation in full. The Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers.

Name and Address of the Underwriter	Number of Equity Shares Underwritten	Amount Underwritten (Rupees In Lacs)	% of Total Offer Size Underwritten
<b>NAVIGANT CORPORATE ADVISORS LIMITED</b> 423, A Wing, Bonanza, Sahar Plaza Complex, J B Nagar, Andheri Kurla Road, Andheri East, Mumbai-400 059 Tel No. +91-22-6565 4402; +91-22-6560 5550 Email Id- <a href="mailto:sarthak@navigantcorp.com">sarthak@navigantcorp.com</a> Investor Grievance Email: <a href="mailto:info@navigantcorp.com">info@navigantcorp.com</a> Website: <a href="http://www.navigantcorp.com">www.navigantcorp.com</a> SEBI Registration Number: INM000012243 Contact Person: Mr. Sarthak Vijlani	22,00,000	1122.00	100
<b>TOTAL</b>	<b>22,00,000</b>	<b>1122.00</b>	<b>100.00</b>

**DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS OFFER:**

Our Company has entered into an agreement dated 8<sup>th</sup> March, 2016 with the Lead Manager and Market Maker to fulfill the obligations of Market Making.

<b>Name</b>	<b>Alacrity Securities Limited</b>
<b>Correspondence Address:</b>	101, 1st Floor, Hari Darshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai-400 067
<b>Tel No.:</b>	+91-22-28073882/28073982
<b>Fax No.:</b>	+91-22-28073967
<b>Email:</b>	<a href="mailto:alacritysec@gmail.com">alacritysec@gmail.com</a>
<b>Website:</b>	<a href="http://www.alacritysec.com">www.alacritysec.com</a>
<b>Contact Person:</b>	Mr. Hiten Mehta
<b>SEBI Registration No.:</b>	INB 230909834

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE, and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).

2. The minimum depth of the quote shall be Rs. 1,00,000. However, the investors with holdings of value less than Rs. 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
4. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
5. The shares of the company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of BSE and market maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.
6. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market - for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
7. The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).  
In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on working days.
8. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
9. **Price Band and Spreads:** The price band shall be 20 % or as intimated by BSE -SME from time to time and the following spread will be applicable on the BSE SME Exchange/ Platform.

Sr. No.	Market Price Slab (in Rs.)	Proposed spread (in % to sale price)
1	Up to 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

10. **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making

activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

11. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the Offer size and as follows:

<b>Offer Size</b>	<b>Buy quote exemption threshold (including mandatory initial inventory of 5% of the Offer Size)</b>	<b>Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Offer Size)</b>
Up to Rs. 20 Crore	25%	24%
Rs. 20 to Rs. 50 Crore	20%	19%
Rs. 50 to Rs. 80 Crore	15%	14%
Above Rs. 80 Crore	12%	11%

12. All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.

**CAPITAL STRUCTURE**

The Share Capital of the Company as at the date of this Prospectus, before and after the Offer, is set forth below.

(Rs. in Lacs, except share data)

Sr. No	Particulars	Aggregate value at face value	Aggregate value at Offer Price
<b>A.</b>	<b>Authorized Share Capital</b>		
	1,20,00,000 Equity Shares of face value of Rs.10 each	1200.00	-
<b>B.</b>	<b>Issued, Subscribed and Paid-up Equity Share Capital before the Offer</b>		
	83,14,800 Equity Shares of face value of Rs. 10 each	831.48	-
<b>C.</b>	<b>Present Offer in terms of the Prospectus</b>		
	Offer of 22,00,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share.	220.00	1122.00
	<b>Which comprises</b>		
	<b>Reserved for Market Maker</b> 1,20,000 Equity Shares of Rs. 10 each at a price of Rs. 51 per Equity Share.	12.00	61.20
	<b>Net Offer to the Public</b> 20,80,000 Equity Shares of Rs. 10 each at a at a price of Rs. 51 per Equity Share.	208.00	1060.80
	<b>Of which</b>		
	10,40,000 Equity Shares of Rs.10 each at a price of Rs.51 per Equity Share will be available for allocation for Investors of up to Rs. 2.00 Lacs	104.00	530.40
	10,40,000 Equity Shares of Rs.10 each at a price of Rs. 51 per Equity Share will be available for allocation for Investors of above Rs. 2.00 Lacs	104.00	530.40
<b>D.</b>	<b>Equity capital after the Offer</b>		
	83,14,800 Equity Shares of Rs. 10 each	831.48	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Offer	2038.87	
	After the Offer	2038.87	

*\*\* The Offer has been authorized by Mr. Vishwamani M Tiwari and M/s. Vee Three Informatics Limited (Selling Shareholders) by its letter dated 29<sup>th</sup> February, 2016.*

*The Offer has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on 29<sup>th</sup> February, 2016.*

*Our Company has no outstanding convertible instruments as on the date of this Prospectus.*

**Classes of Shares**

*The Company has only one class of share capital i.e. Equity Shares Rs.10 each only.*

**CHANGES IN THE AUTHORIZED SHARE CAPITAL OF OUR COMPANY:**

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
1	-	10,000 Equity Shares of Rs. 10 each	-	Incorporation
2	10,000 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each	19 <sup>th</sup> April, 2007	EGM

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
3	50,000 Equity Shares of Rs. 10 each	2,00,000 Equity Shares of Re. 10 each	28 <sup>th</sup> May, 2008	EGM
4	2,00,000 Equity Shares of Rs. 10 each	20,00,000 Equity Shares of Rs. 10 each	22 <sup>nd</sup> December, 2008	EGM
5	20,00,000 Equity Shares of Rs. 10 each	30,00,000 Equity Shares of Rs. 10 each	10 <sup>th</sup> March, 2011	EGM
6	30,00,000 Equity Shares of Rs. 10 each	45,00,000 Equity Shares of Rs. 10 each and 5,00,000 Non-Cumulative Redeemable Preference Shares of Rs. 10 each	05 <sup>th</sup> March, 2012	EGM
7	50,00,000 Equity Shares of Rs. 10 each	1,15,00,000 Equity Shares of Rs. 10 each and 5,00,000 Non-Cumulative Redeemable Preference Shares of Rs. 10 each	08 <sup>th</sup> October, 2012	EGM
8	1,15,00,000 Equity Shares of Rs. 10 each and 5,00,000 Non-Cumulative Redeemable Preference Shares of Rs. 10 each	1,20,00,000 Equity Shares of Rs. 10 each	08 <sup>th</sup> October, 2012	EGM

## NOTES FORMING PART OF CAPITAL STRUCTURE

### 1. Equity Share Capital history of our Company

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Nature of Consideration	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
02/04/2007	10000	10	10	Cash	Subscription to MOA (A)	10000	100000	Nil
28/05/2008	190000	10	10	Cash	Preferential Allotment (B)	200000	2000000	Nil
31/03/2009	860000	10	10	Cash	Preferential Allotment ( C )	1060000	10600000	Nil
31/03/2010	43000	10	200	Cash	Preferential Allotment (D)	1103000	11030000	8170000
28/12/2010	766000	10	50	Cash	Preferential Allotment (E)	1869000	18690000	38810000
28/03/2011	130000	10	50	Cash	Preferential Allotment (F)	1999000	19990000	44010000
30/03/2011	500000	10	110	Cash	Preferential Allotment (G)	2499000	24990000	94010000
31/03/2012	1938461	10	26	Cash	Preferential Allotment (H)	4437461	44374610	125025376
08/10/2012	180000	10	10	Consideration other than cash	Conversion of Redeemable Preference Shares into Equity Shares (I)	4617461	46174610	125025376
07/03/2013	82539	10	20	Cash	Preferential Allotment (J)	4700000	47000000	125850766
16/03/2013	3290000	10	Nil	Bonus	Bonus Issue in the ratio of 7:10 (K)	7990000	79900000	92950766
11/10/2013	324800	10	80	Cash	Preferential Allotment (L)	8314800	83148000	115686766

**Prabhat Telecoms (India) Limited-Prospectus**

(A) Initial Subscribers to Memorandum of Association, subscribed 10000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani Tiwari	5000
2	Vishal Wadekar	5000
	<b>Total</b>	<b>10000</b>

(B) Allotment of 190000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani Tiwari	135000
2	Prabha Vishwamani Tiwari	55000
	<b>Total</b>	<b>190000</b>

(C) Allotment of 860000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani Tiwari	860000
	<b>Total</b>	<b>860000</b>

(D) Allotment of 43000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	OM Electronics	2500
2	Tribhuvan Tiwari	3000
3	Shalimar Bansal Relaters Private Limited	7500
4	Sunstar Telecommunication Private Limited	30000
	<b>Total</b>	<b>43000</b>

(E) Further Allotment of 766000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani M. Tiwari	240000
2	Vee Three Informatics Limited	278000
3	Sunstar Telecommunication Private Limited	248000
	<b>Total</b>	<b>766000</b>

(F) Allotment of 130000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani Tiwari	130000
	<b>Total</b>	<b>130000</b>

(G) Allotment of 500000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vee Three Informatics Limited	500000
	<b>Total</b>	<b>500000</b>

(H) Allotment of 1938461 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani Tiwari	1153846
2	Prabha Vishwamani Tiwari	784615
	<b>Total</b>	<b>1938461</b>

- (I) Allotment of 180000 Equity Shares from conversion of Redeemable Preference Shares into Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Asan	60000
2	Khushi Industrial Limited	120000
	<b>Total</b>	<b>180000</b>

- (J) Allotment of 82539 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani M. Tiwari	82539
	<b>Total</b>	<b>82539</b>

- (K) Allotment of 3290000 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Vishwamani M. Tiwari	1950470
2	Gauri Kutty	41300
3	Matamani Tiwari	42000
4	Parag Malde	70000
5	Prabha Tiwari	600331
6	Tribhuvan Tiwari	41300
7	Vee Three Informatics Limited	544600
	<b>Total</b>	<b>3290000</b>

- (L) Allotment of 324800 Equity Shares of face value of Rs. 10 each as per the details given below:-

Sr. No.	Name of Allottees	No. of Shares Allotted
1	Ankush Vasant Belorkar	62500
2	Mayur Chandrakant Mehta HUF	18750
3	Mayur Chandrakant Mehta	26250
4	Urvashi Mayur Mehta	20000
5	Chandramani M. Tiwari	6050
6	Ajay Mathur	56250
7	Mahesh Rajpurohit	28750
8	Bhanwarsingh Rajpurohit	15000
9	Bhanwarsingh Narayan Rajpurohit HUF	16250
10	Anita Sangle	21250
11	Brijesh Pathak	31250
12	Alpita Malde	12500
13	Aditya Sangle	7500
14	Kailash Shrikrishan Chaurasia	2500
	<b>Total</b>	<b>324800</b>

- We have not issued any Equity Shares for consideration other than cash except the allotment of 1,80,000 Equity Shares of Shares from conversion of Redeemable Preference Shares into Equity Shares of face value of Rs. 10 each on 8th October, 2012.
- We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956 or Sections 230- 233 of the Companies Act, 2013.
- We have not made any allotment of Equity Shares in the last two years preceding the date of Prospectus.
- We have not issued any shares at price below issue price within last one year from the date of this Prospectus.

6. Shareholding of our Promoters:

Set forth below is the details of the build-up of shareholding of our Promoters

1. MR. VISHWAMANI TIWARI									
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Source of Fund	Pledge	Pre-Offer shareholding %	Post- Offer shareholding %
02.04.2007	Cash	5000	10	10	Subscription to MOA	Own Fund	No		
28.05.2008	Cash	135000	10	10	Preferential Allotment	Own Fund	No		
31.03.2009	Cash	860000	10	10	Preferential Allotment	Own Fund	No		
28.12.2010	Cash	240000	10	50	Preferential Allotment	Own Fund	No		
28.03.2011	Cash	130000	10	50	Preferential Allotment	Own Fund	No		
31.03.2012	Cash	1153846	10	26	Preferential Allotment	Own Fund	No		
08.10.2012	Cash	180000	10	10	Conversion of Non-Cumulative Convertible Redeemable Preference Shares into Equity Shares	Own Fund	No		
07.03.2013	Cash	82539	10	20	Preferential Allotment	Own Fund	No		
16.03.2013	Consideration other than cash	1950470	10	Nil	Bonus issue (in the ratio of 7:10)	Own Fund	No		
18.03.2015	Cash	1457945	10	10	Acquisition from Prabha Tiwari	Own Fund	No		
11.05.2016	Cash	100300	10	10	Acquisition from Tribhuvan Tiwari	Own Fund	No		
<b>Total</b>		<b>6295100</b>						<b>75.71</b>	<b>62.48</b>

**Details of Promoters' contribution locked in for three years:**

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations aggregate of 20% of the post-Offer capital held by our Promoters shall be considered as promoters' contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 20% of the post-Offer Equity Share capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Prospectus until the commencement of the lock-in period specified above.

Name of Promoter	No. of shares locked in	Date of Allotment/ Acquisition/ Transfer	Issue Price / Purchase Price /Transfer Price(Rs. per share)	% of Pre- Offer Paid up Equity capital	% of Post Offer Paid up Equity capital
Mr. Vishwamani Tiwari	5000	02.04.2007	10		
	135000	28.05.2008	10		
	860000	31.03.2009	10		
	240000	28.02.2010	50		
	130000	28.03.2011	50		
	930000	31.03.2012	26		
<b>TOTAL</b>	<b>2300000</b>			<b>20.08</b>	<b>20.08</b>

We further confirm that the minimum Promoter Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Offer.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.
- Equity shares issued to our Promoters on conversion of partnership firms into limited companies.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Offer paid-up Equity Share Capital from the date of allotment in the proposed public Offer. Promoters' Contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations, 2009. The Promoters' Contribution constituting 20% of the post-Offer capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Offer.

All Equity Shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI (ICDR) Regulations, 2009. Accordingly we confirm that the Equity Shares proposed to be included as part of the Promoters' Contribution:

- a) have not been subject to pledge or any other form of encumbrance; or
- b) have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;
- c) is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from bonus issue against Equity Shares which are ineligible for minimum Promoters' Contribution;
- d) have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Prospectus at a price lower than the Offer Price.

**Other requirements in respect of lock-in:**

- In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of this Offer.
- In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
- Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

**7. Details of share capital locked in for one year:**

In addition to 20% of the post-Offer shareholding of our Company held by the Promoters (locked in for three years as specified above), in accordance with regulation 36 of SEBI (ICDR) Regulations, 2009, the entire pre-Offer share capital of our Company (including the Equity Shares held by our Promoters) shall be locked in for a period of one year from the date of Allotment in this Offer.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment, in accordance with regulation 37 of SEBI (ICDR) Regulations, 2009, in the Offer may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.



**8. Shareholding Pattern of our Company:**

The following table presents the shareholding pattern of Our Company

**Table I - Summary of Shareholding Pattern**

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities* (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
								Class X	Class Y									Total
(A)	Promoter and Promoter Group	5	78,26,050	-	-	78,26,050	94.12	-	-	-	-	-	94.12	-	-	-	-	7826050
(B)	Public	13	4,88,750	-	-	4,88,750	5.88	-	-	-	-	-	5.88	-	-	-	-	488750
(C-)	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C-1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C-2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>18</b>	<b>83,14,800</b>	<b>-</b>	<b>-</b>	<b>83,14,800</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8314800</b>

**Table II - Statement showing Shareholding Pattern of the Promoter and Promoter Group**

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(1)	Indian																		
(a)	Individual / Hindu Undivided Family																		
	Vishwamani Matamani Tiwari		1	62,95,100	-	-	62,95,100	75.71	-	-	-	-	-	75.71	-	-	-	-	62,95,100
	Matamani Tiwari		1	1,02,000	-	-	1,02,000	1.23	-	-	-	-	-	1.23	-	-	-	-	1,02,000
	Gauri Kutty		1	1,00,300	-	-	1,00,300	1.21	-	-	-	-	-	1.21					1,00,300
	Chandramani M. Tiwari		1	6,050	-	-	6,050	0.07	-	-	-	-	-	0.07					6,050



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
		(Not to be Disclosed)							Class X	Class Y	Total							
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vee Three Informatics Ltd		1	13,22,600	-	-	13,22,600	15.91	-	-	-	-	15.46	-	-	-	-	1322600
	<b>Sub Total (A-1)</b>		<b>5</b>	<b>7826050</b>	-	-	<b>7826050</b>	<b>94.12</b>	-	-	-	-	<b>94.12</b>	-	-	-	-	<b>7826050</b>
(2)	Foreign																	



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
		(Not to be Disclosed)							Class X	Class Y	Total							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A-2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>5</b>	<b>7826050</b>	<b>-</b>	<b>-</b>	<b>7826050</b>	<b>94.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94.12</b>	<b>7826050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7826050</b>

**Table III - Statement showing Shareholding Pattern of the Public shareholder**

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
		(Not to be Disclosed)							Class X	Class Y	Total							
(1)	<b>Institutions</b>																	
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	<b>Non-institutions</b>																		
(a)	i. Individual	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
	shareholders holding nominal share capital up to Rs. 2 lacs.																		
	Urvashi M. Mehta		1	20,000	-	-	20,000	0.24	-	-	-	-	-	0.24	-	-	-	-	20,000
	Mayur C. Mehta HUF		1	18,750	-	-	18,750	0.23	-	-	-	-	-	0.23	-	-	-	-	18,750
	Banwasingh N.Rajpurohit HUF		1	16,250	-	-	16,250	0.20	-	-	-	-	-	0.20	-	-	-	-	16,250
	Banwasingh Rajpurohit		1	15,000	-	-	15,000	0.18	-	-	-	-	-	0.18	-	-	-	-	15,000
	Alpita Malde		1	12,500	-	-	12,500	0.15	-	-	-	-	-	0.15	-	-	-	-	12,500
	Aditya Sangle		1	7,500	-	-	7,500	0.09	-	-	-	-	-	0.09	-	-	-	-	7,500
	Kailash Shrikishan Chaurasia		1	2,500	-	-	2,500	0.03	-	-	-	-	-	0.03	-	-	-	-	2,500



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights					No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
									Class X	Class Y	Total								
		(Not to be Disclosed)																	
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lacs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Parag Malde		1	2,26,250	-	-	2,26,250	2.72	-	-	-	-	-	2.72	-	-	-	-	2,26,250
	Ankush V. Belorkar		1	62,500	-	-	62,500	0.75	-	-	-	-	-	0.75	-	-	-	-	62,500
	Brijesh Pathak		1	31,250	-	-	31,250	0.38	-	-	-	-	-	0.38	-	-	-	-	31,250
	Mahesh Rajpurohit		1	28,750	-	-	28,750	0.35	-	-	-	-	-	0.35	-	-	-	-	28,750
	Mayur C. Mehta		1	26,250	-	-	26,250	0.32	-	-	-	-	-	0.32	-	-	-	-	26,250
	Ankita Sangle		1	21,250	-	-	21,250	0.26	-	-	-	-	-	0.26	-	-	-	-	21,250



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
		(Not to be Disclosed)							Class X	Class Y	Total								
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c.)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (KMPs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(3)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Public Shareholding (B)= B)(1)+(B)(2)+(B)(3)</b>	-	<b>13</b>	<b>4,88,750</b>	-	-	<b>4,88,750</b>	<b>5.88</b>	-	-	-	-	<b>5.88</b>	-	-	-	-	-	<b>488750</b>

**Table IV - Statement showing Shareholding Pattern of the Non Promoter- Non Public shareholder**

Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percent age of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights	Total as a % of Total Voting Rights				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
		(Not to be Disclosed)							Class X	Class Y	Total							
(1)	Custodian/DR Holder																	
(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub total (C)(1)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Sr. No.	Category & Name of the Shareholders (I)	PAN (II)	No. of share holder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
									No of Voting Rights					No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
									Class X	Class Y	Total								
		(Not to be Disclosed)																	
	Employee Benefit Regulations, 2014)																		
	<b>Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

9. The average cost of acquisition of or subscription to Equity Shares by our Promoters is set forth in the table below:

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Vishwamani Tiwari	6295100	12.32

10. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:

Name of the Shareholders	No. of Equity Shares	Pre-Offer percentage Shareholding
Mr. Vishwamani Tiwari	6295100	75.71
Mr. Parag Malde	226250	2.72

#### 11. Equity Shares held by top ten shareholders

(a) Our top ten shareholders and the number of Equity Shares held by them as on date of this Draft Prospectus are as under:

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Offer Capital
1	Vishwamani Tiwari	6295100	75.71
2	Vee Three Informatics Ltd	1322600	15.91
3	Parag Malde	226250	2.72
4	Gauri Kutty	100300	1.21
5	Matamani Tiwari	102000	1.23
6	Ankush Belorkar	62500	0.75
7	Mayur Chandrakant Mehta	26250	0.32
8	Uravashi Mayur Mehta	20000	0.24
9	Mayur Chandrakant Mehta HUF	18750	0.23
10	Bhawarsingh N Rajpurohit HUF	16250	0.20

(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of the Prospectus are as under:

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Offer Capital
1	Vishwamani Tiwari	6295100	75.71
2	Vee Three Informatics Ltd	1322600	15.91
3	Parag Malde	226250	2.72
4	Gauri Kutty	100300	1.21
5	Matamani Tiwari	102000	1.23
6	Ankush Belorkar	62500	0.75
7	Mayur Chandrakant Mehta	26250	0.32
8	Uravashi Mayur Mehta	20000	0.24
9	Mayur Chandrakant Mehta HUF	18750	0.23
10	Bhawarsingh N Rajpurohit HUF	16250	0.20

(c) Our top ten shareholders and the number of Equity Shares held by them two years prior to date of the Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Offer capital
1	Vishwamani Tiwari	4736855	56.97
2	Prabha Tiwari	1457945	17.53
3	Vee Three Informatics Ltd	1322600	15.91
4	Parag Malde	170000	2.04
5	Matamani Tiwari	102000	1.23
6	Tribhuvan Tiwari	100300	1.21
7	Gauri Kutty Amma Parameswaran Pillai	100300	1.21
8	Ankush Belorkar	62500	0.75
9	Ajay Mathur	56250	0.68
10	Brijesh Pathak	31250	0.38

12. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through the Prospectus.

13. There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of one year preceding the date on which the Prospectus is filed with BSE excepts as detailed below:

Date of Transfer	Nature of Transactions	No. of Equity Shares	Face value per Share (Rs.)	Transfer price (Rs.)
11.05.2016	Transfer by Mr. Tribhuvan Tiwari to Mr. Vishwamani Tiwari	100300	10	10

14. Our Company has not raised any bridge loans against the Draft proceeds of this Offer.

15. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 205 of this Prospectus.

16. An over-subscription to the extent of 10% of the Offer can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.

Consequently, the actual allotment may go up by a maximum of 10% of the Offer, as a result of which, the post Offer paid up capital after the Offer would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the post Offer paid-up capital is locked-in.

17. As on date of filing of this Prospectus, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Offer will be fully paid up.

18. On the date of filing the Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Offer.



**Prabhat Telecoms (India) Limited-Prospectus**

19. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.
20. Lead Manager to the Offer viz. Navigant Corporate Advisors Limited does not hold any Equity Shares of our Company.
21. Our Company has not revalued its assets since incorporation.
22. Our Company has not made any public Offer since incorporation.
23. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
24. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Prospectus until the Equity Shares to be issued pursuant to the Offer have been listed.
25. Except as disclosed in the Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue, by way of spilt/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
26. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.
27. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Offer. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
28. An investor cannot make an application for more than the number of Equity Shares offered in this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
29. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Offer.
30. Our Company has 18 (Eighteen) members as on the date of filing of this Prospectus.

### OBJECTS OF THE OFFER

The Objects of the Offer are to achieve the benefits of listing the Equity Shares on the BSE-SME and to carry out the sale of 22,00,000 Equity shares by the Selling Shareholders. We believe that the Listing of our Equity Shares will enhance our visibility and brand name and provide liquidity to the existing shareholders. The other objects of the Offer also include creating a public trading market for the Equity shares of our company by listing them on BSE-SME.

Our Company will not receive any Proceeds from the Offer.

We confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

### Offer Expenses

The estimated Offer related expenses includes Lead Manager Fee, Underwriting and Selling Commissions, Printing and Distribution Expenses, Legal Fee, Advertisement Expenses, Registrar's Fees, Depository Fee and Listing Fee and all other incidental and miscellaneous expenses for listing the Equity shares on the Stock Exchange. All expenses with respect to the offer will be paid by the Selling Shareholder. Payments, if any, made by our Company in relation to the offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed by the Selling Shareholder to our company. However, expenditure with respect to listing fees and market making charges will be paid by our Company. The break-up for the Offer expenses is as follows:

(Rs. In lacs)

Particulars	Amount (Rs. in Lacs)	% of Total Offer Expenses	% of Total Offer Size
Offer management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	20.00	57.14	1.78
Printing & Stationery, Distribution, Postage, etc	5.00	14.29	0.45
Advertisement & Marketing Expenses	5.00	14.29	0.45
Regulatory & other expenses	3.00	8.57	0.27
Miscellaneous Expenses	2.00	5.71	0.18
<b>Total</b>	<b>35.00</b>	<b>100.00</b>	<b>3.12</b>

### Monitoring of Offer proceeds

Since this is an Offer for Sale and our company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

### BASIC TERMS OF THE OFFER

The Equity Shares, now being Offered, are subject to the terms and conditions of this Prospectus, Application form, Confirmation of Allocation Note (CAN), the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, Stock Exchanges, RBI, ROC and/or other authorities as in force on the date of the Offer and to the extent applicable. In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the Offer of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

The Offer has been authorized by Mr. Vishwamani M Tiwari and M/s. Vee Three Informatics Limited (Selling Shareholders) by its letter dated 29th February, 2016. The Offer has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on 29<sup>th</sup> February, 2016.

Face Value	Each Equity Share shall have the face value of Rs.10/- each.
Offer Price	Each Equity Share is being Offered at a price of Rs. 51/- each and is at par of the Face Value.
Market and Trading Lot	The Market lot and Trading lot for the Equity Share is 2,000 (Two Thousand) and the multiple of 2,000 subject to a minimum allotment of 2,000 Equity Shares to the successful applicants.
Terms of Payment	100% of the Offer price of Rs. 51/- shall be payable on Application. For more details please refer to Offer Procedure on page 194 of this Prospectus.
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company and shall rank pari passu in all respects including dividends with the existing Equity Shares of our Company.

### MINIMUM SUBSCRIPTION

This Offer is not restricted to any minimum subscription level.

This Offer is 100% underwritten. If the Offer does not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, the Company and Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company and Selling Shareholders become liable to pay the amount, the Company and Selling Shareholders shall pay interest prescribed under section 40 of the Companies Act, 2013.

## BASIS FOR OFFER PRICE

The Offer Price of Rs. 51 per Equity Share has been determined by our Company and Selling Shareholders, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors. The face value of the Equity Share is Rs. 10 and Offer Price is Rs. 51 per Equity Share and is at 5.10 times of the face value.

### QUALITATIVE FACTORS

Some of the qualitative factors, which form the basis for computing the Offer Price, are:

#### Experienced and Strong Management Team

Our Promoter comes with engineering backgrounds and well versed in distribution of telecom equipments. Our Promoter possess more than 15 years of experience in telecom products covering all aspects of designing to distribution.

#### Extensive distribution network

Our Company has Pan India distribution network covering majority of the states and union territories. Our state and regional distributors sell our products, in unique territories assigned by us, to local distributors, who in turn distribute our products to several retail outlets that sell to consumers. We have also partnered with a national distributor that targets organized retail outlets and helps us build our brand name and sales through such channels. Our company focuses on building long term relationships with our distributors and have grown the depth and breadth of our distribution network rapidly, in both Tier 2 and Tier 3 cities as well as in India's largest cities. Our policy is to offer attractive margins to our channel partners to incentivize and motivate them with respect to the distribution of our products versus the products of our competitors.

#### Experienced management team and a motivated & efficient work force

Our Company is managed by a team of experienced and professional personnel with experience in different aspects of telecom industry. They include an in-depth knowledge of the design, import, assembly, distribution, marketing and finance. We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. The faith of the management in the staff and their dedicated performance has enabled us to build up capabilities to operate at different locations in the country. We believe that the experience of our senior management team has resulted into improved product quality and increased profitability which give us a competitive edge.

#### Availability of comprehensive Value Chain in-house

We are into design, import and assembly of mobile handsets and data cards. In addition to this, we also are engaged in to the distribution of mobile handsets, data cards and also operate retail chain of mobile handsets, accessories etc. This brings in the benefit of a full value chain management to our company. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

### QUANTITATIVE FACTORS

Information presented in this section is derived from our restated financial statements:.

#### 1. Basic Earnings Per Equity Share (EPS) (on Face value of Rs. 10 per share)

Year	Earnings per Share (Rs.)	Weight
FY 2012-13	4.51	1
FY 2013-14	3.82	2
FY 2014-15	1.35	3
<b>Weighted Average</b>	<b>2.70</b>	
Period Ended 31 <sup>st</sup> January, 2016	0.90	

- EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period 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 total number of days during the year.
- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.

**2. Price / Earnings Ratio (P/E) in relation to the Offer Price Rs. 51.00**

a) Based on weighted average EPS of Rs. 2.70 as per Restated Financial Statements, the P/E ratio is 18.89

b) Industry PE: There is no listed comparable peer group company.

**3. Return on Net Worth**

Year	RONW (%)	Weight
FY 2012-13	10.62	1
FY 2013-14	8.13	2
FY 2014-15	2.86	3
<b>Weighted Average</b>	<b>5.91</b>	
Period Ended 31 <sup>st</sup> January, 2016	1.87	

4. Minimum return on post Offer Net Worth to maintain the Pre-Offer EPS at 31<sup>st</sup> March, 2015 is 2.86%.

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

Sr. No.	Particulars	(Rs.)
a)	As on 31 <sup>st</sup> March, 2015	47.37
b)	As on 31 <sup>st</sup> January, 2016	48.27
c)	After Offer	48.27
d)	Offer Price	51.00

**6. Peer Group Comparison of Accounting Ratios**

We are currently engaged in the business of designing, importing and distribution of mobile handsets, wireless dongles & mobile accessories. There is no listed comparable peer group company.

7. The face value of our shares is Rs.10/- per share and the Offer Price is of Rs. 51 per share i.e. 5.10 times of the face value.
8. The Company and Selling Shareholders in consultation with the Lead Manager believes that the Offer Price of Rs. 51.00 per share for the Public Offer is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the company including important profitability and return ratios, as set out in the Auditors’ Report in the offer Document to have more informed view about the investment proposition.



**STATEMENT OF TAX BENEFITS**

To,  
The Board of Directors,  
**Prabhat Telecoms (India) Limited**  
Unit no. 402, 4<sup>th</sup> Floor,  
Western Edge- 1, Western Express Highway,  
Borivali (E)  
Mumbai- 400066

Dear Sirs,

**Sub: Statement of Possible Tax Benefits Available to the Company and its shareholders**

We hereby report that the enclosed statement provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961 (Provisions of Finance Act, 2015), 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 fulfilling such conditions, which based on the 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 Offer.

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

- i. Company or its shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits has 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 our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities will concur with the views expressed herein.

**For Rajeev Sood & Co.**  
**Chartered Accountants**  
**Firm Registration No.- 10478N**  
Sd/-  
Arvind Kumar  
M. No. 099782  
Partner  
Place: Mandi (H.P.)  
Date: 03.03.2016

THE FOLLOWING KEY TAX BENEFITS ARE AVAILABLE TO PRABHAT TELECOMS (INDIA) LIMITED AND THE SHAREHOLDERS UNDER THE CURRENT DIRECT TAX LAWS IN INDIA:

**A) SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS**

- I. **Special Benefits available to the Company:** There are no special tax benefits available to the Company.
- II. **Special Benefits available to the Shareholders of Company:** There are no special tax benefits available to the Equity

**B) OTHER GENERAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

The following tax benefits shall be available to the Company and its Shareholders under Direct tax law

Under the Income-Tax Act, 1961 (“the Act”):

**I. Benefits available to the Company**

1. **Depreciation:** As per the provisions of Section 32 of the Act, the Company is eligible to claim depreciation on tangible and specified intangible assets (held if any) as explained in the said section and the relevant Income Tax rules there under.
2. **Dividend Income :** Dividend income, if any, received by the Company from its investment in shares of another domestic Company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961.
3. **Income from Mutual Funds / Units:** As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:
  - ✓ Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
  - ✓ Income received in respect of units from the Administrator of the specified undertaking; or
  - ✓ Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

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

4. **Income from Long Term Capital Gain:** As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

For this purpose, – Equity Oriented Fund means a fund -

- a) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
  - b) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.
5. As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating – book profits under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax as follows-

Book Profit	AY 2016-2017		
	Tax	Surcharge	Cess
If book profit is less than or equal to Rs. 1 Crore	18.5%	-	3%
If book profit is more than 1	18.5%	5%	3%

Book Profit	AY 2016-2017		
	Tax	Surcharge	Cess
crore but does not exceed Rs. 10 crore			
If book profit is more than Rs. 10 Crore	18.5%	10%	3%

6. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
7. As per the provisions of Section 112 of the Income Tax Act, 1961, long-term capital gains as computed above that are not exempt under Section 10(38) of the Income Tax Act, 1961 would be subject to tax at a rate of 20 percent (plus applicable surcharge plus education cess plus secondary and higher education cess). However, as per the provision to Section 112(1), if the tax on long-term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge plus education cess plus secondary and higher education cess).
8. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a – long-term specified asset within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided, that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lacs rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.
- A long term specified asset means any bond, redeemable after three years and issued on or after the 1st day of April 2006:
- by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.
9. As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)
10. **Preliminary Expenses:** Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.
11. **Credit for Minimum Alternate Taxes (“MAT”) :** Under Section 115JAA (2A) of the Income Tax Act, 1961, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Income Tax Act, 1961 for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961. Such MAT credit shall not be available for set-off beyond 10 assessment years immediately succeeding the assessment year in which the MAT credit initially arose

## **II. Benefits to the Resident Shareholders of the Company under the Income Tax Act, 1961:**

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.
2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

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

3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
4. As per section 112 of the Act, if the shares of the company are listed on a recognized stock exchange, taxable long-term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge plus education cess plus secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) without indexation benefits, whichever is less.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a – long-term specified asset within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lacs rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A long term specified asset means any bond, redeemable after three years and issued on or after the 1st day of April, 2006:

- a) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - b) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.
6. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an Individual or a Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares

are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of a residential house property within a period of 3 years after the date of such transfer.

7. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.
8. As per section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head – Profits and Gains of Business or Profession if income arising from taxable securities transaction is included in such income.

### **III. Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors)**

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961, received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the shareholders from the transfer of a long-term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a –long -term specified asset within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lacs rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A long term specified asset means any bond, redeemable after three years and issued on or after the 1st day of April, 2006:

- a) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
- b) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of a residential house property within a period of 3 years after the date of such transfer.
6. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.
7. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. –Special Provisions Relating to Certain Incomes of Non - Residents which are as follows:
  - i. As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the nonresident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
  - ii. As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
  - iii. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  - iv. As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
  - v. As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.
8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### **IV. Foreign Institutional Investors (FIIs)**

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961 received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company or a unit of equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.

As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

<b>Nature of Income</b>	<b>Rate of Tax</b>
Long Term Capital Gain	10%
Short-Term Capital Gain (Referred to Section 111A)	15%
Short-Term Capital Gain (other than under section 111A)	30%

The above tax rates have to be increased by the applicable surcharge, education cess, and secondary and higher education cess.

3. In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a – long-term specified asset within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lacs rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A long term specified asset means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

- a) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - b) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
  6. However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition

of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of equity shares is chargeable to tax in India as business income, FII's could claim, STT paid on purchase/sale of equity shares as allowable business expenditure. Business profits may be subject to applicable Tax Laws.

#### **V. Venture Capital Companies/Funds:**

Under Section 10(23FB) of the Income Tax Act, 1961, any income of Venture Capital company / funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Income Tax Act, 1961, any income derived by a person from his investment in venture capital companies / funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

#### **VI. Mutual Funds**

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

#### **Tax Treaty Benefits**

An investor has an option to be governed by the provisions of the Income Tax Act, 1967 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.

**Benefits available under the Gift Tax Act:** Gift tax is not leviable in respect of any gifts made on or after 1<sup>st</sup> October, 1998. Therefore, any gift of shares of the Company will not attract gift tax in the hands of the donor.

#### **Notes:**

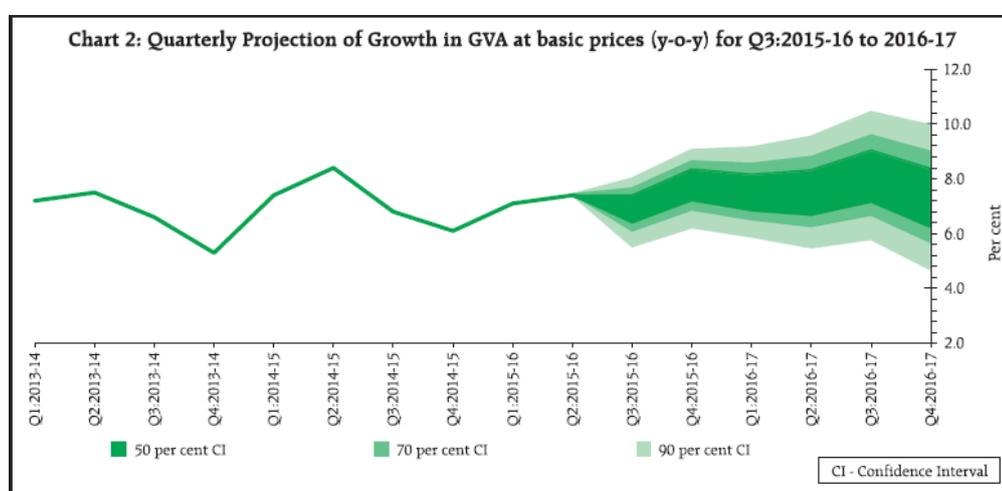
1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended from time to time. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;
3. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

**SECTION IV**  
**ABOUT OUR COMPANY**  
**INDUSTRY OVERVIEW**

**OVERVIEW OF THE INDIAN ECONOMY**

The Indian economy is ranked fourth in the world, on purchasing power parity basis, after United States, China and Japan (Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>). For the fiscal year 2015, the forecast for real GDP growth rate in India is estimated to achieve a marginally higher rate of 7.5% than last year (7.3%) as mentioned in ‘Sixth Bi-Monthly Monetary Policy Statement’ for 2015-16 by Dr. Raghuram G. Rajan, Governor.

(Source: [https://rbi.org.in/scripts/BS\\_ViewBulletin.aspx?Id=16054](https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=16054)).



India is set to emerge as the world’s fastest-growing major economy by 2015 ahead of China, as per the recent report by The World Bank. India’s Gross Domestic Product (GDP) is expected to grow at 7.5 per cent in FY 2015-16, as per the report.

The improvement in India’s economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI’s inflation focus supported by benign global commodity prices.

According to IMF World Economic Outlook April, 2015, India ranks seventh globally in terms of GDP at current prices and is expected to grow at 7.5 per cent in 2016.

India’s economy has witnessed a significant economic growth in the recent past, growing by 7.3 per cent in FY2015 as against 6.9 per cent in FY2014. The size of the Indian economy is estimated to be at Rs 129.57 trillion (US\$ 2.01 trillion) for the year 2014 compared to Rs 118.23 trillion (US\$ 1.84 trillion) in 2013.

The steps taken by the government in recent times have shown positive results as India’s gross domestic product (GDP) at factor cost at constant (2011-12) prices 2014-15 is Rs 106.4 trillion (US\$ 1.596 trillion), as against Rs 99.21 trillion (US\$ 1.488 trillion) in 2013-14, registering a growth rate of 7.3 per cent. The economic activities which witnessed significant growth were ‘financing, insurance, real estate and business services’ at 11.5 per cent and ‘trade, hotels, transport, communication services’ at 10.7 per cent. According to a Goldman Sachs report released in September 2015, India could grow at a potential 8% on an average during from fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanisation and other structural reforms.

(Source: <http://www.ibef.org/economy/indian-economy-overview>)

## OVERVIEW OF INDIAN TELECOM INDUSTRY

India is the world's second-largest telecommunications market, with over 1.0 billion subscribers as of May 2015. The wireless segment (97.36 per cent of total telephone subscriptions) dominates the market. It has also been growing at a brisk pace. During FY07-15, wireless subscriptions witnessed a CAGR of 24.78 per cent to 969.8 million. . It is also the second largest country in terms of internet subscribers. India had 267.39 million internet subscriptions as of December 2014.

India's telecommunications market is expected to experience further growth, fuelled by increased non-voice revenues and higher penetration in rural market. Telecom penetration in the nation's rural market is expected to increase from 46.14 per cent as of December 2014 to 70 per cent by 2017. The emergence of an affluent middle class is triggering demand for the mobile and internet segments. Availability of affordable smartphones, along with a rise in the security level of mobile transactions, is expected to boost growth of transactions conducted via phones, with the overall transaction value being tripled in 2014 from last year.

Strong policy support from the government has been crucial to the sector's development. FDI cap in the telecom sector has been increased to 100 per cent from 74 per cent. In January 2015, the Government of India recommended reduction in license fees of telecom by 6 per cent for operators; telecom operators currently pay 8 per cent of adjusted gross revenue as license fee.

## PRESENT STATUS

India is currently the world's second-largest telecommunications market and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and will contribute substantially to India's gross domestic product (GDP), according to report prepared by GSM Association (GSMA) in collaboration with the Boston Consulting Group (BCG).

The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth in the Indian telecom sector. The government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of foreign direct investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country.

(Source: <http://www.ibef.org/industry/telecommunications.aspx>)

- ✓ **Second-largest subscriber base:** With a subscriber base of nearly 1022.61 million by the end of September 2015, India has the second-largest telecom network in the world.
- ✓ **Third-highest number of internet users:** With 375 million internet subscriptions in October 2015, India stood third-highest in terms of total internet users in 2015. It is expected that India will be the second largest country in terms of internet subscribers with 402 million internet users by December 2015.
- ✓ **Most of the Internet accessed through mobile phones:** Mobile based Internet is a key component of Indian Internet usage, with seven out of eight users accessing internet from their mobile phones.
- ✓ **Rising penetration rate:** Urban tele density stood at 152.76 per cent and rural tele density at 48.66 per cent as on September 2015.
- ✓ **Affordability and lower rates:** Availability of affordable smart phones and lower rates are expected to drive growth in the Indian telecom industry.

(Source: Telecom Regulatory Authority of India, TechSci Research)

## ADVANTAGE INDIA

- **2015:** Number of subscribers: 1.022 Billion
- ✓ **Robust demand:** India is the world's second-largest telecommunications market, with 1022.61 million subscribers as on September, 2015. With 70 per cent of the population staying in rural areas, the rural market would be a key growth driver in the coming years.
- ✓ **Attractive opportunities:** Telecom penetration in the nation's rural market is expected to increase to 70 per cent by 2017 from 48.66 per cent as of September 2015.

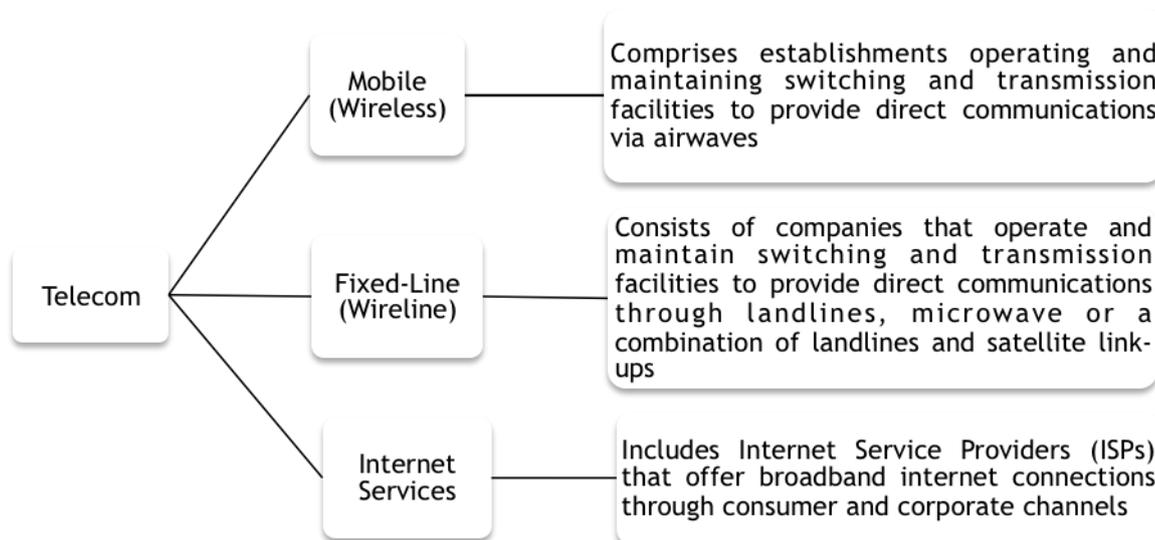
India became the second-largest internet market in December 2014.

The government of India has introduced Digital India program under which all the sectors such as healthcare, retail, etc. will be connected through internet.

- ✓ **High ratings:** The country has a strong telecommunication infrastructure. In terms of telecommunication ratings, India ranks ahead of its peers in the West and Asia.
- ✓ **Policy support:** The government has been proactive in its efforts to transform India into a global telecommunication hub; prudent regulatory support has also helped. National Telecom Policy 2012 calls for unified licensing, full MNP and free roaming.
- **FY16E:** Number of subscribers: 1.2 billion  
(Source: BMI (Business Monitor International) Report, TechSci Research, Internet Mobile Association of India (IAMAI))

### MARKET OVERVIEW AND TRENDS

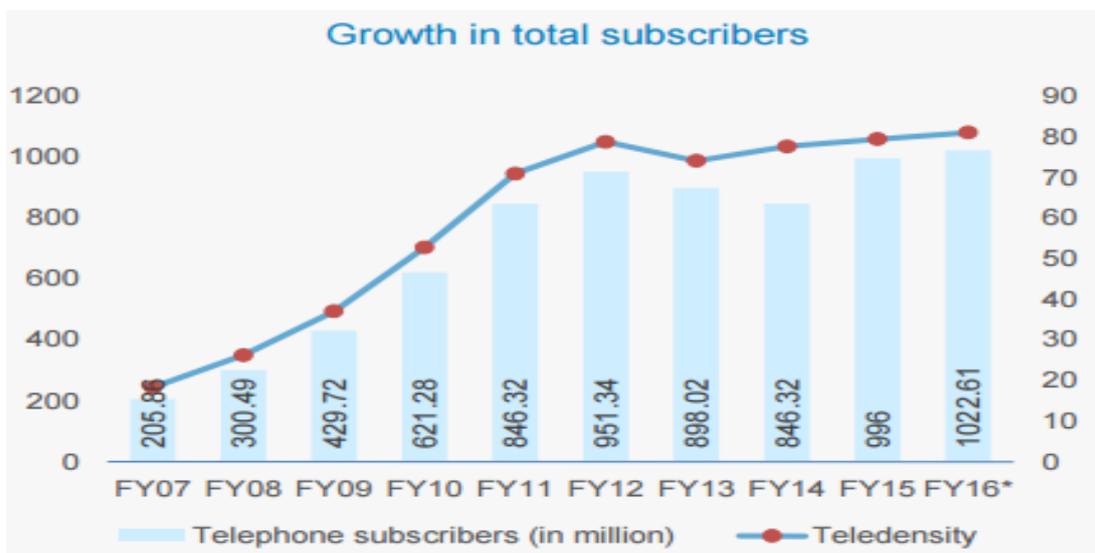
The Telecom Market split into three segments:



(Source: TechSci Research)

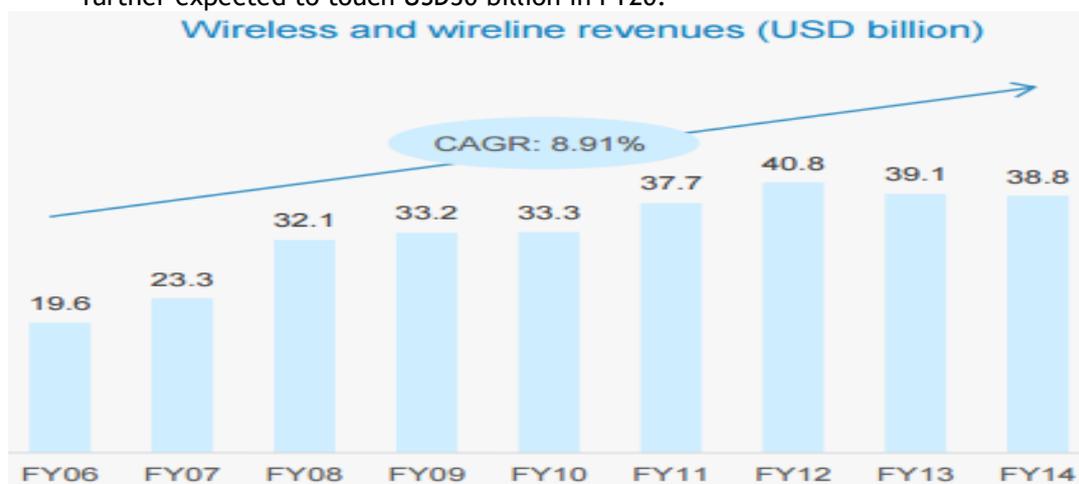
### TELECOM SUBSCRIBER BASE EXPANDS SUBSTANTIALLY

- ✓ India is currently the second-largest telecommunication market and has the third highest number of internet users in the world
- ✓ India's telephone subscriber base expanded at a CAGR of 19.5 per cent to 1022.61 million over FY07-16
- ✓ Teledensity (defined as the number of telephone connections for every hundred individuals) increased from 17.9 in FY07 to 80.98 in FY16
- ✓ In September 2015, total telephone subscription stood at 1022.61 million, while teledensity was at 80.98 percent



### SURGING TELECOM REVENUES

- ✓ Indian telecom sector's revenue grew 10.7 per cent to USD71.2 billion in FY14 as compared to USD64.3 billion in FY13
- ✓ Wireless and wireline revenue increased at a CAGR of 8.91 per cent to USD38.8 billion over FY06-14
- ✓ Revenues from the telecom equipment is expected to be USD19 billion in FY15, which is further expected to touch USD30 billion in FY20.



### WIRELESS SEGMENT DOMINATES THE MARKET

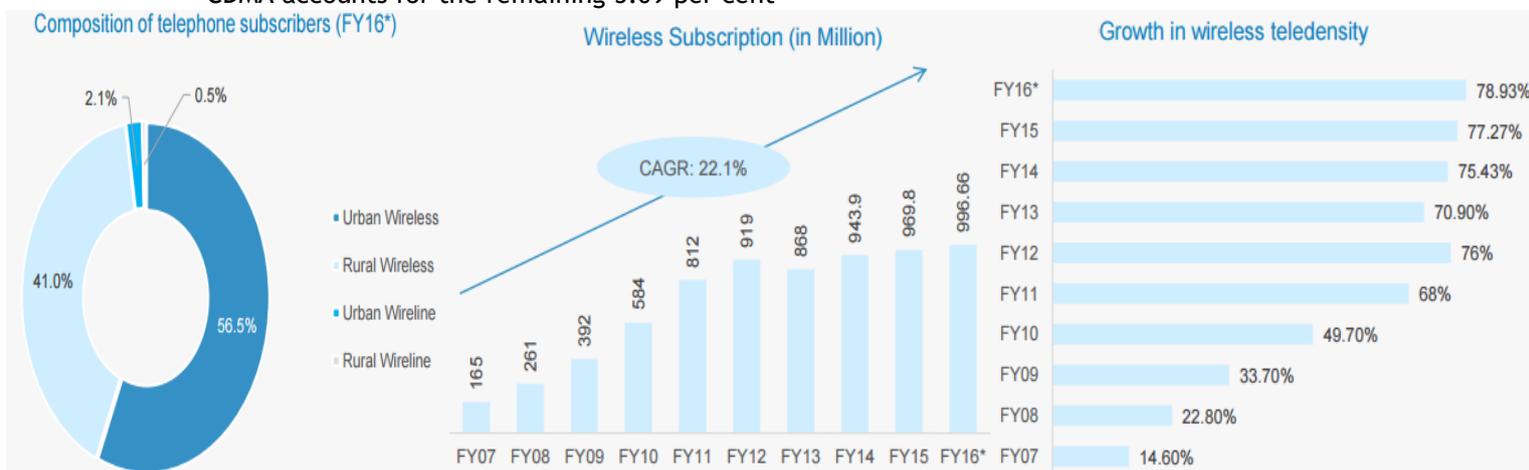
- ✓ India's telephone subscriber base reached 1022.61 million in September, 2015
- ✓ The wireless segment (97.46 per cent of total telephone subscriptions) dominates the market, while the wireline segment accounts for the rest
- ✓ Urban regions account for 58.58 per cent of telecom subscriptions, while rural areas constitute the remaining

### WIRELESS SUBSCRIPTIONS WITNESS ROBUST GROWTH OVER THE YEARS

- ✓ During FY07-16, wireless subscriptions increased at a CAGR of 22.1 per cent to 969.89 million in FY15 and reached 996.66 million subscribers till September, 2015
- ✓ In FY16\*, urban wireless teledensity stood at 147.35 while rural wireless teledensity stood at 48.11

**WIRELESS TELEDENSITY GROWS OVER THE YEARS**

- ✓ The mobile segment’s teledensity surged 5 times from 14.6 per cent in FY07 to 77.27 per cent in FY15, while coming at 78.93 per cent in September 2015
- ✓ GSM services continue to dominate the wireless market with an 94.91 per cent share (June 2015); CDMA accounts for the remaining 5.09 per cent



(Source: Telecom Regulatory Authority of India, TechSci Research)

**STRONG GROWTH IN BROADBAND DRIVES INTERNET ACCESS REVENUES**

- ✓ Broadband subscription increased at a CAGR of 20.11 per cent during FY07-16 (till September 2015)

**NOTABLE TRENDS IN THE INDIAN TELECOM SECTOR**

- ✓ **Green Telecom**
  - The green telecom concept is aimed at reducing carbon footprint of the telecom industry through lower energy consumption
  - Tata has invested around USD16.38 million to convert its 10,000 base stations from indoor to outdoor to reduce energy consumption and carbon footprint across its 20 telecom circles in India so far
- ✓ **Expansion to Rural Markets**
  - There are over 62,443 uncovered villages in India; these would be provided with village telephone facility with subsidy support from the government’s Universal Service Obligation Fund (thereby increasing rural teledensity)
  - In September 2015, the rural subscriber base accounted for 41.42 per cent of the total subscriber base, thereby fuelling the sector’s growth
- ✓ **Emergence of BWA Technologies**
  - The most significant recent developments in wireless communication include BWA technologies such as WiMAX and LTE
  - In 2015, Airtel launched its 4G services in 296 cities across the India
  - In 2015, BSNL started its first 4G Wireless Broadband Internet Service- WiMax
  - Reliance Jio, has launched 4G services across pan- India as on December 2015

(Source: TechSci Research)
- ✓ **Telecom Finance Commission**
  - Department of Telecommunication is planning to issue a global tender for inviting applications for setting up a Telecom Finance Corporation (TFC). The government has fixed a deadline according to which TFC is expected to be operational by March 31, 2017

✓ **Rising investments**

- Vodafone one of the leading players in the telecom sector in India, has disclosed its plans to invest USD1310 million to upgrade and expand Vodafone India network coverage and USD655 million to upgrade its technology centre

✓ **Outsourcing non-core activities**

- As part of the recent outsourcing trend, operators have outsourced functions such as network maintenance, IT operations, and customer service

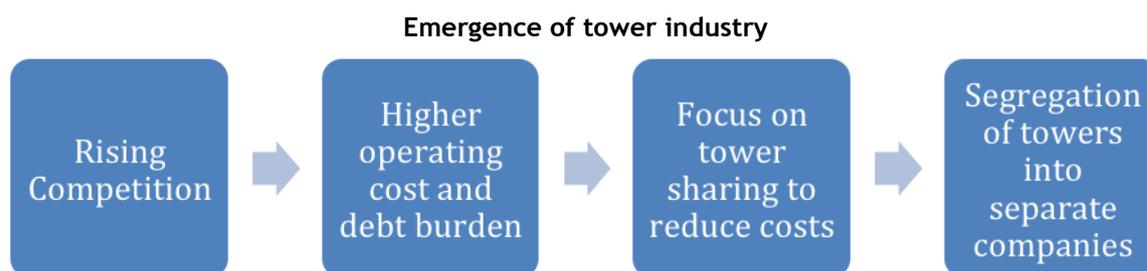
✓ **Mobile banking**

- In May 2015, 340 million mobile banking transactions were reported, up 75 per cent from a year ago
- Availability of affordable smartphones, along with a rise in the security level of mobile transactions, is expected to boost growth of transactions conducted via phones, with the overall transaction value being tripled in 2014 from last year

**EMERGENCE OF TOWER INDUSTRY**

- ✓ A surge in the subscriber base has necessitated network expansion covering a wider area, thereby creating a need for significant investment in telecom infrastructure
- ✓ To curb costs and focus on core operations, telecom companies have been segregating their tower assets into separate companies. For example: Reliance Communications has decided to finalise a deal to sell its stake in Reliance Infratel. The value of the deal is around USD3.68 billion
- ✓ Creating separate tower companies has helped telecom companies lower operating cost and improve capital structure; this has also provided an additional revenue stream
- ✓ Inspired by the success seen by Indian players in towers business, most of the operators around the world are replicating the model

(Source: 'Searching for New Frontiers of growth: Indian Banks'- PwC, TechSci Research, Reserve Bank of India)



**PORTER'S FIVE FORCES ANALYSIS**

✓ **Competitive Rivalry**

- Customers' low switching cost and price sensitivity are increasing competition among players
- High exit barriers are also intensifying competition
- There are around 6 to 7 players in each region, leading to intense competition

✓ **Threat of New Entrants**

- Substitute Products Bargaining Power of Suppliers Bargaining Power of Customers
- Strict government regulations
- Extremely high infrastructure setup cost
- Difficulty in achieving economies of scale

- ✓ **Substitute Products**
  - Hardly any threat of substitute products as there is no substitute available in the market
- ✓ **Bargaining Power of Customers**
  - Low switching cost and mobile no. portability give customers high bargaining power
  - Customers are price sensitive
- ✓ **Bargaining Power of Suppliers**
  - High bargaining power of suppliers as there are just a few suppliers in the sector
  - High cost of switching suppliers

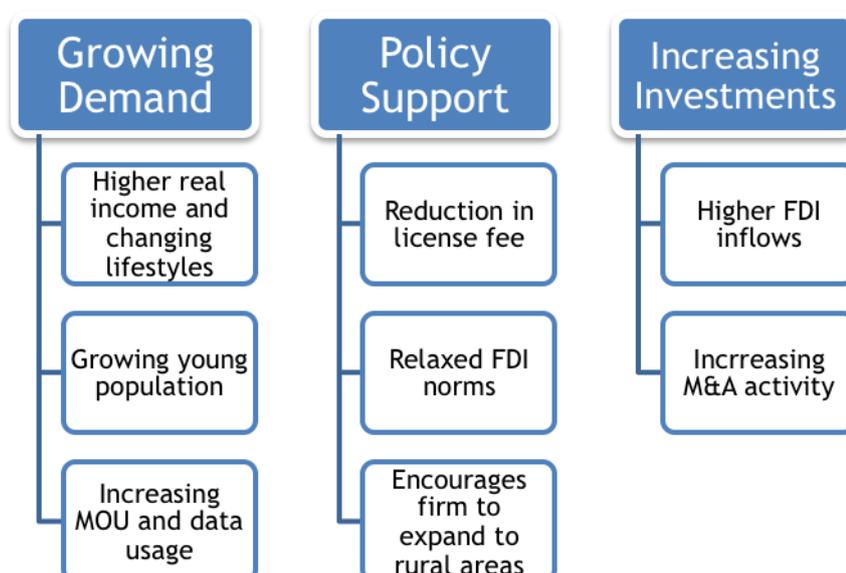
(Source: TechSci Research)

### STRATEGIES ADOPTED

- ✓ **Marketing Strategy**
  - Players are using innovative marketing strategies to succeed in this sector. For example,
    - In August 2015, Idea Cellular launched new campaign “Get idea and dance”
    - Airtel launched new ad campaign “Airtel myPlan Family”
- ✓ **Differentiation**
  - Players differentiate themselves by providing different services to customers. For example,
    - In 2015, Airtel India launched a mobile app “Wynk Movies”, it is a library that includes videos and movies
    - In November 2015, Vodafone launched “Choose Your Number” facility where pre paid and post paid customers get numbers of their own choice
- ✓ **Pricing Strategy**
  - Players price their products very carefully due to the price sensitive nature of customers and high competition in the sector. Players generally go for price war. For example,
    - To compete with Airtel 4G services, Vodafone launched ‘Double Data’ scheme for its prepaid customers where users will get double data pack at the same price.
    - Companies such as Reliance Jio, Airtel have already launched 4G technology at very competitive prices

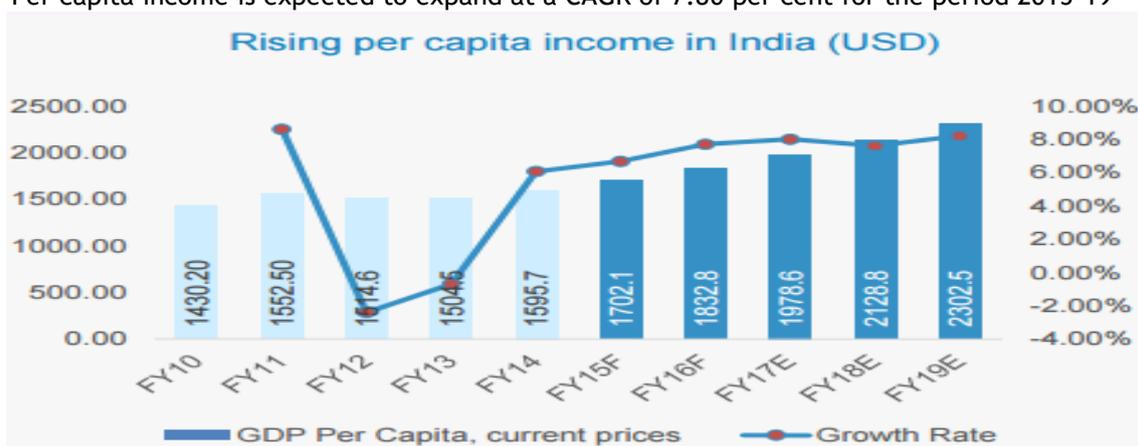
(Source: TechSci Research)

### SECTOR BENEFITS FROM RISING INCOME, GROWING YOUNG POPULATION



## RISING INCOME FUELS DEMAND FOR TELECOM SERVICES

- ✓ Incomes have risen at a brisk pace in India and will continue rising given the country's strong economic growth prospects.
- ✓ Nominal per capita income have recorded a CAGR of 8.87 per cent over 2000-15
- ✓ Increasing income has been a key determinant of demand growth in the telecommunication sector in India
- ✓ The IMF estimates nominal per capita income to expand at a CAGR of 5.43 per cent over 2010-19
- ✓ Per capita income is expected to expand at a CAGR of 7.80 per cent for the period 2015-19



(Source: McKinsey Quarterly Report, TechSci Research)

## INCREASING INTERNET REVENUES AND SUBSCRIPTIONS

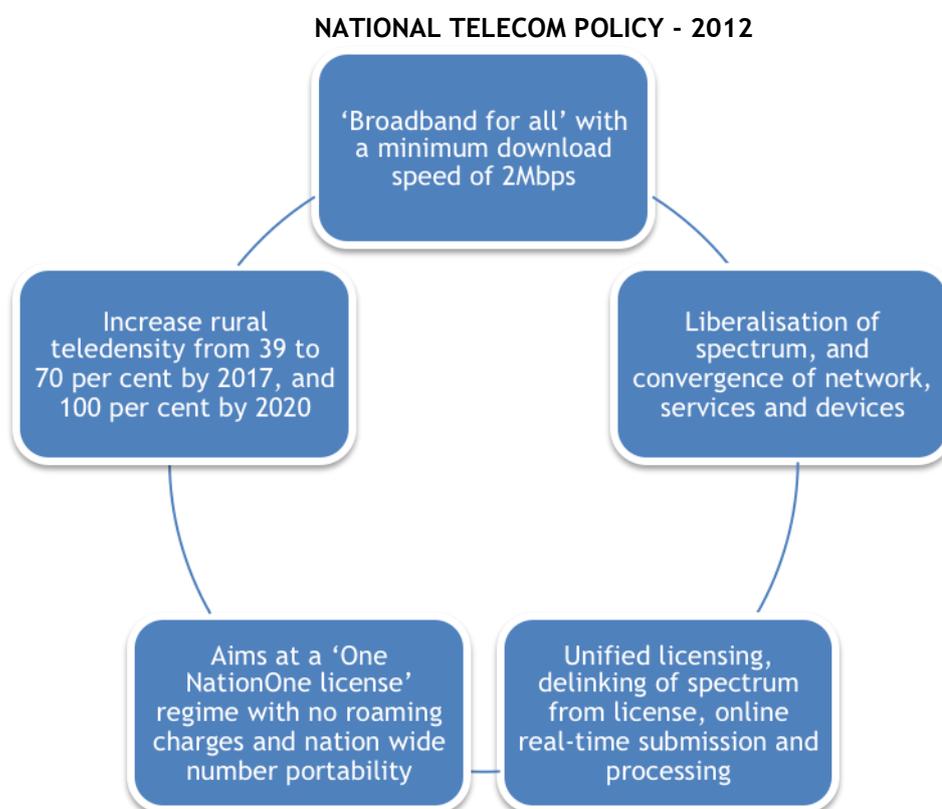
- ✓ The Mobile Value Added Services (MVAS) industry is forecast to expand at a CAGR of 30.93 per cent to USD9.5 Billion by 2015 from USD1.1 billion in 2007
  - ✓ The share of non-voice revenues, which currently stands at around 10 per cent of telecom operators' revenues, is estimated to rise to more than 30 per cent in the next five to seven years
  - ✓ A decline in the prices of smartphones and data subscription rates is likely to drive demand for MVAS
- (Source: Wipro Technologies, The Internet and Mobile Association of India, TechSci Research)

## STRONG POLICY SUPPORT CRUCIAL TO THE SECTOR'S DEVELOPMENT

- ✓ **To compensate the consumers in case of call drop**
  - In October 2015, Telecom Regulatory Authority of India announced an amendment for Telecom Consumer Protection Regulations 2012 according to which mobile service operators have to provide compensation to the users in case of call drop.
  - The formulated regulation would be effective from January, 2016.
- ✓ **Standards of quality wireline and wireless services**
  - In 2015, Telecom Regulatory Authority of India made regulations to amend the Standards of quality of wireline (telephone service) and cellular mobile telephone services. These regulations has been laid down to ensure better and effective compliance with the quality of service regulations and to protect the interest of the customers
- ✓ **Relaxed FDI norms**
  - FDI cap in the telecom sector has been increased to 100 per cent from 74 per cent; out of 100 per cent, 49 per cent will be done through automatic route and the rest will be done through the FIPB approval route
  - FDI of up to 100 per cent is permitted for infrastructure providers offering dark fibre, electronic mail and voice mail
- ✓ **Telecommunication Tariff Order**
  - In 2015, TRAI passed the telecommunication tariff (16th amendment) order, according to which, every service provider should offer a special roaming tariff plan to its prepaid and post-paid customers and on payment of fixed charge for special roaming tariff plan national roaming should be free

- ✓ **Set up internet connections**
  - The Department of Information Technology intends to set up over 1 million internet-enabled common service centres across India as per the National e-Governance Plan
- ✓ **Reduction in license fees**
  - In January 2015, the Government of India recommended reduction in license fees of telecom operators by 6 per cent, telecom operators currently pay 8 per cent of adjusted gross revenue as license fee
  - The issuance of several international and national long-distance licenses has created opportunities and attracted new companies into the market
- ✓ **Financial support**
  - The USOF is expected to extend financial support to operators providing services in rural areas and encourage active infrastructure sharing among operators
  - TRAI has recommended that USO levy component to be reduced from 5 per cent to 3 per cent of annual revenues for all the licenses from April 2015
- ✓ **Enhanced spectrum limit**
  - The prescribed limit on spectrum would be increased from 6.2MHz to 2x8 MHz (paired spectrum) for GSM technology in all areas other than Delhi and Mumbai, where it will be 2x10MHz (paired spectrum)
  - Telecom players can, however, obtain additional frequency; there will be an auction of spectrum subject to the limits prescribed for the merger of licenses
- ✓ **Telecommunication amendment order for broadcasting and cable services**
  - In 2015, telecom authority issued this order mandating every DTH operator to specify the tariff for supply and installation of the customer premises equipment. DTH operator should specify the refundable security deposit, installation charges, monthly rental charge and activation

(Source: TRAI, TechSci Research)



(Source: Digital Dawn, KPMG Report 2013, TechSci Research)

## FOREIGN INVESTMENTS FLOWING IN

- ✓ Cumulative FDI inflows into the telecom sector over April 2000-September 2015 amounted to USD17.71 billion
- ✓ During this period, FDI into the sector accounted for 7 per cent share of total FDI inflows into the country till September 2015

(Source: Department of Industrial Policy & Promotion, TechSci Research)

## EXPANSION AND GROWTH STRATEGIES OF LEADING PLAYERS TELECOMMUNICATION

- ✓ **New Call Telecom Investment decision**
  - In 2015, New Call Telecom has announced to invest USD300 million in India within next 12-18 months. The company has decided to invest in India to increase its presence. Along with investments, New Call Telecom has already acquired Nimbuzz (global mobile technology brand) and New Delhi based Ozone networks
- ✓ **Vodafone India 4G launch**
  - In January 2016, Vodafone India launched its 4G network services in Kolkata and Kozhikode (Kerala) following its successful implementation in other parts of Kerala such as Kochi and Thiruvananthapuram
  - In December 2015, Vodafone India launched 4G services in five circles: Delhi, Mumbai, Kolkata, Karnataka and Kerala. The company had acquired 4G (LTE) spectrum in mentioned five circles which would provide 4G services using 1800MHz band spectrum

- ✓ **Mobile wallet by Vodafone**

- Vodafone India has entered into an agreement with Walmart India to make payments using M-Pesa mobile wallet services. Under this agreement, Vodafone M-Pesa will offer safe, secure and convenient transactions and on placing an order with Walmart India, Vodafone M-Pesa agent will reach out to customer and cash in into his M-Pesa account

(Source: Thomson Banker, Deal Tracker, TechSci Research Note: M&A - Merger and Acquisition)

- ✓ **New Entrant in the Smartphone Market**

- China based companies such as Xiaomi, One Plus, OPPO, Huawei, etc. have launched their Smartphones in India
- Domestic Players such as Micromax, Karbonn and Lava are the top three budget smartphone companies in India

(Source: Thomson Banker, Deal Tracker, TechSci Research)

## OPPORTUNITIES ACROSS SEGMENTS IN THE INDUSTRY

- ✓ **Increasing mobile subscribers**
  - The number of wireless subscribers is expected to reach approximately 1.02 billion by 2016
  - Of the total 1022.61 subscribers in 2015, around 58.58 per cent are likely to be from urban areas and the rest from rural areas (41.42 per cent)
- ✓ **Untapped rural markets**
  - The rural teledensity is expected to reach 70 per cent by 2017 and 100 per cent by 2020 from 48.66 per cent as of September 2015
- ✓ **Rising internet penetration**
  - Internet penetration is expected to grow steadily and is likely to be bolstered by government policy
  - Number of broadband subscribers reached 120.88 million at the end of September 2015

(Source: KPMG, TRAI, TechSci Research)

- ✓ **Development of telecom infrastructure**

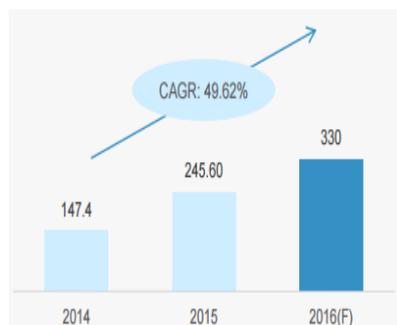
- Telecom infrastructure was expected to increase at a CAGR of 20 per cent to 571,000 towers during 2008- 15
- TRAI has made several recommendations for the development of telecom infrastructure, including tax benefits and recognising telecom infrastructure as essential infrastructure

- ✓ **Growth in MVAS and cloud computing**

- The Indian Mobile ValueAdded Services (MVAS) industry is expected to reach USD9.5 billion by 2015 from USD4.9 billion in 2012

- Public cloud services in India generated USD730 million by December 2015. India public cloud services market is expected to reach USD1.9 billion by 2019.
  - ✓ **Telecom equipment market**
    - Telecom equipment market was estimated to be USD20 billion in 2015-16
    - It is anticipated to reach USD30 billion by 2020
    - Under Digital India programme, ‘every Indian has a smartphone by 2019’ programme implemented
- (Source: Press information bureau, Government of India, TechSci Research)

#### **MOBILE APPLICATION MARKET: FAST GROWING SEGMENT**



- ✓ The mobile application (app) market is expected to expand at a CAGR of 49.62 per cent to USD330 million during 2014-16
  - ✓ The mobile app market is estimated around USD245.6 million in 2015
  - ✓ Segment’s growth is expected to be driven by increasing mobile connections & availability of low-range smartphones
  - ✓ Over 100 million apps are downloaded every month across different platforms such as iOS, Blackberry, Nokia, & Android
- (Source: Gartner, Deloitte, Assorted News Articles, TechSci Research)

**Mobile App Market Size (USD Million)**

#### **MARKET SIZE**

Driven by strong adoption of data consumption on handheld devices, the total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017, registering a Compound Annual Growth Rate (CAGR) of 5.2 per cent between 2014 and 2017, according to research firm IDC. India’s mobile subscriber base is expected to cross 500 million! subscribers by the end of FY2015 from 453 million subscribers at the end of FY2014.

According to a study by GSMA, smartphones are expected to account for two out of every three mobile connections globally by 2020 making India the fourth largest smartphone market. The broadband services user-base in India is expected to grow to 250 million connections by 2017, according to GSMA.

India added the highest number of net mobile phone subscriptions of 13 million during the third quarter of 2015@.

International Data Corporation (IDC) predicts India to overtake US as the second-largest smartphone market globally by 2017 and to maintain high growth rate over the next few years as people switch to smartphones and gradually upgrade to 4G.

In spite of only 5 per cent increase in mobile connections in 2015, overall expenditure on mobile services in India is expected to increase to US\$ 21.4 billion in 2015, led by 15 per cent growth in data services expenditure, as per research firm Gartner.

The Indian telecom sector is expected to generate four million direct and indirect jobs over the next five years according to estimates by Randstad India. The employment opportunities are expected to be created due to combination of government’s efforts to increase penetration in rural areas and the rapid increase in smartphone sales and rising internet usage.

#### **GOVERNMENT INITIATIVES**

The government has fast-tracked reforms in the telecom sector and continues to be proactive in providing room for growth for telecom companies. Some of the other major initiatives taken by the government are as follows:

- The Telecom Regulatory Authority of India (TRAI) has [directed](#) the telecom companies or mobile operators to compensate the consumers in the event of dropped calls with a view to reduce the increasing number of dropped calls.
- With a view to encourage consolidation in the telecom sector, the Government of India has approved the rules for spectrum trading that will allow telecom companies to buy and sell rights to unused spectrum among themselves. The Union Cabinet chaired by the Prime Minister, Mr Narendra Modi, gave its approval to the guidelines on spectrum sharing, aimed to improve spectral efficiency and quality of service, based on the recommendations of the Telecom Regulatory Authority of India (TRAI).
- The Central Government's several initiatives to promote manufacturing in the country, such as 'Make in India' campaign appears to have had a positive impact on mobile handsets manufacturing in the country. Companies like Samsung, Micromax and Spice had been assembling handsets in the country already. Xiaomi and Motorola, along with Lenovo have also started assembly of smartphones in India. Firms like HTC, Asus and Gionee too have shown interest in setting up a manufacturing base in the country.
- The Government of India plans to roll out free high-speed wi-fi in 2,500 cities and towns across the country over the next three years. The program entails an investment of up to Rs 7,000 crore (US\$ 1.06 billion) and will be implemented by state-owned Bharat Sanchar Nigam Ltd (BSNL).

## ROAD AHEAD

India will emerge as a leading player in the virtual world by having 700 million internet users of the 4.7 billion global users by 2025, as per a Microsoft report. With the government's favourable regulation policies and 4G services hitting the market, the Indian telecommunication sector is expected to witness fast growth in the next few years.

(Source: <http://www.ibef.org/industry/telecommunications.aspx>)

### Mobile phone market to reach 250 million units in India in 2016

The smartphone segment grew at an annual average rate of 32% to about 95 million in 2015 from 77 million a year ago. The mobile phone market in India is expected to grow by 4% to 250 million units this year and can see more handsets available for less than Rs 5,000.

An examination of the present scenario, coupled with an analysis of historical trends tells us that the market for India mobile handsets will settle around 250 million units in 2016, a 4 per cent growth compared to 2015.

The smartphone segment grew at an annual average rate of 32% to about 95 million in 2015 from 77 million a year ago. 4G shipments are expected to cross 50 million units in 2016.

On the other hand, feature phones market continued to dip. The decline in feature phone shipments was 17% (from 180 million in 2014 to 144 million in 2015) on an annual average basis.

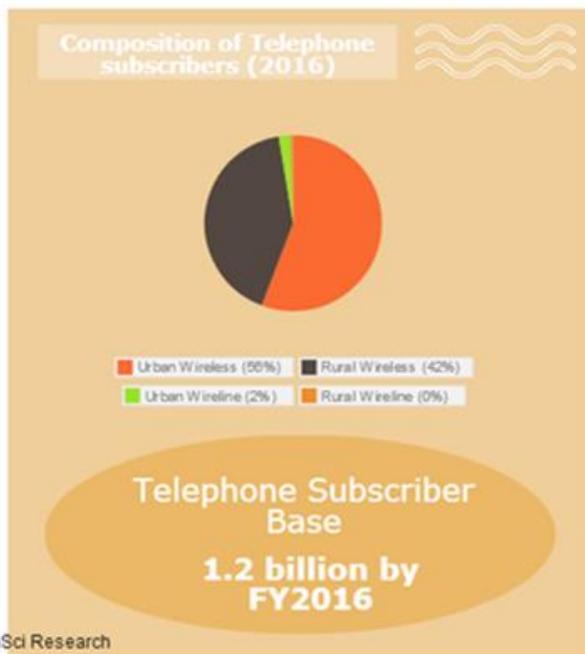
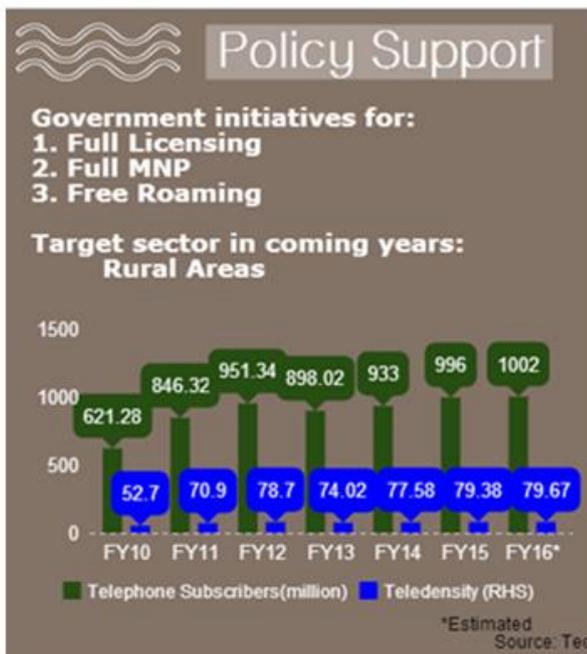
In 2015, 3 out of every 4 smartphones shipped were priced at less than or equal to Rs 10,000. Understanding this price sensitivity, handset vendors will continue to widen their portfolio for this sub Rs 10,000 segment. In 2016, we do not expect this structure to change broadly; however, the contribution of less than Rs 5,000 sub segment is likely to increase.

The CMR researchers also noted that average selling price for a smartphone in 2013 was Rs 13,000 (when 41 million units were sold), which has come down to Rs 10,700 by the end of 2015.

The depreciating value of rupee against US dollar can lead to pressure on margins of mobile phone companies making phone in India.

(Source: <http://www.dnaindia.com/money/report-mobile-phone-market-to-reach-250-million-units-in-india-this-year-2167735>)

# Telecommunication



## OUR BUSINESS

*In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to Prabhat Telecoms (India) Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our restated financial information. This section should be read together with "Risk Factors" on page 13 and "Industry Overview" on page 79.*

### Overview

#### BUSINESS OVERVIEW

Our Company was incorporated at Mumbai as "Prabhat Telecommunications (India) Private Limited" on 2<sup>nd</sup> April, 2007. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23<sup>rd</sup> May, 2007. We have been converted in to a Public Limited Company and consequently name was changed to "Prabhat Telecoms (India) Limited" on 22<sup>nd</sup> April, 2013. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 109 of this Prospectus.

We are engaged into design, assemble, and customize import and distribution of mobile handsets, wireless dongles / data-cards, data products and mobile / telecom accessories. We sell feature mobile handsets under our brand name "V3" Mobiles and internet data cards & smart phones / tablets, fixed wireless terminal and high end telecom devices under brand name "Xccess". We sell accessories like screen guard, Memory card etc under the brand name "Platinum". We are a distributor of CDMA handsets for TTML for Mumbai Circle. We sell our CDMA product to chain of distributors PAN India through TTML/TTSL corporate tie-ups. We also sell our product through organised retail chain like The Mobile Store, Mobile plus etc. We also sell our products through more than 15 online portals.

We have been evolved in 1997 as telcom technical support company namely Prabhat Enterprises. Later on we entered into the world of telecom products by venturing in to selling and distribution of various brands like Fly, Kyocera, Tata Sky and Micromax. Our Promoter Mr. Vishwamani Tiwari has a background of engineering and possess more than twelve years of experience in telecom industry. Our Company is the first company to launch EVDO phone, 1X Data Card n open Market and Low End CDMA Data Phone (LEDP), Open Market EVDO REV-A dongle etc.

The company has started to design, assemble and manufacture the telecom product under its own in-house brand in 2011. The company started to design and assemble the telecom devices like CDMA Mobile Handsets, CDMA Data Cards, FWT, WiFi Routers, accessories etc under its own brand. The CDMA/GSM feature handsets are designed, assembled and distributed under the brand name "V3 Mobile". Similarly the data product and smart phone Fixed wireless Terminal, Tablet and other high end telecom devices are designed, assembled and distributed under the brand "Xccess" and accessories under the brand "PLATINUM".

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We steadily strive to remain at the forefront in terms of both design and technological advancement. Our Company is dedicated to deliver the latest in breath taking technologies to customers in the most quickest and extreme forms.

We have also started its own e-commerce portal to promote its own branded product along with other leading branded devices under the Brand "Mobile Plus". The portal is being operated as [www.themobileplus.com](http://www.themobileplus.com).

### ***Our Competitive Strengths***

#### **Experience of our Promoter**

Our Promoters comes with engineering backgrounds and well versed in distribution of telecom equipment. Our Promoters possess more than 15 years of experience in telecom products covering all aspects of designing to distribution.

### **Extensive distribution network**

Our Company has Pan India distribution network covering majority of the states and union territories. Our state and regional distributors sell our products, in unique territories assigned by us, to local distributors, who in turn distribute our products to several retail outlets that sell to consumers. We have also partnered with a national distributor that targets organized retail outlets and helps us build our brand name and sales through such channels. Our company focuses on building long term relationships with our distributors and have grown the depth and breadth of our distribution network rapidly, in both Tier 2 and Tier 3 cities as well as in India's largest cities. Our policy is to offer attractive margins to our channel partners to incentivize and motivate them with respect to the distribution of our products versus the products of our competitors.

### **Our Proven Track Record and Cost Effective Products**

To address the Indian markets, our Company has been flexible enough to custom build products that meet local and international telecom regulatory requirements. Over the last five years of our existence we have proved our expertise to enhance our presence in the industry.

### **Continue to expand our product portfolio and invest in product development**

Our markets present a diverse consumer base and we intend to develop mobile handsets and mobile data cards that target specific consumer segments. We intend to capitalize on our market leadership position in the middle range of the overall Indian mobile handset market to increase our presence and market share in higher range mobile handsets.

To meet consumer needs, we offer and plan to continue to offer a variety of commercially appealing mobile handsets with attractive aesthetics, design and a combination of innovative features that are easy to use and are suited for the local requirements and preferences of different consumer groups. We are planning to target "Android" and "Touch" phones, segments and also trying to grow our portfolio of CDMA and 3G products to capitalize on the growth opportunities presented by these categories.

### **Experienced management team and a motivated & efficient work force**

Our Company is managed by a team of experienced and professional personnel with experience in different aspects of telecom industry. They include an in-depth knowledge of the design, import, assembly, distribution, marketing and finance. We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. The faith of the management in the staff and their dedicated performance has enabled us to build up capabilities to operate at different locations in the country. We believe that the experience of our senior management team has resulted into improved product quality and increased profitability which give us a competitive edge.

### **Availability of comprehensive Value Chain in-house**

We are into design, import and assembly of mobile handsets and data cards. In addition to this, we also are engaged in to the distribution of mobile handsets, data cards and also operate retail chain of mobile handsets, accessories etc. This brings in the benefit of a full value chain management to our company. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

## **OUR OPERATIONS**

Our operations mainly consist of:

- A. Distribution of the Mobile Phone Handsets (GSM & CDMA) of various brands through the retail chain "Mobile Plus".
- B. Assembling and distribution of its own products CDMA Mobile Phone, Data Cards, FWP, Tablets through the retail chain "Mobile Plus" and Open market sales.
- C. Distribution of Mobile Phone accessories under the brand "Platinum" and "Mi Pow" through the retail chain "Mobile Plus".

D. Distribution of own CDMA Mobile handsets and CDMA EVDO Data Cards in Mumbai Circle for TTML.

➤ **MOBILE HANDSETS & DATA CARDS:**

Our company has entered the mobile handset market in India in the year 2007. The brand is registered with most CDMA operators like Tata Indicom and MTS and is visible in their outlets across India. We sell data cards & smart phones under brand "Xccess". The operators generally work out a bundled offer along with their marketing schemes wherein the mobile handsets are provided by Prabhat to their distributors and retailers. Recently V3 has debuted in GSM technology and is in the process of starting a line-up of the most tech-savvy and good looking mobile phones with both basic features and Android base.

**Manufacturing**

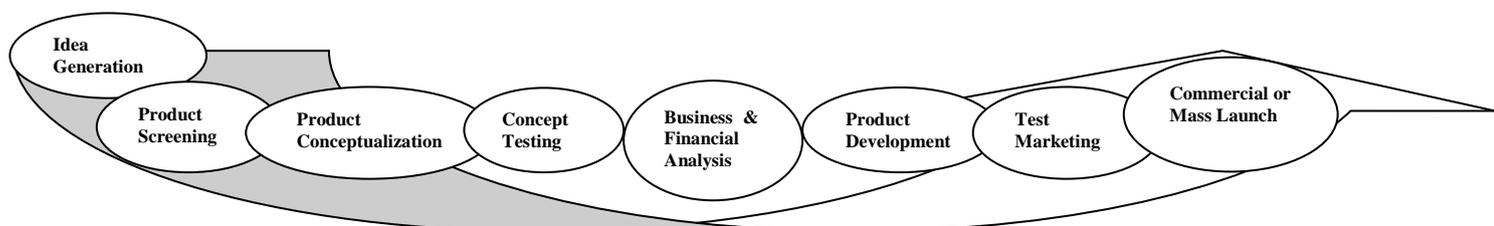
While we design our products internally, we contract with reliable suppliers based in China and Hongkong to manufacture our products. The technical specifications we provide include a detailed description of the components to ensure quality, overall technical compatibility, consistency with design and pricing of the handset.

Our Operations broadly involve the following:

- *Product Development.* Our Company focuses on the development of innovative products through a combination of strong in-house technology and design capabilities and comprehensive knowledge about our target market segments and consumer preferences based on consumer feedback as well as feedback from distribution channels.
- *Marketing and branding.* Our Company seeks to establish Prabhat as India's leading and most innovative mobile handset distributor.
- *Selling and Distribution.* Our Company outsources distribution through arrangements that enable us to quickly recognize revenue;

**Product Development Cycle**

The following diagram depicts our product development process:



**Idea Generation**

Idea generation is a continues process for search and development of a New Product, Improvement in products, Product modifications through in house and external team efforts Idea Generations sources In-house- R&D Team, Sales Team, Marketing Team, After sales support Team External - Customers, Competitors, Distributors, external agency for survey. Innovations- innovations are one of the most important factors in development of products, innovation can come from In house RND team or a external RND team which can be customized to a product.

**Product Screening**

Product screening is a important part where the ideas, requirements and analysis are screened and further poor ideas and concepts are dropped out, Ideas are compared to the nearest available competitor products and evaluated on different unique selling points which can help the product to make it foot prints in the markets.

**Product conceptualization**

Once a idea is captured, product conceptualization is a important process where all the Physical and other requirements of the product are captured and visualised, all parameters to the product are considered and also measured its effects if the same are removed or modified.

Other major factor to the product conceptualization is analysing Product Positioning, Price, Target customers, Marketing strategy and Profit estimate.

### **Concept Testing**

Concept testing is the most cost-effective process where the concept can be explained in written or in oral to a group of customers, distributors, retailers and other potential part of the channel and a feedback of them can be recorded, it helps to measure the enthusiasm customer and market enthusiasm and also build a marketing plan for the product

### **Business and financial Analysis**

Once the concept of the product is ready a the most important part followed by Business and Financial Analysis, we have to identify Demand Projections, Cost Projections, Competitions, Investments and Profitability

### **Product Development**

Product development is a process which converts a mere idea to final product; it not only covers the construction of physical product, but also involves important steps as Physical Product development, Testing of products, Usage testing, Branding and Packaging Design.

### **Test Marketing**

Test Marketing Involves to the placement of stock in limited and controlled Geography, and also may be with selected outlets, this can help to monitor the performance of the product and the gather the initial feedback, important fine tunings and improvement in the product if required can be recorded and quickly implemented in the product before mass Launch.

### **Commercial or Mass Launch**

After the Test Market launched is successfully completed, Product is ready to be introduced in Target Markets all full fledge marketing plan needs to be executed to build the awareness of the product and to reach the desired sales and profit targets.

### ➤ **MOBILE PLUS**

We have also started its own e-commerce portal to promote its own branded product along with other leading branded devices under the Brand “Mobile Plus”. The portal is being operated as [www.themobileplus.com](http://www.themobileplus.com).

### **OUR PRODUCTS:**

Some of our major products are tabled as below:

Mobile handsets, Fixed Wireless phones, Tablets and Data Cards:

Sr. No.	Model Name	Model Number	Brand	Description
1.	V100	V100	V3	Data Product
2.	V26	V26	V3	CDMA Music Phone
3.	V27	V27	V3	CDMA Music Phone
4.	GEM	CM100	V3	CDMA Low end Phone
5.	QUICK	V3QC	V3	CDMA Full Multimedia Phone
6.	SLEEK	I1615	V3	CDMA Music Phone
7.	XING	CM225	V3	CDMA Multimedia Phone
8.	BOSS		V3	CDMA QWERTY Phone
9.	ASTRO	GM888	V3	GSM Dual Sim
10.	PEARL	CE340	V3	CDMA/EVDO Phone
11.	STAR		V3	GSM Dual Sim
12.	BIZZ	GQ225	V3	GSM Dual sim
13.	GEM+	CM300	V3	CDMA Phone
14.	X500	X500	Xccess	Data Product
15.	GEM I	CM301	V3	CDMA Phone

Sr. No.	Model Name	Model Number	Brand	Description
16.	MI FI ROUTER	X-900	Xccess	Data Product
17.	EVDO TABLET		Xccess	Tablet
18.	FWP	FWP002	Xccess	FWT
19.	QUICKPAD 7	7Q	Xccess	Tablet

**Mobile Accessories:**

Sr. No.	Particulars	Brand
1.	Scratch guard	Platinum
2.	High end phone and tablet cover	Mi-pow
3.	Power Bank	Platinum

**MILESTONES & ACHIEVEMENTS:**

- 2003 National Award from Tata Indicom
- 2008 Power Partner Award from Tata Sky
- 2009 Top Distributor award from Micromax
- 2010 Top Growth Contributor by Kohinoor



**COLLABORATIONS**

- Exclusive importer and distributor for mobile security -Defenx products (Swiss based Co.) in India.
- Exclusive Agency agreement with Shenzhen ZNV Tecnology Co. Ltd for import and distribution of security and surveillance equipments in India

### Development of Smartphone Product for Kids segment

We have entered in to an agreement with Italy based company i.e. UDANET SRL for development of Smartphone specially designed for kids, which would be released in Indian market.

### OTHER UTILITIES

Our Company's assembly unit is located at Bhiwandi (Maharashtra), where the utilities like power and manpower are easily available. The registered office is located at 2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (East), Mumbai - 400 097. The corporate office is located at 402, 4<sup>th</sup> Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai - 400 066.

### Manpower

The details of existing manpower employed are as under:

Sr. No.	Category	No. of employees
1	Managing Director	1
2	Whole Time Director	1
3	Company Secretary	1
4	CFO	1
5	Administration	8
6	Accounts & Finance	8
7	Company operated store	2
8	Information Technology	6
9	Sales	14
	<b>TOTAL</b>	<b>42</b>

### Major Customers

Our customer base is mainly telecom operators for bundled handsets and our distributors. The following are our major customers:

- Tata Teleservices Limited
- Tata Teleservices (Maharashtra) Limited
- Drive India Enterprise solutions Limited
- The Mobile Store Limited
- TVC sky shop Limited
- Shyam Sistema Limited (MTS)
- Ominitech Info solution Limited
- Apex corporate services
- Armaani Enterprises

### Competition

The mobile handset markets in which we operate are highly competitive particularly in India as many new competitors have entered the market in the last several years. As the market continues to move towards multimedia devices, this trend may result in even more competition.

The mobile handset market participants compete with each other on the basis of their product, services and solutions portfolio, user experience, design, price, operational and manufacturing efficiency and technical, performance, distribution strategy, quality, customer support, brand and marketing. The critical factors that determine the success of a product or service vary by geographical market and product and services segment. In general, mobile device markets are becoming more segmented and diversified, and we face competition from different mobile device manufacturers in different user segments, price points and geographic markets.

Due to the intensity, complexity and diversity of the competition overall, the competitive landscape in our industry or in specific industry segments can change very rapidly. As the parameters of competition are less

firmly established than in other industries where the competitive landscape does not change greatly from year to year, it is difficult to predict how the competitive landscape of the mobile device industry will develop in the future. General competitive factors in the market include: overall quality of user experience, design, time-to-market, brand awareness, technology offered, price, product features, performance, quality, delivery and warranty, the quality and availability of after sales service and relationships with our distributors.

## **Marketing & Distribution:**

### **Marketing and Branding**

Our Company intends to seize upon opportunities presented by digital convergence by allocating significant resources to establish Prabhat as one of the India's leading handset company. Our branding strategy focuses on the innovative functionalities of our products to project reputation for innovation. Our marketing plan comprises advertising in print media, pamphlets and through sales promotions.

Our marketing and branding team responsible for our outbound marketing activities, with the aim of developing and enhancing our brands and increasing traffic to our sales points.

Some of our marketing activities envisaged as below:

*Public relations* - Our Company focuses on opportunities to raise our brand awareness through non-paid publicity activities such as articles, features and reviews.

*Advertising* - Our Company plans to appoint suitable external agency for print as well as electronic media based on a marketing plan for each of our products.

*Training and in-shop demonstrators* - Our Company focuses on providing in-shop demonstration training to our sales coordinators and distributors.

*External displays* - Our team creates posters, banners and other point of sale material for promotional activities.

### **Selling and Distribution**

Our Company has pan India presence covering majority of the states and union territories. Our state and regional distributors sell our products, in unique territories assigned by us, to local distributors, who in turn distribute our products to several retail outlets that sell to consumers. We have also partnered with a national distributor that targets organized retail outlets and helps us build our brand name and sales through such channels. Our company focuses on building long term relationships with our distributors and have grown the depth and breadth of our distribution network rapidly, in both Tier 2 and Tier 3 cities as well as in India's largest cities. Our policy is to offer attractive margins to our channel partners to incentivize and motivate them with respect to the distribution of our products versus the products of our competitors.

As on date, our company has entered into arrangements with distributors. The state wise break-up of our state and regional distributors is given below:

Sr. No	State/Union Territories	Number of Distributors
1	Himachal Pradesh	1
2	Ambala	1
3	Haryana	2
4	Uttar Pradesh	3
5	Maharashtra	15
6	Rajasthan	3
7	Assam	2
8	New Delhi	3

## **EXPORT POSSIBILITY AND OBLIGATION**

Current we don't have any export obligations.

### **Quality**

Prabhat is wholly committed to build and sustain itself as a telecom equipment organization where quality shall be the hallmark of every aspect. The department of our quality constantly works with original equipment manufacturers at every vital aspect of manufacturing of equipment. We accordingly deploy our testing personnel to focus and prepare testing reports of all features and user interface of equipments. Our maximum attention is paid to upgrade our skills, quality system and facility to achieve consistent product quality and customer satisfaction.

### **Our Business Strategy**

Our strategy is to build upon our competitive strengths and business opportunities to become one of the vital and leading telecom equipment companies. Our aim is to provide the customers with cutting edge technological products and support system, ensuring timely and cost effective delivery of product and services. We intend to achieve this by implementing the following strategies:

#### ***To increase Mobile plus outlets on pan India basis***

With the growing size of mobile handsets market in India for the technological revolution the needs for mobile handsets will increase exponentially particularly in tier 2 and tier 3 cities. To keep pace with the increasing needs of the industry we plan to increase our Mobile Plus outlets in the range of 150 to 200 on pan India basis.

#### ***To strengthen the distribution network and after sale service points***

We believe our branding efforts will fuel our growth in markets and in order to cater to the higher anticipated demand for our products, we plan to continue to expand the density as well as the geographic reach of our existing distribution network. Additionally, after-sales services, such as technical support and repair, are essential in order to maintain consumer satisfaction with our products and create positive brand reputation. Accordingly, we plan to continue to grow the number of authorized service providers at all levels and increase the number of field-based technical engineers and service coordinators.

#### ***To reap the benefit by enhancing assembling capacities and setting up quality control laboratories***

We are focused on establishing and increasing our assembling facilities of telecom equipments, as this will allow us to exercise control over costs and we also plan to set up quality control laboratories to deliver the quality products. We believe that an increase in facilities will help us reap the benefits of economies of scale and this would eventually lead to an improvement in the price competitiveness of our products.

#### ***Constant Technology Up gradation***

Our Company target to focus on constant up gradation of technology and launch futuristic products keeping in mind its usage in the Indian conditions.

#### ***Pursue strategic acquisitions and investments abroad***

In order to expand, we seek to identify acquisition targets and/or joint venture partners whose resources, capabilities, technologies and strategies are complementary to and are enabling us to establish our presence abroad.

#### ***Penetration in to global markets***

We are looking forward to enter into global markets and we plan to target countries where we can leverage our track record and experience in India to compete effectively and expand our revenue base.

### **Strengthening our brand**

We intend to invest in developing and enhancing recognition of our brand – Prabhat and V3, through brand building efforts, communication and promotional initiatives such as exhibitions fairs, electronic media, organizing events, participation in industry events, public relations and investor relations efforts. This will help us to maintain and improve our reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

### **SWOT**

#### **Strengths**

- Cordial relations with Customers, Distributors and suppliers
- Consumers in India now rely heavily on mobile communication.
- In depth knowledge of Industry - Commercial & Technical
- Established facilities
- Experienced management team

#### **Weaknesses**

- Dependent upon growth in telecom Industry
- Lack of brand awareness
- Surge in finance needs to cope up with the increased demand.

#### **Opportunities**

- The industry is constantly subject to new breakthroughs and could easily produce new handsets that incorporate new technologies to encourage a continuous cycle of buying from consumers.
- Technological convergence is continually increasing and some ideas and manufacturers may come into the market from the computer industry.
- The overall usage of mobile phones is still increasing. The proportion of the population using a mobile phone has gradually increased for many years.

#### **Threats**

- Industry is prone to change in government policies, any material changes in the duty or International prices may adversely impact our financials.
- Prices of products are prone to exchange rate fluctuations
- There are no entry barriers in our industry which puts us to the threat of competition from new entrants.

#### **Intellectual Property**

At present we do own copyright of following:

1. Registered Copyright No. L/56153/2013 dated 01.11.2013 in respect of literary work of Kids Tablet.
2. Registered Copyright No. L/56159/2013 dated 01.11.2013 in respect of literary work of Fixed Wireless Phone with multiple benefits of Traditional Phone and in respect of literary work of Internet Router with multiple benefits of Wi-fi & Power Bank etc.
3. Registered Copyright No. L/56161/2013 dated 01.11.2013 in respect of literary work “Internet Router with Multiple capacity to connect Wi-Fi enabled 8 devices through Wi-fi and also work as battery charger with inbuilt power bank to charge Mobile Handset through USB cable.
4. Registered Design No. 255710 dated 07.10.2013 in respect of “Tablet Computer” in Class 21-01.
5. Registered Trade Mark No. 2264262 dated 10.01.2012 viz. iDemand in class 9 vide Certificate from Trade Mark Registry on 03rd November, 2015.

We have also filed below mentioned applications for registration of following Trademarks under the below mentioned classes before the Trade Marks Registry:

Sr. No	Particulars of Trademark	Class No.	Application Date
1.	'P' Logo	09	12 <sup>th</sup> January, 2012
2.	Mobile Plus	35	2 <sup>nd</sup> December, 2011
3.	Mipow	09	15 <sup>th</sup> July, 2011
4.	Platinum	17	7 <sup>th</sup> August, 2013
5.	Kid Play	28/09	7 <sup>th</sup> August, 2013

Our Company also use the Trademarks "Xccess" and "V3" which are applied by our Group Company, viz., Vee Three Informatics Limited, which has assigned the right to use these trademarks to our Company vide a Agreement dated 1<sup>st</sup> July, 2011.

### **Our Properties**

Our Registered Office is located at 2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (East), Mumbai-400 097. Our Corporate Office is located at Unit No. 402, 4th Floor, Western Edge - 1, Western Express Highway, Borivali (East), Mumbai - 400066. The details of Property occupied, leased or owned by the Company are as under:

Sr. No.	Location	Title (Leased /Owned)	Date of Agreement / Acquisition	Agreement Valid till
1.	2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (East), Mumbai-400 097	Free of Rent	N.A.	N.A.
2.	Unit No. 402, 4th Floor, Western Edge - 1, Western Express Highway, Borivali (East), Mumbai - 400066	Owned	18/04/2011	N.A.
3.	Flat No. 501, 5th Floor, Adibaba Apartments Condominium, 16th Road, Santacruz (W), Mumbai - 400052	Owned	11/05/2011	N.A.
4.	Prabhat House, H.No. 736/1, Behind WWF Hotel, India Oil Compound, Mankoli Road, Mankoli Naka, Dapode Village, Bhivandi 421301	Owned	24/11/2009	N.A.
5.	Land in Special Economic Zone at Roorkee, Uttarakhand	Owned (Not Registered)	N.A.	N.A.
6.	Shop No.5, Mani Mansion, Peddar Road, Mumbai-4000 06	Owned	12/08/2014	N.A.

#### **Note 1: Interest in Property by our Promoters and Promoter Group**

Our Promoter and Promoter Group do not have any interest in any of our property.

#### **Note 2: Purchase of Property**

We have not entered into any agreement to buy/sell any property with the promoters or Director or a proposed director who had any interest direct or indirect during the preceding two years.

#### **Note 3: Allotment of Land**

U.P. Electronics Corporation Limited (An UP Government Undertaking) through its letter dated 30<sup>th</sup> April, 2016 has confirmed allotment of Nine (9) acres of land at Kanpur Road, Lucknow Airport, Lucknow subject to identified land being transferred in favor of U.P. Electronics Corporation Limited.

**Insurance Policies**

We have taken different insurance policies covering the following:

Sr. No	Policy Type	Insurance Company Name	Policy Number	Items insured	Premium (Amount in Rs.)	Sum Insured in (Amount in Rs. lakhs )	Expiry date
1.	Fire Floater Policy	The New India Assurance Company Limited	111800111 503000000 46	Stock and Stock in process	281875	2500	24 <sup>th</sup> August, 2015 to 23 <sup>rd</sup> August, 2016
2.	Burglary Insurance Policy	The New India Assurance Company Limited	111800461 501000002 83	Stock of Mobile Phones and Telecom Accessories, Instruments	82499	2000	24 <sup>th</sup> August, 2015 to 23 <sup>rd</sup> August, 2016

## KEY INDUSTRY REGULATIONS AND POLICIES

*The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to our Company. The statements below are based on the provisions of Indian law in force, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### **INDUSTRY RELATED LAWS:**

#### **New Telecom Policy, 1999**

The Department of Telecommunications, Ministry of Communications and Information Technology, GoI, formulated the National Telecom Policy, 1999, for creating an enabling framework for development of the telecom industry. In this regard, the National Telecom Policy, 1999, prescribes that with a view to promote indigenous telecom equipment manufacture for both domestic use and export, the GoI, would provide the necessary support and encouragement to the sector, including suitable incentives to the service providers utilizing such indigenous equipment. In furtherance of the same, the GoI, by way of the CENVAT Credit Rules, 2004, has allowed service providers to take CENVAT credit for utilizing indigenous equipment.

#### **The Indian Telegraph Act, 1885 (“Telegraph Act”)**

The Telegraph Act governs all forms of the usage of “telegraph” which expression has been defined to mean any appliance, instrument, material or apparatus used or capable of use for transmission or reception of signs, signals, writing, images, and sounds or intelligence of any nature, by wire, visual or other electromagnetic emissions, radio waves or hertzian waves, galvanic, electric or magnetic means. Under Section 7, the Central Government has the power to make rules for conduct of all telegraphs established, maintained or worked by the Government or by persons licensed under the Act including but not limited to governing the conditions and restrictions subject to which any telegraph line, appliance or apparatus for telegraphic communication shall be established, maintained, worked, repaired, transferred, shifted, withdrawn or disconnected. Further, the rules prescribed by the Central Government may prescribe the fines for any breach of such rules, provided that the fines so prescribed shall not Rs. 250/- and in the case of a continuing breach a further fine of Rs. 50/- for every day after the first day during the whole or part of which the breach continues.

#### **The Indian Wireless Telegraphy Act, 1933 (“Telegraphy Act”)**

The Telegraphy Act regulates the possession of “wireless telegraphy apparatus” in India. Under the Telegraphy Act, “wireless telegraphy apparatus” has been defined to mean any apparatus, appliance, instrument, used or capable of being used in wireless communication, but does not include any such apparatus, appliance, instrument or material commonly used for other electrical purposes, unless it has been specially designed or adapted for wireless communication or forms part of some apparatus, instrument or material specially so designed or adapted. Under Section 10 of the Act, the Central Government has the power to make rules with respect to the maintenance of records containing details of the acquisition and disposal by sale or otherwise of wireless telegraphy apparatus possessed by dealers and the power to make provisions for penalty of breach of such rules.

#### **International Mobile Equipment Identity and Electronic Serial Number**

The Group Special Mobile Association (the “GSM Association”) is an association which focuses on ensuring mobile services work globally, thereby enhancing their value to individual users and national economies. Membership to this association is voluntary and upon payment of a stipulated amount of fee. Majority of the countries which use GSM technology are a member of this association. In this regard, the GSM Association issued a non-binding IMEI Allocation and Approval Guidelines dated 1<sup>st</sup> October, 2009, whereby it laid down guidelines for members part of the GSM Association with respect to allocation of a unique international mobile equipment identity (the “IMEI”) identifying an individual mobile station in a GSM network. The IMEI code consists of a number of fields totaling 15 digits. All digits have the range of zero to nine coded as a binary coded decimal. The GSM Association maintains a unique system known as the IMEI database which is

global central database containing basic information on the IMEI ranges of GSM devices that are in use across the GSM networks of the world. This IMEI database is also activated and updated every 15 days in the equipment identity register (“EIR”) of telecom service providers.

Similarly, for mobile phones which implement CDMA technology, the Telecommunications Industry Association manages and co-ordinates manufacturer codes for cellular phones which is the electronic serial number (the “ESN”). ESN is a 32 bit binary value which is unique to each cellular phone where eight high order bits are used to identify the manufacturer and low order 24 bits are used to identify the unit. In this regard, the Telecommunications Industry Association issued the Electronic Serial Number Manufacturer’s Code, Assignment Guidelines and Procedures dated December 2009, laying down guidelines for assignment and allocation of the ESN code.

The Department of Telecommunications, Ministry of Communications and Information Technology, Govt., issued a directive (No. 20-40/2006-BS-III(Pt.)/Vol. I) dated 6<sup>th</sup> October, 2008, in the interest of national security to all access service providers to make provision for an EIR so that all cellular phones without IMEI or ESN or invalid IMEI or ESN are not processed and rejected.

### **LAWS REGULATING LABOUR AND EMPLOYMENT:**

#### **The Factories Act, 1948**

The Factories Act, 1948 (“**Factories Act**”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The term ‘factory’, as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 (twelve) months, 10 (ten) or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 (twenty) or more workmen are employed at any day during the preceding 12 (twelve) months and in which any manufacturing process is carried on without the aid of power. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires *inter alia* the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

#### **Maharashtra Factories Rules, 1963**

The Maharashtra Factories Rules, 1962 (**the Rules**) seeks to regulate labour employed in factories in the state of Maharashtra and makes provisions for the inspection of staff, safety, health and welfare of the workers. Under the Rules, the occupier or manager of every factory is required to obtain previous permission for the construction or extension of a factory from the Chief Inspector of Factories. The occupier or manager is required to obtain certificate of stability and registration and notice of occupation for the factory. The Rules also requires *inter alia* the maintenance of various registers dealing with health, holidays and extent of child labour, white washing, humidity, workers attending machinery. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

#### **Contract Labour (Regulation and Abolition) Act, 1970**

Contract Labour (Regulation and Abolition) Act, 1970 (“**CLRA**”) is an act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 (twenty) or more workmen are employed or were employed on any day of the preceding 12 (twelve) months as contract labour. It also applies to every contractor who employs or who employed on any day of the preceding 12 (twelve) months, 20 (twenty) or more workmen provided that the appropriate Government may after giving not less than 2 (two) months’ notice, by notification in the Official Gazette, apply the provisions of the CLRA to any establishment or contractor. Further, it contains provisions regarding Central and State Advisory Board under the CLRA, registration of establishments, and prohibition of employment of contract labour in any process, operation or other work in any establishment by the notification from the State Board, licensing of contractors and welfare and health of the contract labour. Contract Labour (Regulation and Abolition) Central Rules, 1971 are formulated to carry out the purpose of the CLRA.

### **Maharashtra Contract Labour (Regulation and Abolition) Central Rules, 1971**

Maharashtra Contract Labour (Regulation and Abolition) Rules, 1971 requires the contractor to establish canteens, rest rooms, drinking water, washing facilities, first aid facilities, and other facilities. Where the employment of any worker is terminated by or on behalf of the contractor, the wages earned by the worker shall be paid before the expiry of the second working day from the day on which his employment is terminated. Every employer shall maintain register of contractors and register of persons employed. The contractor is also required to issue an employment card to the employee and issue service certificate to the employee when he is terminated by the contractor for whatsoever reasons.

### **The Industrial Disputes Act, 1948 and Industrial Dispute (Central) Rules, 1957**

The Industrial Disputes Act, 1947 (“ID Act”) was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman’s services. This includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment

### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“SHWW Act”) provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behavior namely, physical contact and advances or a demand or request for sexual favors or making sexually colored remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs.50,000/-.

### **Payment of Bonus Act, 1965**

Pursuant to the Payment of Bonus Act, 1965, as amended (the “Bonus Act”), an employee in a factory or in any establishment where twenty or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus.

Contravention of the provisions of the Bonus Act by a company is punishable by imprisonment for up to six months or a fine of up to Rs.1,000 or both, against persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention.

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

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

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

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

### **Payment of Gratuity Act, 1972**

Under the Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent on an employee having completed five years of continuous service. An employee in a factory is said to be in ‘continuous service’ for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

### **INTELLECTUAL PROPERTY LEGISLATIONS:**

#### **Intellectual Property:**

The Trademarks Act, 1999, The Patents Act 1970 and the Copyright Act, 1957 *inter alia* govern the law in relation to intellectual property, including patents, copyrights, trademarks, service marks, brand names, trade names and research works.

### **TAX RELATED LEGISLATIONS:**

#### ***Income-tax Act, 1961***

The Income-tax Act, 1961 (“IT Act”) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by 30th September of each assessment year.

#### **Value Added Tax (“VAT”)**

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 (“the VAT Act”) of the respective states. The VAT Act has addressed the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

#### **Central Sales Tax Act, 1956**

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

### **Central Excise Act, 1944**

Excise duty is levied on production of goods but the liability of excise duty arises only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production.

### **Customs Regulations**

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

### **GENERAL:**

#### ***The Indian Contract Act, 1872***

The Indian Contract Act codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract.

#### ***Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which Our Company has an established place of business/ office (“Shops Act”)***

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

#### **The Companies Act, 1956 & 2013**

The Act deals with laws relating to companies and certain other associations. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection

### **LAWS REGULATING TRANSFER OF PROPERTY:**

#### **Transfer of Property Act, 1882**

The Transfer of Property Act, 1882 (the “TP Act”) establishes the general principles relating to transfer of property in India. It forms a basis for identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act also provides for the rights and liabilities of the vendor and purchaser in a transaction of sale of land.

#### **Registration Act, 1908**

The Registration Act, 1908 (the “Registration Act”) has been enacted with the objective of providing public notice of the execution of documents affecting, *inter alia*, the transfer of interest in immovable property. The purpose of the Registration Act is the conservation of evidence, assurances, title and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, 110 in any

immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered. Evidence of registration is normally available through an inspection of the relevant land records, which usually contains details of the registered property. Further, registration of a document does not guarantee title of land.

### **The Indian Stamp Act, 1899**

Under the Indian Stamp Act, 1899 (the “Stamp Act”) stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

### **FOREIGN OWNERSHIP LEGISLATIONS:**

#### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, foreign central banks, asset management companies, investment managers or advisors, nominee companies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

#### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the total holding of all FIIs together with their sub-accounts in an Indian company is subject to a cap of 24% of the paid-up capital of a company, which may be increased up to the percentage of sectoral cap on FDI in respect of the said company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting. The total holding by each FII, or in case an FII is investing on behalf of its sub-account, each sub-account, should not exceed 10% of the total paid-up capital of a company.

## OUR HISTORY AND CORPORATE STRUCTURE

### HISTORY & BACKGROUND

Our Company was originally incorporated at Mumbai as “Prabhat Telecommunication Private Limited” on 2<sup>nd</sup> April, 2007 under the provisions of the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Mumbai, Maharashtra. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23<sup>rd</sup> May, 2007. Our Company was converted in to a Public Limited Company and consequently name was changed to “Prabhat Telecoms (India) Limited” vide fresh certificate of incorporation dated 22<sup>nd</sup> April, 2013 issued by the Registrar of Companies, Mumbai, Maharashtra.

Our Company is registered under the Companies Act, 1956 with Registration No. U72100MH2007PLC169551

Our Company is promoted by Mr. Vishwamani Tiwari. Our Promoter has more than 15 years of experience in telecom industry. The promoters have gained an astute understating of the telecom sector and have kept pace with the rapidly changing technology and customers requirements.

Our Company was incorporated at Mumbai as "Prabhat Telecommunications (India) Private Limited" on 2<sup>nd</sup> April, 2007. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23<sup>rd</sup> May, 2007. We have been converted in to a Public Limited Company and consequently name was changed to “Prabhat Telecoms (India) Limited” on 22<sup>nd</sup> April, 2013.

We are engaged into design, assemble, and customize import and distribution of mobile handsets, wireless dongles / data-cards, data products and mobile / telecom accessories. We sell feature mobile handsets under our brand name “V3” Mobiles and internet data cards & smart phones / tablets, fixed wireless terminal and high end telecom devices under brand name “Xccess”. We sell accessories like screen guard, Memory card etc under the brand name “Platinum”. We are a distributor of CDMA handsets for TTML for Mumbai Circle. We sell our CDMA product to chain of distributors PAN India through TTML/TTSL corporate tie-ups. We also sell our product through organised retail chain like The Mobile Store, Mobile plus etc. We also sell our products through more than 15 online portals.

We have been evolved in 1997 as telcom technical support company namely Prabhat Enterprises. Later on we entered into the world of telecom products by venturing in to selling and distribution of various brands like Fly, Kyocera, Tata Sky and Micromax. Our Promoter Mr. Vishwamani Tiwari has a background of engineering and possess more than twelve years of experience in telecom industry. Our Company is the first company to launch EVDO phone, 1X Data Card n open Market and Low End CDMA Data Phone (LEDP), Open Market EVDO REV-A dongle etc.

The company has started to design, assemble and manufacture the telecom product under its own in-house brand in 2011. The company started to design and assemble the telecom devices like CDMA Mobile Handsets, CDMA Data Cards, FWT, WiFi Routers, accessories etc under its own brand. The CDMA/GSM feature handsets are designed, assembled and distributed under the brand name “V3 Mobile”. Similarly the data product and smart phone Fixed wireless Terminal, Tablet and other high end telecom devices are designed, assembled and distributed under the brand “Xccess” and accessories under the brand “PLATINUM”.

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We steadily strive to remain at the forefront in terms of both design and technological advancement. Our Company is dedicated to deliver the latest in breath taking technologies to customers in the most quickest and extreme forms.

We have also started its own e-commerce portal to promote its own branded product along with other leading branded devices under the Brand “Mobile Plus”. The portal is being operated as [www.themobileplus.com](http://www.themobileplus.com).

The Registered office of our Company is situated at Unit No. 2, Gitanjali Apartment, M. B. Road, Opp. Malad Subway, Malad (East), Mumbai - 400097.

**CHANGES IN THE REGISTERED OFFICE OF OUR COMPANY SINCE INCEPTION**

FROM	TO	DATE OF CHANGE	REASON FOR CHANGE
2, Gitanjali Apartment, M. B. Road, Opp. Malad Subway, Malad (East), Mumbai - 400097	Unit No. 402, 4 <sup>th</sup> Floor, Western Edge- 1, Western Express Highway, Borivali (East), Mumbai - 400066	18/10/2011	Administrative convenience
Unit No. 402, 4 <sup>th</sup> Floor, Western Edge- 1, Western Express Highway, Borivali (East), Mumbai - 400066	2, Gitanjali Apartment, M. B. Road, Opp. Malad Subway, Malad (East), Mumbai - 400097	27/06/2014	Administrative convenience

**MAIN OBJECTS OF OUR COMPANY**

To carry on the business as manufacturer, distributors, agents, traders, buy, sell in world class high quality products related to telecommunication products, electrical test & measurement products, radio frequency test solution, process control test solution, digital domain test solution, fiber optic & microwave products, data fax modems, internet accessories, internet servers, calling points, voice over internet protocol products, customer premises equipments, voip accessories voip equipments, voip ports, voip calling cards, voip gateways, voip microprocessor based chips, voip printed circuit boards, voip pick cards, voip standalone modems, fax over ip equipments, gateways, servers, accessories, foip calling credits or points, foip chips, pci cards.

**CHANGES IN THE MEMORANDUM OF ASSOCIATION**

The following changes have been made in the Memorandum of Association of our Company since inception:

DATE	AMENDMENT
19 <sup>th</sup> April, 2007	Increase in authorized capital of the Company from Rs. 1.00 Lacs divided into 10,000 Equity Shares of Rs. 10 each to Rs. 5 Lacs divided into 50,000 Equity shares of Rs. 10 each.
23 <sup>rd</sup> April, 2007	Change in the name of the Company from Prabhat Telecommunication Private Limited to Prabhat Telecoms (India) Private Limited
28 <sup>th</sup> May, 2008	Increase in authorized capital of the Company from Rs. 5 Lacs divided into 50,000 Equity Shares of Rs. 10 each to Rs. 20 Lacs divided into 2,00,000 Equity shares of Rs. 10 each.
22 <sup>nd</sup> December, 2008	Increase in authorized capital of the Company from Rs. 20 Lacs divided into 2,00,000 Equity Shares of Rs. 10 each to Rs. 200 Lacs divided into 20,00,000 Equity shares of Rs. 10 each.
10 <sup>th</sup> March, 2011	Increase in authorized capital of the Company from Rs. 200 Lacs divided into 20,00,000 Equity Shares of Rs. 10 each to Rs. 300 Lacs divided into 30,00,000 Equity shares of Rs. 10 each.
05 <sup>th</sup> March, 2012	Increase in authorized capital of the Company from Rs. 300 Lacs divided into 30,00,000 Equity Shares of Rs. 10 each to Rs. 500 Lacs divided into 5,00,000 Non-Cumulative Convertible Redeemable Preference Shares of Rs. 10 each and 45,00,000 Equity shares of Rs. 10 each.
08 <sup>th</sup> October, 2012	Increase in authorized capital of the Company from Rs. 500 Lacs divided into 5,00,000 Non-Cumulative Convertible Redeemable Preference Shares of Rs. 10 each and 45,00,000 Equity Shares of Rs. 10 each to Rs. 1200 Lacs divided into 1,20,00,000 Equity shares of Rs. 10 each.
18 <sup>th</sup> January, 2013	Conversion of Company from private limited to public limited company and subsequent change of name of company from "Prabhat Telecoms (India) Private Limited" to "Prabhat Telecoms (India) Limited"

## MAJOR EVENTS AND MILESTONES

Year	Milestone
2007	Incorporation of our Company.
2008	The Company became Super Distributor of Micromax Mobile Phones for 5 States i.e Maharashtra, Goa, Gujarat, East UP and Delhi.
2011	Launched owned Brand mobile “V3” Mobile & Xccess dongles & Accessories and Started Global Distribution of V3 Mobile and Xccess.
2012	Entered into large format Retail Space under brand name of “Mobile Plus”
2013	Entered in to Distribution Agreement with Defenx Asia PTE.LTD. Entered in to joint Venture with RadioMarelli SA for Mobile internet Devices. Entered into channel partner agreement with Tata Teleservices (Maharashtra) Limited for marketing & distribution the products and services of TTML. Entered in to exclusive agreement with Shenzhen ZNV Tecnology Co. Ltd
2015	Entered in to Intent of cooperation with Uttar Pradesh Government for proposing to establish telecom manufacturing unit at Greater Noida.

## CAPITAL RAISING (DEBT / EQUITY)

For details of the equity capital raising of our Company, please refer to the chapter titled "Capital Structure" on page 45 of this Prospectus.

We have not done any debt issuances or raised any long term debt since incorporation till date.

## HOLDING COMPANY OF OUR COMPANY

Our Company has no holding Company as on this date of filing of this Prospectus.

## SUBSIDIARY COMPANY OF OUR COMPANY

M/s. Prabhat Digital Interface Private Limited is sole Subsidiary of our Company as on this date of filing of this Prospectus. The details of same are disclosed on page 129 of this Prospectus.

## REVALUATION OF ASSETS

Our Company has not revalued its assets since its incorporation.

## CHANGES IN THE ACTIVITIES OF OUR COMPANY HAVING A MATERIAL EFFECT

Since incorporation, there has been no change in the activities being carried out by our Company which may have a material effect on the profits / loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

## DETAILS OF OUR PAST PERFORMANCE

Our Company was incorporated in April, 2007. For details in relation to our financial performance since inception, including details of non-recurring items of income, refer to section titled "Financial Information" beginning on page 135 of this Prospectus.

## INJUNCTIONS OR RESTRAINING ORDERS:

Our Company is not operating under any injunction or restraining order.

## MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

#### **STRIKES AND LOCK-OUTS:**

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock-outs. As on the date of the Prospectus, our employees are not unionized.

#### **TIME AND COST OVERRUNS IN SETTING UP PROJECTS:**

As on the date of the Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

#### **SHAREHOLDERS AGREEMENTS**

Our Company has not entered into any shareholders agreement as on date of filing of the Prospectus.

#### **OTHER AGREEMENTS**

Our Company has not entered into any specific or special agreements except that have been entered into in ordinary course of business as on the date of filing of the Prospectus.

#### **COLLABORATION**

Our Company has not entered into any collaboration with any third party as per regulation (VIII) B (1) (c) of part A Schedule VIII of SEBI (ICDR) Regulations, 2009.

#### **STRATEGIC PARTNER**

Our Company does not have any strategic partner as on the date of filing of the Prospectus.

#### **FINANCIAL PARTNER**

Our Company does not have any financial partner as on the date of filing of the Prospectus.

#### **DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS OR BANKS**

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Prospectus.

#### **NUMBER OF SHAREHOLDERS**

Our Company has 18 (Eighteen) shareholders on date of the Prospectus.

**OUR MANAGEMENT**

**BOARD OF DIRECTORS**

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than fifteen (15) Directors. Our Company currently has five (5) Directors on Board. The following table sets forth current details regarding our Board of Directors:

<b>Name, Father's name, Address, Occupation, Nationality, tenure &amp; DIN</b>	<b>Age</b>	<b>Status of Directorship in our Company</b>	<b>Other Directorships</b>
<b>1 Mr. Vishwamani Tiwari</b> <i>S/o Matamani Tiwari</i> 2, Geetanjali Apts., Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E) Mumbai - 400097 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Three years w.e.f. 1 <sup>st</sup> April, 2013 <b>DIN:</b> 01932624	41 Years	Managing Director	1. Vee Three Informatics Limited
<b>2. Mr. Parag Rameshchandra Malde</b> <i>S/o Ramesh Malde</i> 1/2, Prabha Kunj, S. V. Road, Malad (West) Mumbai - 400064 <b>Occupation:</b> Service <b>Nationality:</b> Indian <b>Tenure:</b> Three years w.e.f. 1 <sup>st</sup> April, 2013 <b>DIN:</b> 05354513	36 Years	Whole Time Director	1. Vee Three Informatics Limited 2. Prabhat Digital interface Private Limited 3. Takira Solutions Private Limited
<b>3. Ms. Dipti Suresh More</b> <i>D/o Suresh Vishram More</i> 203, Kala Kutir Bldg No.2, 2 <sup>nd</sup> Floor, Dongar Pada, Virar (West), Thane - 401303 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Retire by Rotation <b>DIN:</b> 07148169	31 Years	Non Executive Non Independent Director	NIL
<b>4. Mr. Vaibhav Shastri</b> <i>S/o Sunil Shastri</i> C-302 A, Sushant Lok Phase I, Gurgaon - 122002, Haryana <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Retire by Rotation <b>DIN:</b> 02136309	39 Years	Independent Director	1. Airwave Access India Private Limited
<b>5. Mr. Atul Dattatray Bhatkhalkar</b> <i>S/o Dattatray Sakharam Bhatkhalkar</i> B - 7,1/12, Dudha Sagar Soc., Shiva Road, Aarey Cheknaka, Goregoan (East), Mumbai- 400065 <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Tenure:</b> Retire by Rotation <b>DIN:</b> 06518965	50 Years	Independent Director	1. Adplus Impression Private Limited

**Note:**

As on the date of the Prospectus:

1. None of the above mentioned Directors are on the RBI List of willful defaulters as on date.
2. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) for more than 3 months during the five years prior to the date of filing the Prospectus or (b) delisted from the stock exchanges.
3. None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

**DETAILS OF DIRECTORS**

**Mr. Vishwamani Tiwari**, aged 41 years, is the Promoter and Managing Director of our Company. He holds the degree in Bachelors of Engineering (Mechanical) from Mumbai University. He is having over 15 years of experience in telcom and allied sector. He is responsible for the management of the administration, legal and financial functions of the Company. He oversees for evolving business and developing growth strategies for our Company.

**Mr. Parag Rameshchandra Malde**, aged 36 years, Whole Time Director of our Company. He is having 13 years of experience in telecom procurement, techno commercial evaluation and support for after sale service. He is responsible for deployment of quality assurance systems for mass productions, commercial and technical evaluating of new projects, appointment and operations of Service centers Pan India for V3 Mobiles and procurement and maintenance of spare parts, tools to maintain supply for after sales service centers.

**Ms. Dipti Suresh More** aged 31 years, She is Non Executive Non Independent Director of our Company. She is graduate in Commerce. She is having 10 years of Experience. As an independent Director, She brings value addition to Our Company. She has been on the Board of our Company since April, 2015.

**Mr. Vaibhav Shastri**, aged 39 years, Independent and Non-executive Director of our Company. He is having 14 years of experience in sales and marketing across India. He has done PGDBA in Marketing and Finance. He has been on the Board of our Company since March, 2013.

**Mr. Atul Dattatray Bhatkhalkar**, aged 50 years, He is Independent Director of our Company. He has done his graduation in commerce and active in public welfare affairs and social services. He has been on the Board of our Company since March, 2013.

**CONFIRMATIONS**

None of the Directors is or was a Director of any listed company during the last five years preceding the date of filing of the Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their Directorship in any such company.

None of the Directors is or was a director of any listed company, which has been or was delisted from any recognized stock exchange in India during the term of their Directorship in such company.

**NATURE OF FAMILY RELATIONSHIP AMONG DIRECTORS**

There is no family relationship among Directors.

**BORROWING POWERS OF THE DIRECTORS**

Pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on 27<sup>th</sup> April, 2013 consent of the members of our Company was accorded to the Board of Directors of our Company

pursuant to Section 180(1)(c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 100 Crores.

**TERMS OF APPOINTMENT AND COMPENSATION OF OUR DIRECTORS**

<b>Name</b>	Mr. Vishwamani Tiwari
<b>Designation</b>	Managing Director
<b>Period</b>	Three (3) years w.e.f 1 <sup>st</sup> April, 2016
<b>Date of Appointment</b>	With effect from 1 <sup>st</sup> April, 2013, Resolution passed at Board meeting held on 1 <sup>st</sup> April, 2013 & at Extra Ordinary General Meeting held on 27 <sup>th</sup> April, 2013. Reappointment with effect from 1 <sup>st</sup> April, 2016 through resolution passed at Board meeting held on 1 <sup>st</sup> April, 2016.
<b>Remuneration</b>	<p><b>a) Remuneration</b></p> <ul style="list-style-type: none"> <li>• <b>Basic</b> - Rs. 1,50,000/- p.m. (Rupees One Lac Fifty Thousand Only) With such annual increments / increases as may be decided by the Remuneration Committee from time to time.</li> </ul> <p><b>b) Perquisites</b></p> <ul style="list-style-type: none"> <li>• As per policy of Company.</li> </ul> <p><b>c) Valuation of perquisites</b> Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.</p>

<b>Name</b>	Mr. Parag Rameshchandra Malde
<b>Designation</b>	Whole Time Director
<b>Period</b>	Three (3) years with effect from 1 <sup>st</sup> April, 2016
<b>Date of Appointment</b>	With effect from 1 <sup>st</sup> April, 2013, Resolution passed at Board meeting held on 01 <sup>st</sup> April, 2013 & at Extra Ordinary General Meeting held on 27 <sup>th</sup> April, 2013. Reappointment with effect from 1 <sup>st</sup> April, 2016 through resolution passed at Board meeting held on 1 <sup>st</sup> April, 2016.
<b>Remuneration</b>	<p><b>a) Remuneration</b></p> <ul style="list-style-type: none"> <li>• <b>Basic</b> - Rs. 50,000/- p.m. (Rupees Fifty Thousand Only). With such annual increments / increases as may be decided by the Remuneration Committee from time to time.</li> </ul> <p><b>b) Perquisites</b></p> <ul style="list-style-type: none"> <li>• As per policy of Company.</li> </ul> <p><b>c) Valuation of perquisites</b> Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.</p>

There is no definitive and /or service agreement that has been entered into between our Company and the directors in relation to their appointment.

## NON - EXECUTIVE DIRECTORS

Currently, non-executive Directors are not being paid sitting fees.

## CORPORATE GOVERNANCE

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchange and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We being proposing to list of BSE-SME platform are exempted to follow corporate governance norms of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. However we have a Board constituted in compliance with the Companies Act, 2013 and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently our Board has Five (5) Directors. We have One (1) Managing Director, One (1) Whole Time Director, One (1) Non Executive Non Independent Director and Two (2) Independent Directors. The Chairman of the Board is Mr. Vishwamani Tiwari being Managing Director. The constitution of our Board is in compliance with the Companies Act, 2013.

**The following committees have been formed in compliance with the corporate governance norms:**

- A) Audit Committee
- B) Stakeholders Relationship Committee
- C) Nomination and Remuneration Committee

## AUDIT COMMITTEE

Our Company has constituted an audit committee ("**Audit Committee**"), as per the provisions of Section 177 of the Companies Act, 2013 vide resolution passed in the meeting of the Board of Directors held on 29<sup>th</sup> February, 2016.

The terms of reference of Audit Committee complies with the requirements of the Companies Act, 2013. The committee presently comprises following three (3) directors. Mr. Atul Bhatkhalkar is the Chairman of the Audit Committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Atul Bhatkhalkar	Chairman	Independent Director
2.	Mr. Vaibhav Shastri	Member	Independent Director
3.	Mr. Vishwamani Tiwari	Member	Managing Director

The Company Secretary of our Company shall act as the Secretary to the Audit Committee.

## Role of Audit Committee

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section (3) of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
10. Reviewing, with the management, the statement of uses / application of funds raised through an Offer (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
12. Review and monitor the auditor's independence and performance, and effectiveness of audit process
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. 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.
17. 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.
18. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Mandatorily reviews the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
22. Review the Financial Statements of its subsidiary company, if any.
23. Review the composition of the Board of Directors of its Subsidiary Company, if any.
24. Review the Vigil mechanism (whistle blowing) policy.

25. Examination of the financial statement and the auditors' report thereon;
26. Approval or any subsequent modification of transactions of the company with related parties;
27. Scrutiny of inter-corporate loans and investments;
28. Valuation of undertakings or assets of the company, wherever it is necessary;
29. Evaluation of internal financial controls and risk management systems;
30. Monitoring the end use of funds raised through public offers and related matters.
31. Review the use/application of funds raised through an Offer (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

#### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Our Company has constituted a Stakeholders' Relationship Committee ("**Stakeholders' Relationship committee**") in terms of Section 178 (5) of Companies Act, 2013 to redress the complaints of the shareholders. The Stakeholders' Relationship Committee / Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 29<sup>th</sup> February, 2016. The committee currently comprises of three (3) Directors Mr. Atul Bhatkhalkar is the Chairman of the Stakeholders' Relationship Committee / Investors Grievance committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Atul Bhatkhalkar	Chairman	Independent Director
2.	Mr. Vaibhav Shastri	Member	Independent Director
3.	Mr. Vishwamani Tiwari	Member	Managing Director

The Company Secretary of our Company shall act as the Secretary to the Stakeholders' Relationship Committee.

#### **Role of Stakeholders' Relationship Committee**

The Stakeholder Relationship Committee / Investors Grievance Committee of our Board look into:

- Redressal of shareholders'/investors' complaints viz. non-receipt of annual report, dividend payments etc.;
- Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, dematerializations;
- Non-receipt of declared dividends, balance sheets of the Company; and
- Any other power specially assigned by the Board of Directors of the Company;

#### **NOMINATION AND REMUNERATION COMMITTEE**

Our Company has constituted a Nomination and Remuneration Committee ("**Nomination and Remuneration Committee**") in terms of section 178 (3) of Companies Act, 2013. The Nomination and Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 29<sup>th</sup> February, 2016. The Committee currently comprises of three (3) Directors. Mr. Vaibhav Shastri is the Chairperson of the Nomination and Remuneration Committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Vaibhav Shastri	Chairman	Independent Director
2.	Mr. Atul Bhatkhalkar	Member	Independent Director
3.	Ms. Dipti Suresh More	Member	Non Executive Non Independent Director

The Company Secretary of our Company shall act as the Secretary to the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are as follows:

- The remuneration committee recommends to the board the compensation terms of the executive directors.
- The committee to carry out evolution of every director's performance and recommend to the board his/her appointment and removal based on the performance.
- The committee to identify persons who may be appointed in senior management in accordance with the criteria laid down.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

***Policy on Disclosures and Internal Procedure for Prevention of Insider Trading***

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 after listing of our Company's shares on the Stock Exchange. Our Company Secretary and Compliance Officer, Mr. Lijo Mathew Varghese responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

**SHAREHOLDING DETAILS OF THE DIRECTORS IN OUR COMPANY**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Prospectus.

Name of the Shareholders	No. of Equity Shares	Pre-Offer percentage Shareholding
Mr. Vishwamani Tiwari	62,95,100	75.71
Mr. Parag Rameshchandra Malde	2,26,250	2.72

**INTEREST OF DIRECTORS**

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Offer.

#### **PROPERTY INTEREST**

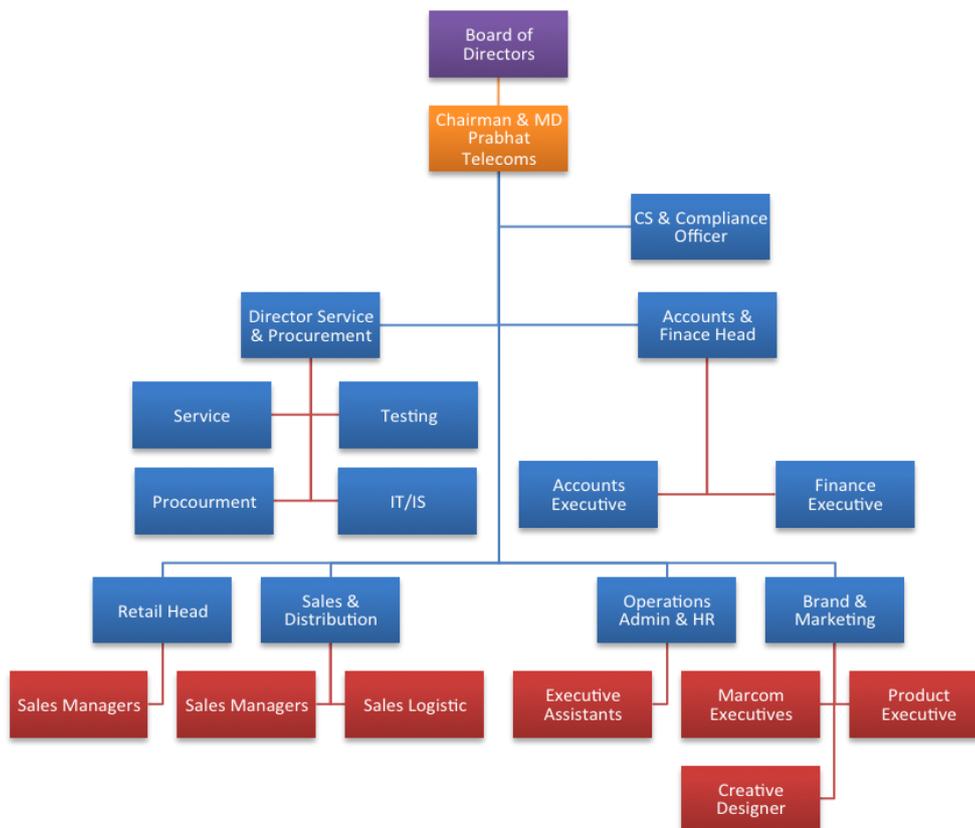
Except as disclosed in the section titled “Our Business” on page 92, our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

#### **CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE (3) YEARS**

The changes in the Directors during last three (3) years are as follows:

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>Date of Change</b>	<b>Reason</b>
1.	Mrs. Prabha Tiwari	1 <sup>st</sup> January, 2013	Resignation
2.	Mr. Parag Rameshchandra Malde	1 <sup>st</sup> January, 2013	Appointment
3.	Mrs. Prabha Tiwari	21 <sup>st</sup> February, 2013	Appointment
4.	Mr. Deepak Kumar Jain	21 <sup>st</sup> February, 2013	Appointment
5.	Mr. Atul Bhatkhalkar	9 <sup>th</sup> March, 2013	Appointment
6.	Mr. Vaibhav Shastri	29 <sup>th</sup> March, 2013	Appointment
7.	Mrs. Prabha Tiwari	1 <sup>st</sup> December, 2013	Resignation
8.	Mr. Deepak Kumar Jain	9 <sup>th</sup> August, 2014	Resignation
9.	Mr. Shishir Tripathi	1 <sup>st</sup> December, 2013	Appointment
10.	Mr. Kalkad Sundaram Sathi	3 <sup>rd</sup> September, 2014	Appointment
11.	Mr. Kalkad Sundaram Sathi	9 <sup>th</sup> June, 2015	Resignation
12.	Mr. Dipti Suresh More	3 <sup>rd</sup> April, 2015	Appointment
13.	Mr. Dipti Suresh More	30 <sup>th</sup> September, 2015	Change in Designation

**ORGANIZATION STRUCTURE**



**KEY MANAGERIAL PERSONNEL**

Our Company is managed by its Board of Directors, assisted by qualified professionals, in the respective field of finance/ capital market and corporate laws.

The following key personnel assist the management of our Company:

Name	Date of Joining	Designation	Functional Responsibilities	Qualification
Mr. Vishwamani Tiwari	02 <sup>nd</sup> April, 2007	Managing Director	Looks after Day to day Business Activities	Bachelors of Engineering (Mechanical)
Mr. Parag Rameshchandra Malde	1 <sup>st</sup> January, 2013	Whole Time Director	Looks after Day to day Business Activities	B.Com
Mr. Amit Chandrakant Pandit	26 <sup>th</sup> December, 2015	Chief financial officer	All accounts and back office related work, payment and receipts, dealing with banks.	MBA

Name	Date of Joining	Designation	Functional Responsibilities	Qualification
Mr. Lijo Mathew Varghese	04 <sup>th</sup> February, 2016	Company Secretary & Compliance Officer	Drafting of agreements, resolutions, preparation of minutes & compliance of the Companies Act, 2013.	ACS

#### **FAMILY RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL**

As on date, none of the key managerial persons are having family relation with each other.

#### **ALL OF KEY MANAGERIAL PERSONNEL ARE PERMANENT EMPLOYEE OF OUR COMPANY**

#### **SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL**

Share holding of Key Managerial Personnel as on date of Prospectus is as under:

Name of the Key Managerial Personnel	No. of Equity Shares	Pre-Offer percentage Shareholding
Mr. Vishwamani Tiwari	62,95,100	75.71
Mr. Parag Rameshchandra Malde	2,26,250	2.72

#### **BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL**

There is no profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

#### **LOANS TO KEY MANAGERIAL PERSONNEL**

There are no loans outstanding against Key Managerial Personnel as on 31<sup>st</sup> January, 2016.

#### **CHANGES IN KEY MANAGERIAL PERSONNEL OF OUR COMPANY DURING THE LAST THREE (3) YEARS**

There are no changes in the Key Managerial Personnel of the Company during the last three (3) years except as stated below:-

Sr. No.	Name	Designation	Date of Joining	Date of Resignation	Reasons
1.	Ms. Yojana Pednekar	Company Secretary & Compliance Officer	29 <sup>th</sup> April, 2013	24 <sup>th</sup> September, 2014	Appointment & Resignation
2.	Ms. Deepali Sharma	Company Secretary & Compliance Officer	3 <sup>rd</sup> November, 2014	3 <sup>rd</sup> January, 2015	Appointment & Resignation
3.	Mr. Deepak Kumar Jain	Chief Financial Officer	5 <sup>th</sup> November, 2014	18 <sup>th</sup> March, 2015	Appointment & Resignation
4.	Ms. Mittal Kevin Shah	Company Secretary & Compliance Officer	29 <sup>th</sup> January, 2015	26 <sup>th</sup> December, 2015	Appointment & Resignation
5.	Mr. Amit Chandrakant Pandit	Chief Financial Officer	27 <sup>th</sup> December, 2015	-	Appointment
6.	Mr. Lijo Mathew Varghese	Company Secretary & Compliance Officer	04 <sup>th</sup> February, 2015	-	Appointment



#### **EMPLOYEES STOCK OPTION SCHEME**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Prospectus.

#### **PAYMENT OR BENEFIT TO OUR OFFICERS**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

**OUR PROMOTERS**

DETAILS OF OUR PROMOTER IS AS UNDER

**1. MR. VISHWAMANI TIWARI**

	<p>Mr. Vishwamani Tiwari, aged 41 years, is the Promoter and Managing Director of our Company. He holds the degree in Bachelors of Engineering (Mechanical) from Mumbai University. He is having over 15 years of experience in telcom and allied sector. He is responsible for the management of the administration, legal and financial functions of the Company. He oversees for evolving business and developing growth strategies for our Company.</p>
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**Identification**

<b>Age</b>	41 Years
<b>Address</b>	2, Geetanjali Apts., Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E) Mumbai - 400097
<b>Occupation</b>	Business
<b>Director Identification Number</b>	01932624
<b>Permanent Account Number</b>	ABWPT2569G
<b>Passport No.</b>	G8370297
<b>Voter ID</b>	ITD2452233
<b>Driving License</b>	MH0220110069509
<b>Bank Account Details</b>	ICICI Bank Ltd, Branch- Thakur Complex, Kandivali Bank A/c. No. :- 122101500596
<b>Other Ventures:</b>	<b>Private Limited Entities:</b> Nil
	<b>Public Limited Entities:</b> Vee Three Informatics Limited

**OTHER UNDERTAKINGS AND CONFIRMATIONS**

None of our Promoters or Promoter Group or Group Companies / entities or person in control of our Company, the natural persons in control of our corporate Promoter has been (i) prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad. None of our Promoters, person in control of our Company, persons in control of our Corporate Promoter are or have ever been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

Further, neither our Promoters, the relatives of our individual Promoters (as defined under the Companies Act) nor our Group Companies have been declared as a wilful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by them in the past and no proceedings for violation of securities laws are pending against them.

## **COMMON PURSUITS OF OUR PROMOTER**

Further, our Promoter have promoted our Promoter Group / Group Companies which are engaged in similar line of business that of our Company. Vee Three Informatics Limited is engaged in the similar line of business that of our Company.

## **INTEREST OF THE PROMOTERS**

### **Interest in the promotion of our Company**

Our Promoters may be deemed to be interested in the promotion of the Selling Shareholders to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them are interested as a director, member or partner. In addition, our Promoters, being Directors may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in section titled "Our Management" on page 113 of this Prospectus.

### **Interest in the property of our Company**

Our promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Prospectus or proposed to be acquired by us till the date of filing the Prospectus with RoC.

### **Interest as Member of our Company**

As on the date of this Prospectus, our Promoters hold 62,95,100 Equity Shares of our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoter in our Company and benefits as provided in the section titled 'Terms of appointment and compensation of our Directors' on page 115 of this Prospectus, our Promoters does not hold any other interest in our Company.

Also see "Our Management-Interest of Directors" on Page 119 of this Prospectus.

## **PAYMENT AMOUNTS OR BENEFIT TO OUR PROMOTERS DURING THE LAST TWO YEARS**

No payment has been made or benefit given to our Promoters in the two years preceding the date of this Draft Prospectus except as mentioned / referred to in this chapter and in the section titled 'Our Management', 'Financial Information' and 'Capital Structure' on page nos. 113, 135 and 45 respectively of this Prospectus. Further as on the date of the Prospectus, there is no bonus or profit sharing plan for our Promoters.

## **CONFIRMATIONS**

For details on litigations and disputes pending against the Promoter and defaults made by them, please refer to the section titled "Outstanding Litigation and Material Developments" on page 165 of this Prospectus. Our Promoters have not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

## **OTHER VENTURES OF OUR PROMOTERS**

Save and except as disclosed in the section titled "Our Promoters" and "Our Promoter Group and Group Companies / Entities" beginning on page 127 of this Prospectus, there are no ventures promoted by our Promoters in which they have any business interests / other interests.



## **RELATED PARTY TRANSACTIONS**

Except as disclosed in the section titled “*Related Party Transactions*” beginning on page 133 of this Prospectus, our Company has not entered into any related party transactions with our Promoters.

**OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES**

**PROMOTER GROUP INDIVIDUALS**

The following natural persons (being the immediate relative of our Promoter) form part of our Promoter Group:

**Relatives of Promoters:**

Relationship	Mr. Vishwamani Tiwari
Spouse	Mrs. Prabha Tiwari
Father	Mr. Matamani Tiwari
Mother	Mrs. Shivdevi Tiwari
Brother	Mr. Chandramani Tiwari
Sister	Mrs. Renu Pathak
Son	Ankush Tiwari and Parth Tiwari
Daughter	Khusboo Tiwari
Spouse' Father	Krishna Pillai
Spouse' Mother	Gouri Kutty Amma
Spouse' Brother	N.A.
Spouse' Sister	N.A.

**PROMOTER GROUP COMPANIES AND ENTITIES**

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs and partnership firms that form part of our Promoter Group are as follows:

Nature of Relationship	Entity
Any Body corporate in which ten percent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoter or any one or more of his immediate relative is a member	Vee Three Informatics Limited
Any Body Corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	---
Any Subsidiary or Holding Company of our Promoter Company	Prabhat Digital Interface Private Limited
Any body corporate in which a group of individuals or companies or combinations thereof which hold twenty percent. or more of the equity share capital in that body corporate also holds twenty percent. or more of the equity share capital of the Selling Shareholders.	---
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	Prabhat Enterprises Prabhat Media Entertainment

## Details of Group Companies / Entities :

The details of our Group Companies / Entities are provided below:

### 1. Vee Three Informatics Limited -

The Company was incorporated as Vee Three Informatics Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 3<sup>rd</sup> August, 2009 issued by the Registrar of Companies, Mumbai, Maharashtra with registration number 194556.

The Corporate Identification Number of our Company is U72900MH2009PLC194556. The registered office of the Company is situated at 2, Geetanjali Apts., Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E), Mumbai- 400097, Maharashtra, India. The company is engaged in the manufacture of CDMA, GSM mobile handsets and dongles.

### Main Objects of Vee Three Informatics Limited

To carry on the business as manufacture, distributors, agents, traders, buy, sell in world class, high quality products related to telecommunication products, electrical test and measurement products, radio frequency, test solution, process control test solution, digital domain test solution, fibre optic and microwave products, data fax modems, internet accessories, internet servers, calling points, voice over internet protocol products, customer premises, equipments, voip accessories, voip equipments, voip ports, voip calling cards, voip gateways, voip micro processor based chips, voip printed circuit boards, voip pic cards voip stand alone modems, fax over IP equipments, gateways, servers, foip calling credits or points, foip chips, PC I cards.

### Board of Directors

Currently, the Board of Directors of Vee Three Informatics Limited consists of:

Sr. No	Name of Directors	Designation
1	Mr. Vishwamani Tiwari	Director
2	Mr. Rahul Kumar	Additional Director
3	Mr. Parag Rameshchandra Malde	Director

### Capital Structure

The Authorized Share Capital of the Company is Rs. 30,000,000 (Rupees Three Crores Only) divided into 500,000 12% Non cumulative convertible redeemable preference shares of Rs. 10/- each and 25,00,000 Equity Shares of Rs. 10/- each.

### Shareholding Pattern

Current shareholding pattern of Vee Three Informatics Limited is as follows:-

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Share Holding	No. of 12% Non Cumulative Convertible Redeemable Preference Shares	% of Share Holding
1.	Mr. Vishwamani Tiwari	11,36,425	49.41	-	-
2.	Mrs. Prabha Tiwari	5,85,000	25.43	-	-
3.	Mr. Chandramani Matamani Tiwari	4,52,425	19.67	-	-
4.	United Systems	1,00,000	4.35	15,000	20.55
5.	Mr. Parag Malde	10,000	0.43	-	-

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Share Holding	No. of 12% Non Cumulative Convertible Redeemable Preference Shares	% of Share Holding
6.	Mr. Surya Pandey	10,000	0.43	-	-
7.	Mr. Bipin Verma	5,000	0.22	-	-
8.	Mr. Vishal Wadkar	665	0.03	-	-
9.	Mr. Basantraj Meghraj Sethia	485	0.02	-	-
10.	Rexol Eco Fuels (P.) Ltd.	-	-	20,000	27.40
11.	Om Enterprises	-	-	30,000	41.10
12.	Alpita Malde	-	-	8,000	10.96
<b>TOTAL</b>		<b>23,00,000</b>	<b>100.00</b>	<b>73,000</b>	<b>100.00</b>

**Financial Performance:**

(Rs. in Lakhs)

Particulars	Year Ended 31/03/2015	Year Ended 31/03/2014	Year Ended 31/03/2013
Equity Share capital	230.00	230.00	230.00
Preference Share capital	7.30	7.30	6.50
Reserves (excluding revaluation reserves)	1048.58	1044.57	987.19
Net worth	1285.88	1281.87	1223.69
Total Income	3660.25	6996.71	8425.16
PAT	4.01	18.17	29.67
EPS	0.17	0.79	1.29
NAV (Per Equity Shares)	55.91	55.73	53.20
Face Value (Per Equity Shares)	10.00	10.00	10.00

**2. Prabhat Digital Interface Private Limited -**

The Company was incorporated as Prabhat Digital Interface Private Limited under the provisions of the Companies Act, 2013 vide Certificate of Incorporation dated 22<sup>nd</sup> September, 2014 issued by the Registrar of Companies, Mumbai, Maharashtra with registration number 194556.

The Corporate Identification Number of our Company is U72300MH2014PTC258249. The registered office of the Company is situated at Unit No. 402, 4<sup>th</sup> Floor, Western Edge, Western Express Highway, Borivali (East), Mumbai-400 066, Maharashtra, India.

**Main Objects of Prabhat Digital Interface Private Limited**

- To plan, own, establish, design, develop, maintain, operate, install, host, provide, create, facilitate, supply, sale, purchase or otherwise deal in Internet portals, Internet networks, Media Portals, Internet solutions, Internet gateways, Internet service providers, including cable or satellite based communications and networking services or broadcasting or broadcasting content services, direct-to-home (DTH) services, Internet Protocol Television (IP TV), Video on Demand, online web portal or directory for providing details, information, solutions and services related to Education Web based and Web enabled services and applications, E-commerce service provider, E-commerce solutions, commerce platforms, E-commerce education, E-commerce technologies and E-business solutions.
- To receive, buy, sell, procure, develop, produce, commission, decrypt, aggregate, turnaround, encrypt, broadcast and distribute various kinds of national and international entertainment contents/software (programmes), data for their aggregation, exhibition, distribution and dissemination on TV channels / TV signals / video and audio signals, be it satellite TV channels or

terrestrial TV channels or cable channels or through any other mode or through encryption, decryption of signals / channels using existing and/or emerging technologies, including distribution via internet, distribution via internet protocol or webcasting or exhibition in cinema and/or video theater in all forms, be it an analogue signals or digital signals or through sale of physical material like cassettes including audio cassettes, video cassettes, digital video discs, CD ROM's etc. and any emerging technology.

- To carry on the business of convergence including to make, produce, direct, own, enact, dub, shoot, edit, manufacture, export, import, process, direct, organise, exhibit, deal, buy, sell, acquire, screen, dramatize, distribute, reproduce, give and take on hire, licence, advertise, broadcast through satellite or otherwise, display, commission, promote, present, telecast and publish mobile contents, 2D, 3D or latest available technology animation films, television films, video films, feature films, satellite films, cartoon films, advertisement films and campaigns, media films, sports films, web films, other animations and television programmes, serials, documentaries, cultural films, animation, news and news capsules, to run, maintain own TV channels, broadcasting channels and Informative Electronic Channels/Films, interviews, discussions, entertainment programmes, plays, skits, recitals, screenplays, dramas, cultural shows, music recitals, dances and other live shows of any kind either silent or talkies for private, commercial or public usage and to do all things necessary to form, organise, troops, groups and artists for such purpose in India or abroad.
- To render and receive technical assistance, know how, education, training and to make, produce, manufacture, commission, import, export, represent, deal, buy, sell, own, give and take on hire, license and otherwise acquire cine equipments, studios, sites, sets, laboratories, auditoriums, theatres, electric and electronic equipments, cameras, projectors, editing tables, dark rooms, VCRs, VCPs, television, stereos, cable systems, CD and DVD players, cassettes, CDs and DVDs films, records, amplifiers, radio speakers, sound producing machines , television towers, broadcasting and television equipments in India or abroad.
- To carry on the business of software consultants, to design and implement internet clients, to design and develop programmes with documentation, materials, samples, files, do design and develop system analysis and design work processing, accounting graphics 2D, 3D, animations, cartoon films, business presentations, information kiosks, image processing and morphing, CAD and CAM applications - for problems relating to the technical operations, administration, finance, business and other aspects of the industry or purchasing techniques, production, sales material or cost control, marketing advertisement publicity, personnel accounting for any other activity for institutions, concerns, bodies and associations and to be appointed as computer software systems or design consultant for any business, commercial, government or semi government organisations and to carry on any other information technology enabled services.

### **Board of Directors**

Currently, the Board of Directors of Prabhat Digital Interface Private Limited consists of:

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Designation</b>
1	Ms. Neha Salil Thakre	Director
2	Mr. Parag Rameshchandra Malde	Director

### **Capital Structure**

The Authorized Share Capital of the Prabhat Digital Interface Private Limited is Rs. 10,00,000 (Rupees Ten Lacs Only) divided into 1,00,000 Equity shares of Rs. 10/- each.

## Shareholding Pattern

Current shareholding pattern of Prabhat Digital Interface Private Limited is as follows:-

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Share Holding
1.	Prabhat Telecoms (India) Limited	60,000	60.00
2.	Ms. Neha Thakre	40,000	40.00
<b>TOTAL</b>		<b>1,00,000</b>	<b>100.00</b>

3. **Prabhat Enterprises** - Mr. Vishwamani Tiwari is proprietor of Prabhat Enterprises.
4. **Prabhat Media Entertainment**- Mr. Vishwamani Tiwari is proprietor of Prabhat Media Entertainment.

## COMMON PURSUITS

Except for, Vee Three Informatics Limited is engaged in the similar line of business that of our Company, none of our Promoter / Group Companies has any common pursuits.

## LITIGATION/ DEFAULTS

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page 165 of this Prospectus.

## DISASSOCIATION WITH COMPANIES/FIRMS BY THE PROMOTERS OF OUR COMPANY DURING THE PRECEDING THREE (3) YEARS

Mr. Vishwamani Tiwari has resigned as a Director from Prabhat Natural Energy Private Limited with effect from 23<sup>rd</sup> December, 2013. Other than the above, there are no other companies / ventures with which the Promoters have disassociated themselves in the last three years.

## INTEREST OF PROMOTER GROUP COMPANIES

Our Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the section titled "*Related Party Transactions*" beginning on page 133 of this Prospectus.

## RELATED BUSINESS TRANSACTION WITHIN THE GROUP AND SIGNIFICANCE ON FINANCIAL PERFORMANCE

There are no business transactions between our Company and the Promoter Group Companies except as stated on page 133 under section titled as "*Related Party Transactions*".

## SALE OR PURCHASE BETWEEN OUR COMPANY AND OUR PROMOTER GROUP COMPANIES

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

## SICK COMPANIES

There are no Companies in our group listed above which have been declared as a sick company under the SICA. There are no winding up proceedings against any of Promoter Group Companies. The Promoter Group



**Prabhat Telecoms (India) Limited-Prospectus**

Companies do not have negative net worth. Further, no application has been made by any of them to RoC to strike off their names.

**CONFIRMATION**

Our Promoters and persons forming part of Promoter Group have confirmed that they have not been declared 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 and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. None of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statement.



**RELATED PARTY TRANSACTIONS**

For details on Related Party Transactions of our Company, please refer to Annexure 17 of restated financial statement under the section titled “*Financial Information*” on page 151 of the Prospectus.

### DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

Our Company has paid dividends during the below mentioned years. However, this is not an indication of our dividend policy, if any, in the future.

Financial Year	Dividend Rate (%)
2010-11	6.00
2011-12	6.00
2012-13	6.50
2013-14	7.00

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

**SECTION V - FINANCIAL INFORMATION**

**Financial Information of Our Company**

**Independent Auditors' Report**

To,  
The Board of Directors,  
**Prabhat Telecoms (India) Limited**  
Unit no. 402, 4<sup>th</sup> Floor,  
Western Edge- 1, Western Express Highway,  
Borivali (E)  
Mumbai- 400066

Dear Sirs,

We have examined the Financial Information of Prabhat Telecoms (India) Limited (the Company) described below and annexed to this report for the purpose of inclusion in the offer document in connection with proposed public offer of Company.

The Financial Information has been prepared in accordance with the requirements of Part I of Chapter III of Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules 2014, The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on 26<sup>th</sup> August, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors and Audit Committee of Board of Directors.

Audit for the financial year ended 31<sup>st</sup> March, 2011 and 2012 was conducted by M/s. M.M. Kamat & Co., Chartered Accountants and for 31<sup>st</sup> March, 2013, 2014 and 2015 was conducted by M/s. Rajeev Sood & Co., and accordingly reliance has been placed on the financial information examined by them for the said years / periods. The financial report included for these years / periods are based solely on the report submitted by them. We have audited the financials of ten (10) months ended on 31<sup>st</sup> January, 2016.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of Prabhat Telecoms (India) Limited, We, M/s. Motilal & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

**A. Financial Information as per Audited Financial Statements:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year / period ended March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year / period ended March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year / period ended March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year / period ended March 31 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Statement of Assets and Liabilities of the Company as at March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year / period ended March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year / period ended March 31, 2011, 2012, 2013, 2014, 2015 and January, 2016 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years / period have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be adjusted in the "Restated Financial Statements".
- There are no revaluation reserves, which need to be disclosed separately in the "Restated Financial Statements".
- There are no audit qualifications requiring adjustments in the "Restated Financial Statements".

#### **B. Other Financial Information:**

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the year / period ended on 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at 31<sup>st</sup> January, 2016 as set out in **Annexure 7** to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2011, 2012, 2013, 2014 and 2015 as set out in **Annexure 8** to this report.
5. Statement of Details of Short Term Borrowings as at March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 9** to this report.
6. Statement of Details of Long Term Borrowings as at March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 10** to this report.
7. Statement of Details of Trade Receivables as at March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 11** to this report.

8. Statement of Details Long Term Loans & Advances of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 12** to this report.
9. Statement of Details of Short Term Loans & Advances of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 13** to this report.
10. Statement of Details of Current Liabilities and Provisions of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 14** to this report.
11. Statement of Details of Other Income of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 15** to this report.
12. Statement of Details of contingent Liabilities of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 16** to this report.
13. Statement of Details of Related Party Transactions of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 17** to this report.
14. Statement of Details of Foreign Currency Transactions of the Company for the year / period ended on March 31, 2011, 2012, 2013, 2014, 2015 and 31<sup>st</sup> January, 2016 as set out in **Annexure 18** to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 18 of this report have been prepared in accordance with Part I of Chapter III of Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules 2014, the SEBI Regulations, SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

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

**For Motilal & Associates**  
**Chartered Accountants**  
**Firm Registration No.- 106584W**  
**Sd/-**  
**Motilal Jain**  
**M. No. 036811**  
**Partner**  
**Place: Mumbai**  
**Date: 11.05.2016**

**ANNEXURE-01**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Equity &amp; Liabilities:-</b>						
<b>Shareholders' Funds</b>						
Share Capital	831.48	831.48	831.48	799.00	461.75	249.90
Reserve & Surplus	3,182.46	3,107.47	2,994.89	2,524.43	2,552.66	1,209.89
<b>Total (A)</b>	<b>4,013.94</b>	<b>3,938.95</b>	<b>3,826.37</b>	<b>3,323.43</b>	<b>3,014.41</b>	<b>1,459.79</b>
<b>Non Current Liabilities</b>						
Share Application Money	-	-	-	-	15.25	477.00
Long Term Borrowings	1,532.66	1,655.93	927.20	914.89	729.25	-
Other Long Term Liabilities	-	-	-	-	-	-
Deferred Tax Liabilities (Net)	66.29	73.65	106.07	88.02	12.45	10.45
<b>Total (B)</b>	<b>1,598.94</b>	<b>1,729.58</b>	<b>1,033.27</b>	<b>1,002.91</b>	<b>756.95</b>	<b>487.45</b>
<b>Current Liabilities</b>						
Short Term Borrowings	6,432.16	5,553.41	2,939.93	1,985.52	1,515.95	632.82
Trade Payables	5,996.16	6,389.60	6,817.64	4,845.42	4,392.98	5,296.55
Other Current Liabilities	77.85	19.55	371.79	413.10	160.44	164.71
Short Term Provisions	328.82	304.79	241.31	283.23	118.81	132.65
<b>Total (C)</b>	<b>12,834.99</b>	<b>12,267.35</b>	<b>10,370.66</b>	<b>7,527.27</b>	<b>6,188.19</b>	<b>6,226.74</b>
<b>Total (D=A+B+C)</b>	<b>18,447.88</b>	<b>17,935.88</b>	<b>15,230.30</b>	<b>11,853.61</b>	<b>9,959.55</b>	<b>8,173.98</b>
<b>Assets:-</b>						
<b>Fixed Assets:</b>						
Tangible Assets	2,241.96	2,366.40	1,142.32	1,171.13	1,085.60	161.18
Intangible Assets	59.65	130.24	148.03	73.67	57.33	99.00
Deferred Tax Asset (Net)	-	-	-	-	-	-
Long Term Loans & Advances	257.44	111.11	199.29	-	-	-
Non Current Investments	2.00	2.00	-	-	-	-
Other Non Current Assets	233.92	92.42	64.30	176.60	88.25	239.47
<b>Total (E)</b>	<b>2,794.96</b>	<b>2,702.17</b>	<b>1,553.94</b>	<b>1,421.40</b>	<b>1,231.17</b>	<b>499.65</b>
<b>Current Assets</b>						
Current Investments	-	-	-	-	-	-
Inventories	2,828.27	3,132.31	2,110.99	2,356.20	1,855.60	1,767.36
Trade Receivables	10,917.68	10,082.75	9,879.02	6,732.79	6,437.42	5,405.35
Cash & Bank Balances	93.10	79.07	12.45	22.50	20.96	22.30
Short Term Loans & Advances	1,813.87	1,939.58	1,673.90	1,320.71	414.40	479.32
<b>Total (F)</b>	<b>15,652.91</b>	<b>15,233.70</b>	<b>13,676.35</b>	<b>10,432.20</b>	<b>8,728.38</b>	<b>7,674.32</b>
<b>Total (G=E+F)</b>	<b>18,447.88</b>	<b>17,935.88</b>	<b>15,230.29</b>	<b>11,853.60</b>	<b>9,959.55</b>	<b>8,173.98</b>

**ANNEXURE-02**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Income</b>						
Revenue from Operations	25,747.02	30,326.73	29,425.36	21,396.42	19,593.75	15,045.66
Other Income	97.11	96.62	389.14	145.62	91.82	67.71
<b>Total</b>	<b>25,844.13</b>	<b>30,423.36</b>	<b>29,814.50</b>	<b>21,542.04</b>	<b>19,685.57</b>	<b>15,113.36</b>
<b>Expenditure</b>						
Purchases (inclusive of Branch Transfer)	24,241.22	29,969.10	28,430.14	20,709.08	18,941.80	15,807.68
Change in inventories of Finished Goods, Stock-in-Trade & Scrap	304.04	(1,021.31)	245.21	(456.21)	(88.25)	(1,220.86)
Employees Costs	118.41	148.89	99.56	68.40	61.82	103.35
Other Expenses	112.09	193.32	97.82	255.11	168.81	112.82
<b>Total</b>	<b>24,775.75</b>	<b>29,290.00</b>	<b>28,872.73</b>	<b>20,576.38</b>	<b>19,084.19</b>	<b>14,803.01</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>1,068.37</b>	<b>1,133.35</b>	<b>941.77</b>	<b>965.66</b>	<b>601.38</b>	<b>310.36</b>
Depreciation	199.02	265.36	59.00	51.20	119.79	23.98
<b>Profit before Interest &amp; Tax</b>	<b>869.35</b>	<b>867.99</b>	<b>882.77</b>	<b>914.46</b>	<b>481.59</b>	<b>286.37</b>
Interest & Finance Charges	768.33	749.40	456.03	363.64	222.90	71.08
Exceptional Items	-	-	-	-	-	-
<b>Net Profit before Tax</b>	<b>101.02</b>	<b>118.59</b>	<b>426.74</b>	<b>550.82</b>	<b>258.69</b>	<b>215.29</b>
<b>Less: Provision for Taxes:</b>						
Current Tax	33.40	38.42	97.50	122.37	75.13	62.25
Deferred Tax	(7.37)	(32.41)	18.05	75.57	2.00	8.88
Dividend Distribution Tax	-	-	-	-	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>74.99</b>	<b>112.58</b>	<b>311.19</b>	<b>352.88</b>	<b>181.56</b>	<b>144.16</b>
Extra Ordinary Items	-	-	-	-	-	-
<b>Net Profit</b>	<b>74.99</b>	<b>112.58</b>	<b>311.19</b>	<b>352.88</b>	<b>181.56</b>	<b>144.16</b>

**ANNEXURE-03  
STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Net profit after taxes	74.99	112.58	311.19	352.88	181.56	144.16
Add: Depreciation	199.02	265.36	59.00	51.20	119.79	23.98
Less: Interest Income	0.31	5.94	15.44	23.92	18.81	1.40
Add: Interest & Finance Charges	768.33	749.40	456.03	363.64	222.90	71.08
Operating Profit before Working capital changes	<b>1042.03</b>	<b>1,121.40</b>	<b>810.78</b>	<b>743.80</b>	<b>505.44</b>	<b>237.82</b>
<b>Adjustments for:</b>						
Decrease (Increase) in Trade & Other Receivables	(834.93)	(203.74)	(3,146.23)	(295.37)	(1,032.07)	(4,891.97)
Decrease (Increase) in Short Term Loans & Advances	125.71	(265.68)	(353.19)	(906.31)	64.92	(104.95)
Decrease (Increase) in Inventories	304.04	(1,021.32)	245.21	(500.60)	(88.25)	(1,220.86)
Decrease (Increase) in Deferred Tax Liabilities	(7.37)	(32.42)	18.05	75.57	2.00	8.88
Increase (Decrease) in Trade Payables	(393.44)	(428.03)	1,972.22	452.44	(903.56)	4,492.46
Increase (Decrease) in Other Current Liabilities	58.30	(352.23)	(41.31)	252.66	(4.27)	122.65
Increase (Decrease) in Short Term Provisions	24.03	63.48	(41.92)	164.42	(13.84)	74.47
Net Changes in Working Capital	<b>(723.65)</b>	<b>(2,239.94)</b>	<b>(1,347.17)</b>	<b>(757.19)</b>	<b>(1,975.08)</b>	<b>(1,519.32)</b>
<b>Net Cash Flow from Operating Activities (A)</b>	<b>318.38</b>	<b>(1,118.54)</b>	<b>(536.39)</b>	<b>(13.39)</b>	<b>(1,469.64)</b>	<b>(1,281.50)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Sale / (Purchase) of Fixed Assets	(3.99)	(1,471.66)	(104.55)	(153.08)	(1,002.53)	(160.45)
Interest Income	0.31	5.94	15.44	23.92	18.81	1.40
Decrease (Increase) in Investments	-	(2.00)	-	-	-	1.00
Decrease (Increase) in Other Non Current Assets	(141.50)	(28.13)	112.30	(88.35)	151.23	(239.47)
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(145.18)</b>	<b>(1,495.83)</b>	<b>23.19</b>	<b>(217.51)</b>	<b>(832.49)</b>	<b>(397.52)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>						
Issue of share capital and Proceeds / (Refund) from Share Application Money	-	-	259.84	1.26	942.25	1,475.00
Interest & Finance Charges	(768.33)	(749.40)	(456.03)	(363.64)	(222.90)	(71.08)
Increase / (Repayment) of Long Term Borrowings	(123.27)	728.73	12.31	185.64	729.25	(140.53)
Increase / (Repayment) of Short Term Borrowings	878.76	2,613.48	954.41	469.57	883.13	436.45
Decrease (Increase) in Long Term Loans & Advances	(146.33)	88.18	(199.29)	-	-	-
Dividend and Dividend Distribution Tax	-	-	(68.09)	(60.36)	(30.93)	(17.54)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(159.17)</b>	<b>2,680.99</b>	<b>503.14</b>	<b>232.46</b>	<b>2,300.80</b>	<b>1,682.30</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>14.03</b>	<b>66.61</b>	<b>(10.06)</b>	<b>1.56</b>	<b>(1.33)</b>	<b>3.29</b>
Cash and cash equivalents at the beginning of the year / Period	79.07	12.45	22.50	20.96	22.30	19.01
Cash and cash equivalents at the end of the year/ Period	93.10	79.07	12.45	22.50	20.96	22.30

**Annexure-04**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis of Preparation of Financial Statements**

- a. The Restated Financial Information for the year / period ended 31<sup>st</sup> March, 2011, 31<sup>st</sup> March 2012 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2014, 31<sup>st</sup> March, 2015 and 31<sup>st</sup> January, 2016 has been extracted by the management of the Company from the audited financial statements of the company for the year / period ended 31<sup>st</sup> March 2011, 31<sup>st</sup> March, 2012, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2015 and 31<sup>st</sup> January, 2016.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with Part I of Chapter III of Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules 2014 and SEBI Regulations.
- c. The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956 & 2013.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

**3. Fixed Assets and Depreciation**

- i. Fixed Assets are shown at historical cost net of recoverable taxes inclusive of incidental expenses less accumulated depreciation.
- ii. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation.
- iii. Depreciation on fixed assets is provided on Written Down Value Method at the rates prescribed under Schedule XIV Companies Act, 1956. Pursuant to commencement of Companies Act, 2013, effective 1<sup>st</sup> April, 2014 the company has reviewed and revised the estimated economic useful lives of its fixed assets generally in accordance with Schedule II of Companies Act, 2013
- iv. Depreciation on fixed assets sold during the year, is provided on pro-rata basis with reference to the date of addition/deletion.

**4. Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.

Revenue from operations includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net), Value Added Tax (VAT) and gain / loss on corresponding hedge contracts.

Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

**5. Investments**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**6. Inventories**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises. of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis. By-products are valued at net realisable value.

**7. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered “Impairment Loss”. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

**8. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**9. Taxation**

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on “Accounting for Taxes on Income”, issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

**10. Leases**

**Finance Lease**

Leases which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals 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 life of the assets at the following rates

**Operating Lease**

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

**11. Preliminary Expenses**

Preliminary expenses are amortized as per applicable income tax rules.

**12. Earnings per Share**

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

### **13. Contingent Liabilities & Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

### **14. Foreign Exchange Transactions**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the yearend are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
- iii. Non-monetary foreign currency items are carried at cost.
- iv. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.
- v. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### **15. Employee Benefits**

#### ***(i). Short Term Employee Benefits:***

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Profit and Loss Account.

#### ***(ii).. Defined Contribution Plans:***

Contribution to define Contribution Schemes Such as Provident fund are charged off to the Profit and Loss Account during the year in which employee rendered the related service.

#### ***(iii).. Defined Benefits Plans:***

The company also provide employee benefit in the form of gratuity, the liability of which as the year end is determined by independent actuaries based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Profit and Loss Account. Actuarial gains and losses are recognized immediately in the profit and loss account.

**(iv). Other Long Term Benefits:**

Leave Encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as company's policy.

**B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS.**

There is no change in significant accounting policies during the reporting period except the fact that Company has adopted straight line method of depreciation from fiscal 2013 and a retrospective effect has been given from the incorporation of Company. Further Accounting Policies has been changed as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

**C. NOTES ON RESTATED FINANCIAL STATEMENTS**

**NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

(Rs. in Lakhs)

Financial Year ended	January, 31 <sup>st</sup> 2015	March, 31 <sup>st</sup> 2015	March, 31 <sup>st</sup> 2014	March, 31 <sup>st</sup> 2013	March, 31 <sup>st</sup> 2012	March, 31 <sup>st</sup> 2011
Profit after tax as per Audited Statement of Account(A)	74.99	112.58	311.19	352.88	181.56	144.16
Adjustments*	-	-	-	-	-	-
Profit after tax as per Restated Profit & Loss(A)	74.99	112.58	311.19	352.88	181.56	144.16

\*There are no significant items, which needs to be adjusted.

**(III) OTHER NOTES**

**General**

1. The Company has been incorporated as "Prabhat Telecommunication Private Limited" on 2<sup>nd</sup> April, 2007 and name of company has been changed to Prabhat Telecoms (India) Private Limited on 23<sup>rd</sup> May, 2007. The company has been converted from Private Limited to Public Limited Company on 22<sup>nd</sup> April, 2013.

**2. Contingent liabilities**

The details of Contingent Liabilities are provided in Annexure 16.

**3. Details of Deferred Tax assets and liabilities:**

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset because of timing difference comprises of the following:

(Rs. in lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
On account of Difference between book and Tax Depreciation	66.29	73.65	106.07	88.02	12.45	10.45
On Account of timing difference in recognition of expenditures	-	-	-	-	-	-
Deferred Tax Liability / (Asset)	66.29	73.65	106.07	88.02	12.45	10.45

**4. Dues to Micro enterprises and Small enterprises:**

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company has not received any information from its creditors identifying themselves as MSME.

**5. Segment Reporting**

The company operates only in one reportable business segment namely design, import and distribution of mobile handsets, data cards, mobile accessories and other related ancillary products / services. Hence there are no reportable segments under Accounting Standard -17. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

6. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

7. The depreciation differences of previous years amounting to Rs. 95.78 Lacs has been adjusted in fiscal 2013

**8. Earnings per Share**

The details of Earnings Per Share as per AS-20 are provided in Annexure 06.

**9. Related Party Transactions:**

The details of Related Party Transactions as per AS-18 are provided in Annexure 17.

10. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

11. The company has expenditures and/or earnings in Foreign Currency in the years under review and the same are provided in Annexure 18

**Annexure- 05**

**STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Profit / (Loss) Brought Forward	1,068.61	956.03	712.93	420.41	269.79	143.17
Add: Profit / (Loss) for the Year	74.99	112.58	311.19	352.88	181.56	144.16
Less: Proposed Dividends	-	-	58.20	51.94	26.62	14.99
Less: Corporate Dividend Tax	-	-	9.89	8.42	4.31	2.54
<b>Profit / (Loss) Carried Forward (A)</b>	<b>1,143.60</b>	<b>1,068.61</b>	<b>956.03</b>	<b>712.93</b>	<b>420.41</b>	<b>269.79</b>
Securities Premium Brought Forward	2,038.86	2,038.86	1,811.50	2,132.25	940.10	81.70
Add: Premium on Shares Issued during the year / period	-	-	227.36	8.25	1,192.15	858.40
Less: Premium Utilized for Bonus Issue during the year / period	-	-	-	329.00	-	-
<b>Securities Premium Carried Forward (B)</b>	<b>2,038.86</b>	<b>2,038.86</b>	<b>2,038.86</b>	<b>1,811.50</b>	<b>2,132.25</b>	<b>940.10</b>
<b>Reserves &amp; Surplus (A+B)</b>	<b>3,182.86</b>	<b>3,107.47</b>	<b>2,994.89</b>	<b>2,524.43</b>	<b>2,552.66</b>	<b>1,209.89</b>

**Annexure- 06**

**STATEMENT OF ACCOUNTING RATIOS**

(Rs. In Lacs, except per share data)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Net Worth ( A )	4,013.94	3,938.95	3,826.37	3,323.43	3,014.18	1,459.52
Net Profit after Tax ( B )	74.99	112.58	311.19	352.88	181.56	144.16
No. of Shares outstanding at the end [F.V Rs.10] ( C )	83,14,800	83,14,800	83,14,800	79,90,000	44,37,461	24,99,000
Weighted average number of shares outstanding [F.V Rs.10] ( D )	50,24,800	50,24,800	48,53,056	45,29,416	25,04,311	13,04,436
Bonus Shares [E]	32,90,000	32,90,000	32,90,000	32,90,000	32,90,000	32,90,000
Weighted average number of shares Post Bonus [F.V Rs.10] ( F )	83,14,800	83,14,800	81,43,056	78,19,416	57,94,311	45,94,436
Earnings per Share (EPS) ( B / F ) (Rs.)	0.90	1.35	3.82	4.51	3.13	3.14
Return on Net Worth ( B / A )	1.87%	2.86%	8.13%	10.62%	6.02%	9.88%
Net Assets Value per Share ( A / F )	48.27	47.37	46.99	42.50	52.02	31.77

Definitions of key ratios:

I. **Earnings per share (Rs.):** Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors', the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

II. **Return on Net Worth (%):** Net Profit after tax / Net worth as at the end of the year / period

III. **Net Asset Value (Rs.):** Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.

IV. Net Profit, as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

**Annexure -07**

**CAPITALISATION STATEMENT**

(Rs. In Lacs)

<b>Particulars</b>	<b>Pre-issue as at 31.01.2016</b>	<b>Post Issue *</b>
Borrowing		
Short - Term Debt	6,432.16	
Long - Term Debt	1,532.66	
<b>Total Debt</b>	<b>7,964.82</b>	
Shareholders' Funds		
Share Capital		
- Equity	831.48	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	3,182.46	
Less: Miscellaneous Expenditure not written off	-	
<b>Total Shareholders Funds</b>	<b>4,013.94</b>	
Long - Term Debt / Shareholders Fund	0.38	
Short - Term Debt / Shareholders Fund	1.60	

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

**Annexure- 08**

**STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

Particulars	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Profit before tax as per Restated P/L	118.59	426.74	550.82	258.69	215.30
Applicable Corporate Tax Rate	32.45%	32.45%	32.45%	32.45%	33.22%
Tax at Notional Rate	38.48	138.46	178.71	83.93	71.51
<b>Adjustments</b>					
Difference between Tax Depreciation and Book Depreciation	(100.20)	110.91	81.40	41.01	26.83
Exempted Income	-	-	-	-	-
Disallowance	(21.61)	-	(2.53)	(2.71)	-
Items Chargeable at special rates	-	-	-	-	-
Other Items	-	-	95.78	(14.24)	-
Set off of Business Losses / Unabsorbed Depreciation	-	-	-	-	-
<b>Net Adjustments</b>	<b>(121.81)</b>	<b>110.91</b>	<b>174.65</b>	<b>24.06</b>	<b>26.83</b>
Tax Saving thereon	(39.53)	36.11	56.67	7.81	8.91
Tax Saving to the the extent of Tax at Notional Rate	(39.53)	36.11	56.67	7.81	8.91
Tax Payable [A]	77.89	102.37	122.07	76.14	62.61
Tax Payable on items chargeable at special rates [B]	-	-	-	-	-
Total Tax Payable [C=A+B]	77.89	102.37	122.07	76.14	62.61
Tax Rebates [D]	-	-	-	-	-
<b>Net Tax Payable [E=C-D]</b>	<b>77.89</b>	<b>102.37</b>	<b>122.07</b>	<b>76.14</b>	<b>62.61</b>

*Note: statement of tax shelters has not been prepared for period ended 31<sup>st</sup> January, 2016 as this being not full financial year.*

**Annexure - 09**

**STATEMENT OF DETAILS OF SHORT TERM BORROWINGS**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Secured:</b>						
Working Capital Loan from Banks*	6432.16	5553.41	2939.93	1,967.53	1,429.63	526.11
Other Loans	-	-	-	-	79.59	106.71
<b>Unsecured:</b>						
Loan from Key Managerial Persons	-	-	-	18.00	6.73	-
<b>Total</b>	<b>6432.16</b>	<b>5553.41</b>	<b>2939.93</b>	<b>1,985.53</b>	<b>1,515.95</b>	<b>632.82</b>

\* Working Capital Loans from consortium of State Bank of Bikaner & Jaipur, Bank of India & Union Bank of India to the extent of Rs. 8500 Lacs secured by hypothecation of present & future stock of raw materials, stock in process, finished goods, book debts outstanding monies, receivable claims, bills, materials in transit etc.

Annexure - 10

**STATEMENT OF DETAILS OF LONG TERM BORROWINGS**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Secured:</b>						
Term Loan from Banks	-	-	482.20	388.56	9.82	-
Loan from Financial Institutions	-	-			422.63	-
<b>Unsecured:</b>						
Loan from Financial Institutions	-	-	-	51.33	1.30	-
Loan from Body Corporates & Others / Due for Capital Assets	1532.66	1655.93	445.00	475.00	295.50	-
<b>Total</b>	<b>1532.66</b>	<b>1655.93</b>	<b>927.20</b>	<b>914.89</b>	<b>729.25</b>	<b>-</b>

Annexure - 11

**STATEMENT OF DETAILS OF TRADE RECEIVABLES**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>(A) Unsecured, Considered good outstanding for a period less than six months</b>						
Amount Due	10,917.68	10,082.75	9,701.55	6,133.87	4,874.71	5,129.19
Advance to suppliers			177.46	-	-	-
<b>(B) Unsecured, Considered good outstanding for a period more than six months</b>						
Amount Due	-	-	-	598.92	1,562.71	276.16
<b>Total</b>	<b>10,917.68</b>	<b>10,082.75</b>	<b>9,879.02</b>	<b>6,732.79</b>	<b>6,437.42</b>	<b>5,405.35</b>

Annexure - 12

**STATEMENT OF DETAILS OF LONG TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Balances with government authorities	69.29	108.50	191.79	19.37	35.28	7.69
Advance Recoverable in cash or kind	188.15	2.61	7.50	885.40	294.61	359.67
<b>Total</b>	<b>257.44</b>	<b>111.11</b>	<b>199.29</b>	<b>1,320.72</b>	<b>414.40</b>	<b>479.32</b>

Annexure - 13

**STATEMENT OF DETAILS OF SHORT TERM LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Security Deposits	-	-	-	19.37	35.28	7.69
Advance Recoverable in cash or kind	1813.87	1939.15	1672.13	885.40	294.61	359.67
Advance to Suppliers	-	-	-	21.31	29.39	-
Income Tax Paid (Net of Provisions)	-	-	-	-	-	35.37
Vat Recoverable	-	-	-	386.20	49.04	73.80
Cenvat Credit	-	-	-	1.40	-	-
Loan to Employees	-	-	-	5.31	5.91	2.79
Prepaid Expenses	-	0.43	1.76	1.73	0.17	
<b>Total</b>	<b>1813.87</b>	<b>1939.58</b>	<b>1673.89</b>	<b>1,320.72</b>	<b>414.40</b>	<b>479.32</b>

Annexure - 14

**STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
<b>Current Liabilities</b>						
<b>Sundry Creditors</b>						
Due for Goods	5984.80	6389.60	6817.63	4826.25	4,392.98	5,296.55
Others	-	-	-	19.17	-	-
<b>Sub Total (A)</b>	<b>5984.80</b>	<b>6389.60</b>	<b>6817.63</b>	<b>4,845.42</b>	<b>4,392.98</b>	<b>5,296.55</b>
<b>Other Current Liabilities</b>						
Term Loan from Banks	-	-	-	71.26	8.77	-
Term Loan from Financial Institutions	-	-	-	145.35	129.64	-
Advance from Customers	-	-	125.40	180.43	17.39	159.24
Others Payables	-	-	171.35	-	-	-
Deposits Payable	2.48	2.48	2.48	-	-	-
Statutory Dues	75.37	17.07	72.55	16.05	4.64	5.47
<b>Sub Total (B)</b>	<b>77.85</b>	<b>19.55</b>	<b>371.78</b>	<b>413.09</b>	<b>160.44</b>	<b>164.71</b>
<b>Provisions</b>						
Provision for Expenses	103.19	82.57	14.01	22.04	12.74	7.78
Provision for Taxation	225.62	222.22	227.30	196.51	75.13	107.33
Proposed Dividend	-	-	-	51.94	26.62	14.99
Dividend Distribution Tax	-	-	-	12.74	4.31	2.55
<b>Sub Total (B)</b>	<b>328.82</b>	<b>304.79</b>	<b>241.31</b>	<b>283.23</b>	<b>118.80</b>	<b>132.65</b>
<b>Total (A+B+C)</b>	<b>6,402.83</b>	<b>6,713.94</b>	<b>7,430.73</b>	<b>5,541.74</b>	<b>4,672.22</b>	<b>5,593.91</b>

Annexure - 15

**STATEMENT OF DETAILS OF OTHER INCOME**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Interest Income	0.31	5.94	15.44	23.93	18.81	4.57
Other Non Operative Income	-	-	3.00	-	0.36	8.88
Discount Recived	-	57.93	306.26			
Depreciation Added back	-	-	-	95.78	-	-
Foreign Exchange Gain	-	7.33	-	0.07	14.69	8.87
Rent Income	87.08	24.97	19.99	25.70	13.94	6.63
Misc. Income	9.72	0.45	44.45	0.15	44.02	38.75
<b>Total (A+B+C)</b>	<b>97.11</b>	<b>96.62</b>	<b>389.14</b>	<b>145.62</b>	<b>91.82</b>	<b>67.71</b>

Annexure - 16

**STATEMENT OF DETAILS OF CONTINGENT LIABILITIES**

(Rs. In Lacs)

Particulars	31.01.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Vat Liability Subject to Non submission of Declaration & certificate	-	-	-		19.41	120.63



**Annexure-17**

**STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS**

(Rs. In Lacs)

Name	Nature of Relationship	Nature of Transactions	31.01.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Vee Three Informatics Limited	Group Entity	Purchase	-	1502	1865	1884	-	-
Prabhat Enterprises	Group Entity	Services	-	725	932	2180	-	-
Armani Enterprises	Group Entity	Sales	7344	3873	3670	4072	-	-
Parag Malade	Director	Loan (Receivable) / Payable	25	43	(2)	-	-	-
V M Tiwari	Director	Loan (Receivable) / Payable	354	21	(30)	18	6.73	-

**Annexure-18**

**STATEMENT OF DETAILS OF FOREIGN CURRENCY TRANSACTIONS**

(Rs. In Lacs)

Nature of Transactions	31.01.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Imports	1067.84	998.22	172.59	0.23	545.38	-
Total	1067.84	998.22	172.59	0.23	545.38	-



**FINANCIAL INDEBTNESS**

There is no financial Indebtness as on 31<sup>st</sup> Januray, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the financial period ended January, 2016 and for the financial years ended March 2015, 2014, 2013, 2012 and 2011 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "*Financial Information*" on page 135 of this Prospectus.

Indian GAAP differs in certain material aspects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "*Risk Factors*" and "*Forward-Looking Statements*" on pages 13 and 11, of this Prospectus beginning respectively.

### INDUSTRY OVERVIEW

#### OVERVIEW ON INDIAN TELECOM INDUSTRY

India is the world's second-largest telecommunications market, with over 1.0 billion subscribers as of May 2015. The wireless segment (97.36 per cent of total telephone subscriptions) dominates the market. It has also been growing at a brisk pace. During FY07-15, wireless subscriptions witnessed a CAGR of 24.78 per cent to 969.8 million. . It is also the second largest country in terms of internet subscribers. India had 267.39 million internet subscriptions as of December 2014.

India's telecommunications market is expected to experience further growth, fuelled by increased non-voice revenues and higher penetration in rural market. Telecom penetration in the nation's rural market is expected to increase from 46.14 per cent as of December 2014 to 70 per cent by 2017. The emergence of an affluent middle class is triggering demand for the mobile and internet segments. Availability of affordable smartphones, along with a rise in the security level of mobile transactions, is expected to boost growth of transactions conducted via phones, with the overall transaction value being tripled in 2014 from last year. Strong policy support from the government has been crucial to the sector's development. FDI cap in the telecom sector has been increased to 100 per cent from 74 per cent. In January 2015, the Government of India recommended reduction in license fees of telecom by 6 per cent for operators; telecom operators currently pay 8 per cent of adjusted gross revenue as license fee.

### BUSINESS OVERVIEW

Our Company was incorporated at Mumbai as "Prabhat Telecommunications (India) Private Limited" on 2<sup>nd</sup> April, 2007. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23<sup>rd</sup> May, 2007. We have been converted in to a Public Limited Company and consequently name was changed to "Prabhat Telecoms (India) Limited" on 22<sup>nd</sup> April, 2013. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 109 of this Prospectus.

We are engaged into design, assemble, and customize import and distribution of mobile handsets, wireless dongles / data-cards, data products and mobile / telecom accessories. We sell feature mobile handsets under our brand name "V3" Mobiles and internet data cards & smart phones / tablets, fixed wireless terminal and high end telecom devices under brand name "Xccess". We sell accessories like screen guard, Memory card etc under the brand name "Platinum". We are a distributor of CDMA handsets for TTML for Mumbai Circle. We sell our CDMA product to chain of distributors PAN India through TTML/TTSL corporate tie-ups. We also sell our product through organised retail chain like The Mobile Store, Mobile plus etc. We also sell our products through more than 11 online portals.



## **Prabhat Telecoms (India) Limited-Prospectus**

We have been evolved in 1997 as telcom technical support company namely Prabhat Enterprises. Later on we entered into the world of telecom products by venturing in to selling and distribution of various brands like Fly, Kyocera, Tata Sky and Micromax. Our Promoter Mr. Vishwamani Tiwari has a background of engineering and possesses more than twelve years of experience in telecom industry. Our Company is the first company to launch EVDO phone, 1X Data Card n open Market and Low End CDMA Data Phone (LEDP), Open Market EVDO REV-A dongle etc.

### **Our significant business, products, manufacturing facilities and capacity are as follows:**

The company has started to design, assemble and manufacture the telecom product under its own in-house brand in 2011. The company started to design and assemble the telecom devices like CDMA Mobile Handsets, CDMA Data Cards, FWT, WiFi Routers, accessories etc under its own brand. The CDMA/GSM feature handsets are designed, assembled and distributed under the brand name “V3 Mobile”. Similarly the data product and smart phone Fixed wireless Terminal, Tablet and other high end telecom devices are designed, assembled and distributed under the brand “Xccess” and accessories under the brand “PLATINUM”.

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We steadily strive to remain at the forefront in terms of both design and technological advancement. Our Company is dedicated to deliver the latest in breath taking technologies to customers in the most quickest and extreme forms.

We have also started its own e-commerce portal to promote its own branded product along with other leading branded devices under the Brand “Mobile Plus”. The portal is being operated as [www.themobileplus.com](http://www.themobileplus.com).

### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:

1. The board of directors have passed resolution on 29<sup>th</sup> February, 2016 to authorize offer for sale by selling shareholders.
2. The Board of Directors appointed Mr. Lizo Mathew Varghese as Company Secretary and Compliance Officer of the Company vide Board Resolution with effect from 4<sup>th</sup> February, 2016.
3. The Board of Directors appointed Mr. Mr. Amit Chandrakant Pandit as Chief Financial Officer of the Company with effect from 26<sup>th</sup> December, 2015.

### **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factors” beginning on page 13 of this Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Our success depends on the value, perception and marketing of our products;
- General economic and business conditions;
- Company’s inability to successfully implement its growth and expansion plans;
- Increasing competition in the Telecom Industry;
- Economic, Income and Demographic condition in India;
- Changes in laws and regulations that apply to Industry in which we operate;
- Any change in the tax laws granting incentives to Industry in which we operate;
- Dependency on third party suppliers for timely delivery of raw materials;
- Interest Rates

## DISCUSSION ON RESULT OF OPERATION

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the financial period ended January, 2016 and for the financial years ended March 2015, 2014, 2013, 2012 and 2011.

### OVERVIEW OF REVENUE & EXPENDITURE

#### Revenues:

##### *Income from operations:*

Our principal component of revenue from operations is from design, assemble, and customize import and distribution of mobile handsets, wireless dongles / data-cards, data products and mobile / telecom accessories.

Sale of goods is primarily sale of feature mobile handsets under our brand name “V3” Mobiles and internet data cards & smart phones / tablets, fixed wireless terminal and high end telecom devices under brand name “Xccess”, distribution of CDMA, etc.

##### *Other Income:*

Our other income mainly includes interest income, exchange gain, scrap sales, rental income, depreciation add back, non-refundable deposit, discount received/ written off and miscellaneous income.

(Rs. In Lacs)

Particulars	For the period ended	2015	2014	2013	2012	2011
	January 31, 2016					
Income						
Revenue from Operations	25,747.02	30,326.73	29,425.36	21,396.42	19,593.75	15,045.66
As a % of Total Revenue	99.62	99.68	98.69	99.32	99.53	99.55
Other Income	97.11	96.62	389.14	145.62	91.82	67.71
As a % of Total Revenue	0.38	0.32	1.31	0.68	0.47	0.45
<b>Total Revenue</b>	<b>25,844.13</b>	<b>30,423.35</b>	<b>29,814.50</b>	<b>21,542.04</b>	<b>19,685.57</b>	<b>15,113.37</b>

#### Expenditure:

Our total expenditure primarily consists of direct expenditure i.e. purchases (inclusive of branch transfer), employee benefit expenses, finance cost, depreciation and other expenses.

##### **Direct Expenditure**

Our direct expenditure includes purchases (inclusive of branch transfer) comprising of cost of materials consumed, LBT reimbursement, services charges, packing charges, clearing and forwarding charges, testing charges, transport charges, octroi charges, VAT on sales, custom duty, freight and distribution expenses.

##### **Employee benefits expense**

Our employee benefits expense primarily comprise of salaries, wages and bonus, contribution to provident fund and other funds and staff welfare expenses.

### Depreciation & Amortization

Depreciation includes depreciation on tangible assets like building, plant and machinery, furniture & fixtures, office equipments, computers and computer softwares, vehicles, etc. Amortization includes amortization of intangible assets.

### Other Expenses

Other expenses include the following:

- i. Operating expenses like labour charges, electricity expenses, repairs and maintenance, insurance, rates and taxes, travelling and conveyance, etc.
- ii. General expenses like rent, advertising and sales promotion expenses, printing and stationery, payment to auditor, etc.
- iii. Administrative and other expenses such as advertisement and business promotion, communication costs, brokerage and discounts, etc.

### Statement of profits and loss

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:

(Rs. In Lacs)

Particulars	For the period ended	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
	31.01.16					
<b>Income:-</b>						
Operational Revenue	25,747.02	30,326.73	29,425.36	21,396.42	19,593.75	15,045.66
<i>As a % of Total Revenue</i>	99.62	99.68	98.69	99.32	99.53	99.55
Other Income	97.11	96.62	389.14	145.62	91.82	67.71
<i>As a % of Total Revenue</i>	0.38	0.32	1.31	0.68	0.47	0.45
<b>Total Revenue (A)</b>	<b>25,844.13</b>	<b>30,423.35</b>	<b>29,814.50</b>	<b>21,542.04</b>	<b>19,685.57</b>	<b>15,113.37</b>
<b>Growth %</b>	---	2.04	38.40	9.43	30.25	
<b>Expenditure:-</b>						
Purchases (Inclusive of Branch Transfer)	24,241.22	29,969.10	28,430.14	20,709.08	18,941.80	15,807.68
<i>As a % of Total Revenue</i>	93.80	98.51	95.36	96.13	96.22	104.59
Decrease/ (Increase) in inventories of Finished Goods, Stock-in-Trade & Scrap	304.04	(1,021.31)	245.21	(456.21)	(88.25)	(1,220.86)
Employees Expenses	118.41	148.89	99.56	68.4	61.82	103.35
<i>As a % of Total Revenue</i>	0.46	0.49	0.33	0.32	0.31	0.68
Other Manufacturing Establishment, Administrative & Selling Expenses	112.09	193.32	97.82	255.11	168.81	112.82
<i>As a % of Total Revenue</i>	0.43	0.64	0.33	1.18	0.86	0.75
Finance Cost	768.33	749.40	456.03	363.64	222.90	71.08
<i>As a % of Total Revenue</i>	2.97	2.46	1.53	1.69	1.13	0.47
Depreciation and Amortization Expense	199.02	265.36	59.00	51.20	119.79	23.98
<i>As a % of Total Revenue</i>	0.77	0.87	0.20	0.24	0.61	0.16
<b>Total Expenses (B)</b>	<b>25,743.11</b>	<b>30,304.76</b>	<b>29,387.76</b>	<b>20,991.22</b>	<b>19,426.87</b>	<b>14,898.05</b>
<i>As a % of Total Revenue</i>	99.61	99.61	98.57	97.44	98.69	98.58

Particulars	For the period ended	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
	31.01.16					
Profit before exceptional extraordinary items and tax	101.02	118.59	426.74	550.82	258.69	215.29
<i>As a % of Total Revenue</i>	0.39	0.39	1.43	2.56	1.31	1.42
Profit before extraordinary items and tax	101.02	118.59	426.74	550.82	258.69	215.29
<i>As a % of Total Revenue</i>	0.39	0.39	1.43	2.56	1.31	1.42
Extraordinary Items	-	-	-	-	-	-
Profit before Tax	101.02	118.59	426.74	550.82	258.69	215.29
<b>PBT Margin</b>						
Tax Expense:						
i. Current Tax	33.40	38.42	97.5	122.37	75.13	62.25
ii. Deferred Tax	(7.37)	(32.41)	18.05	75.57	2.00	8.88
iii. Dividend Distribution Tax						
<b>Total Tax Expense</b>	26.02	6.01	115.55	197.94	77.13	71.13
Profit for the year/period	74.99	112.58	311.19	352.88	181.56	144.16
<b>PAT Margin %</b>	0.29	0.37	1.04	1.64	0.92	0.95

#### **REVIEW OF TEN MONTHS ENDED JANUARY 31, 2016**

##### **INCOME**

###### ***Income from Operations***

Our income from operations was Rs. 25747.02 lacs which is about 99.62% of our total revenue for the period of ten months ended on January 31, 2016.

###### ***Other Income***

Our other income was Rs. 97.11 lacs which includes interest income, rental income, non-refundable deposit, exchange gain, discount received/ written off, miscellaneous, etc.

##### **EXPENDITURE**

###### ***Purchases (Inclusive of Branch Transfer)***

Our cost of materials expenses was Rs. 24241.22 lacs which is 93.80% of our total revenue for the period of ten months ended January 31, 2016. The direct material expenditure includes raw material cost of materials consumed, testing charges, custom duty, freight and distribution expenses, etc.

###### ***Employee Benefits Expenses***

Our employee benefits expenses were Rs. 118.41 lacs which is 0.46% of our total revenue for the period of ten months ended January 31, 2016 and comprised of salaries, wages and bonus, contribution to provident and other funds, staff welfare expenses, etc.

###### ***Finance Cost***

Our finance cost which consists of processing fee and charges of Rs. 768.33 lacs which is 2.97% of our total revenue for the period of ten months ended January 31, 2016.

###### ***Depreciation and amortisation***

Depreciation and amortisation expenses were Rs. 199.02 lacs which is 0.77% of our total revenue for the period of ten months ended January 31, 2016.

**Other Expenses**

Our other expenses were Rs. 112.09 lacs which is 0.43% of our total revenue the period of ten months ended January 31, 2016. Other expenses include manufacturing expenses, operating expenses, general expenses, administrative and selling expenses.

**Profit Before Tax**

Our Profit Before Tax was Rs. 101.02 lacs which is 0.39% of our total revenue the period of ten months ended January 31, 2016.

**Net Profit**

Our Net Profit After Tax was Rs. 74.99 lacs which is 0.29% of our total revenue the period of ten months ended January 31, 2016.

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2015 WITH FINANCIAL YEAR ENDED MARCH 31, 2014**

**INCOME**

**Income from Operations**

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Revenue from Operations	30326.73	29425.36	3.06

The operating income of the Company for the year ending March 31, 2015 is Rs. 30326.73 lacs as compared to Rs. 29425.36 lacs for the year ending March 31, 2014, showing an increase of 3.06%, and such increase was attributed to rise in volume of our operations.

**Other Income**

Our other income has registered a decline of 75.17% from Rs. 389.14 lacs to Rs. 96.62 lacs. This was primarily due to decline in interest received on FDR, non-refundable deposits, discount received/ written off and miscellaneous.

**Direct Expenditure**

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Purchases (inclusive of Branch Transfer)	29,969.10	28,430.14	5.41

Our direct expenditure increased from Rs. 28,430.14 lacs in Financial Year 2013-2014 to Rs. 29,969.10 lacs in Financial Year 2014-2015 showing an increase of 5.41% over the previous year, due to increase in our business operations.

**Administrative and Employee Costs**

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Employee Benefit Expenses	148.89	99.56	49.55
Other Administrative & Selling Expenses	193.32	97.82	97.63

There is around 49.55% increase in employee benefit expenses from Rs. 99.56 lacs in financial year 2013-14 to Rs. 148.89 lacs in financial year 2014-15 which is due to increase in salary, wages and bonus and staff welfare expenses. Our other expenses increased by 97.63% from Rs. 97.82 lacs in financial year 2013-14 to Rs. 193.32 lacs in financial year 2014-15. The increase was due to increase in operating expenses, general expenses and administrative expenses which is in line with increase in volume of operations.

### Finance Charges

Our finance cost which consists of Interest on Loan Fund, Bank Charges, Cash Credit and Term Loans, increased by 64.33% in FY 2014-15 compared to FY 2013-14.

### Depreciation

Depreciation expenses for the Financial Year 2014-2015 have increased to Rs. 265.36 lacs as compared to Rs. 59.00 lacs for the Financial Year 2013-2014. The increase in depreciation was majorly due to addition in line of fixed assets and change in rates of depreciation as per the Companies Act, 2013.

### Profit Before Tax

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Profit Before Tax	118.59	426.74	(72.21)

Profit before tax have shown a decline of 72.21% from Rs. 426.74 lacs in financial year 2013-14 to Rs. 118.59 lacs in financial year 2014-15.

### Provision for Tax and Net Profit

(Rs. In Lacs)

Particulars	2014-15	2013-14	Variance In %
Taxation Expense	6.01	115.55	(94.80)
Profit After Tax	112.58	311.19	(63.82)

Our Profit After Tax have shown a decline of 63.82% from Rs. 311.19 lacs in financial year 2013-14 to Rs. 112.58 lacs in financial year 2014-15. This decline was due to increase in expenses.

### COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2014 WITH FINANCIAL YEAR ENDED MARCH 31, 2013

#### INCOME

#### Income from Operations

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Revenue from Operations	29,425.36	21,396.42	37.52

The operating income of the Company for the year ending March 31, 2014 is Rs. 29,425.36 lacs as compared to Rs. 21,396.42 lacs for the year ending March 31, 2013, showing an increase of 37.52%, and such increase was attributed to rise in volume of operations.

#### Other Income

Our Other Income for the financial year ended 31<sup>st</sup> March, 2014 was at Rs. 389.14 Lacs as against Rs. 145.62 Lacs for the fiscal year 2013.

#### Direct Expenditure

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Purchases (inclusive of Branch Transfer)	28,430.14	20,709.08	37.28

Our direct expenditure increased from Rs. 20,709.08 lacs in Financial Year 2012-2013 to Rs. 28,430.14 lacs in Financial Year 2013-2014 showing an increase of 37.28% over the previous year, due to increase in our business operations.

**Administrative and Employee Costs**

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Employee Benefit Expenses	99.56	68.40	45.56
Other Administrative & Selling Expenses	97.82	255.11	(61.66)

There is around 45.56% increase in employee benefit expenses from Rs. 68.40 lacs in financial year 2012-13 to Rs. 99.56 lacs in financial year 2013-14.

Our other expenses decreased by 61.66% from Rs. 255.11 lacs in financial year 2012-13 to Rs. 97.82 lacs in financial year 2013-14. The decrease was due to decline in operating expenses, general expenses and administrative expenses.

**Finance Charges**

Our finance cost which consists of Term Loans, Cash Credit, Processing Fee, Unsecured Loan, Bill Discounting Charges and Bank Charges for the financial year ended 31<sup>st</sup> March, 2014 was at Rs. 456.03 Lacs as against Rs. 363.64 for the fiscal year 2013.

**Depreciation**

Depreciation expenses for the Financial Year 2013-2014 have increased to Rs. 59.00 lacs as compared to Rs. 51.20 lacs for the Financial Year 2013-2014. The increase in depreciation was majorly due to addition in line of fixed assets.

**Profit Before Tax**

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Profit Before Tax	426.74	550.82	(22.53)

Profit before tax decreased by 22.53% from Rs. 550.82 lacs in financial year 2012-13 to Rs. 426.74 lacs in financial year 2013-14.

**Provision for Tax and Net Profit**

(Rs. In Lacs)

Particulars	2013-14	2012-13	Variance In %
Taxation Expense	115.55	197.94	(41.62)
Profit After Tax	311.19	352.88	(11.81)

Our profit after tax decreased by 11.81% from Rs. 352.88 lacs in financial year 2012-13 to Rs. 311.19 lacs in financial year 2013-14. This decrease was mainly due to increase in Manufacturing Establishment, Administrative & Selling Expenses.

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2013 WITH FINANCIAL YEAR ENDED MARCH 31, 2012**

**INCOME**

**Income from Operations**

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Revenue from Operations	21,396.42	19,593.75	9.20

The operating income of the Company for the year ending March 31, 2013 is Rs. 21396.42 lacs as compared to Rs. 19593.75 lacs for the year ending March 31, 2012, showing an increase of 9.20%, and such increase was attributed to rise in our operations.

#### Other Income

Our Other Income was Rs. 145.62 lacs for the financial year ended 31<sup>st</sup> March, 2013 as compared to Rs. 91.82 lacs for the fiscal year 2012, showing an increase of 58.59%.

#### Direct Expenditure

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Purchases (inclusive of Branch Transfer)	20,709.08	18,941.80	9.33

Our direct expenditure increased from Rs. 18,941.80 lacs in Financial Year 2011-2012 to Rs. 20,709.08 lacs in Financial Year 2012-2013 showing an increase of 9.33% over the previous year, due to increase in our business operations.

#### Administrative and Employee Costs

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Employee Benefit Expenses	68.40	61.82	10.64
Other Administrative & Selling Expenses	255.11	168.81	51.12

There is around 10.64% increase in employee benefit expenses from Rs. 61.82 lacs in financial year 2011-12 to Rs. 68.40 lacs in financial year 2012-13, it was mainly due to addition of employees and increase of salary and wages. Our other expenses increased by 51.12% from Rs. 168.81 lacs in financial year 2011-12 to Rs. 255.11 lacs in financial year 2012-13. The increase was due to increase in operating expenses, general expenses and administrative expenses which is in line with increase in volume of operations.

#### Finance Charges

Our finance cost which consists of Term Loans, Cash Credit, Processing Fee, Unsecured Loan, Bill Discounting Charges and Bank Charges for the financial year ended 31<sup>st</sup> March, 2013 was at Rs. 363.64 Lacs as against Rs. 222.90 for the fiscal year 2013.

#### Depreciation

Depreciation expenses for the Financial Year 2012-2013 have decreased to Rs. 51.20 lacs as compared to Rs. 119.79 lacs for the Financial Year 2011-2012.

#### Profit Before Tax

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Profit Before Tax	550.82	258.69	112.93

Profit before tax increased by 112.93% from Rs. 258.69 lacs in financial year 2011-12 to Rs. 550.82 lacs in financial year 2012-13.

#### Provision for Tax and Net Profit

(Rs. In Lacs)

Particulars	2012-13	2011-12	Variance In %
Taxation Expense	197.94	77.13	156.63
Profit After Tax	352.88	181.56	94.36

Our profit after tax increased by 94.36% from Rs. 181.56 lacs in financial year 2011-12 to Rs. 352.88 lacs in financial year 2012-13. This increase was mainly due to increase in our operations.

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2012 WITH FINANCIAL YEAR ENDED MARCH 31, 2011**

**INCOME**

**Income from Operations**

(Rs. In Lacs)

Particulars	2011-12	2010-11	Variance In %
Revenue from Operations	19,593.75	15,045.66	30.23

The operating income of the Company for the year ending March 31, 2012 is Rs. 19593.75 lacs as compared to Rs. 15045.66 lacs for the year ending March 31, 2011, showing an increase of 30.23%, and such increase was attributed to rise in our operations.

**Other Income**

Our Other Income increased from Rs. 91.82 lacs for the financial year ended 31<sup>st</sup> March, 2012 to Rs. 67.71 lacs for the financial year ended 31<sup>st</sup> March, 2011, registering an increase of 35.61%.

**Direct Expenditure**

(Rs. In Lacs)

Particulars	2011-12	2010-11	Variance In %
Purchases (inclusive of Branch Transfer)	18,941.80	15,807.68	19.83

Our Purchases (inclusive of Branch Transfer) increased from Rs. 15,807.68 lacs in Financial Year 2010-2011 to Rs. 18,941.80 lacs in Financial Year 2011-2012 showing a increase of 19.83% over the previous year, due to increase in materials consumed and traded goods.

**Administrative and Employee Costs**

(Rs. In Lacs)

Particulars	2011-12	2010-11	Variance In %
Employee Benefit Expenses	61.82	103.35	(40.18)
Other Administrative & Selling Expenses	168.81	112.82	49.63

There is around 40.18% decrease in employee benefit expenses from Rs. 103.35 lacs in financial year 2010-11 to Rs. 61.82 lacs in financial year 2011-12, it was mainly due to reduction of salary, wages and bonus and staff welfare expenses. Our other expenses increased by 49.63% from Rs. 112.82 lacs in financial year 2010-11 to Rs. 168.81 lacs in financial year 2011-12. This increase was due to increase in operating expenses, general expenses and administrative expenses.

**Finance Charges**

Our finance cost was Rs. 222.90 lacs for the fiscal 2011-12 and Rs. 71.08 lacs for fiscal year 2010-11, registering an increase of 213.59%.

**Depreciation**

Depreciation expenses for the Financial Year 2011-2012 have increased to Rs. 119.79 lacs as compared to Rs. 23.98 lacs for the Financial Year 2010-2011.

**Profit Before Tax**

(Rs. In Lacs)

Particulars	2011-12	2010-11	Variance In %
Profit Before Tax	258.69	215.29	20.16

Profit before tax increased by 20.16% from Rs. 215.29 lacs in financial year 2010-11 to Rs. 258.69 lacs in financial year 2011-12.

**Provision for Tax and Net Profit**

(Rs. In Lacs)

Particulars	2011-12	2010-11	Variance In %
Taxation Expense	77.13	71.13	8.44
Profit After Tax	181.56	144.16	25.94

Our Profits After Tax increased by 25.94% from Rs. 144.16 lacs in financial year 2010-11 to Rs. 181.56 lacs in financial year 2011-12.

**OTHER MATTERS**

**Unusual or infrequent events or transactions**

There are no transactions or events, which in our best judgment, would be considered unusual or infrequent that have significantly affected operations of the Company.

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

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as disclosed in the section titled "Risk Factors" beginning on page 13 of this Prospectus to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**Future changes in relationship between costs and revenues in case of events such as future increase in labor or material cost or prices that will cause material change.**

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However, increase in the cost of the products in which the Company deals, will affect the profitability of the Company. Further, the Company may not be able to pass on the increase in prices of the product to the customers in full and this can be offset through cost reduction.

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

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

**Total turnover of each major industry segment in which the Company operates.**

The Company is operating single business segment i.e. Telecom Industry. Relevant industry data, as available, has been included in the chapter titled "Industry Overview" beginning on page 79 of this Prospectus.

**Status of any publicly announced new products/projects or business segments**

Our Company has not announced any new projects or business segments, other than disclosed in the Prospectus.

**The extent to which the business is seasonal**

Our Company's business is not seasonal in nature.

**Any significant dependence on a single or few suppliers or customers**

We are not under threat of dependence from any single supplier or customer.

**Competitive Conditions**

The mobile handset markets in which we operate are highly competitive particularly in India as many new competitors have entered the market in the last several years. As the market continues to move towards multimedia devices, this trend may result in even more competition.

The mobile handset market participants compete with each other on the basis of their product, services and solutions portfolio, user experience, design, price, operational and manufacturing efficiency and technical, performance, distribution strategy, quality, customer support, brand and marketing. The critical factors that determine the success of a product or service vary by geographical market and product and services segment. In general, mobile device markets are becoming more segmented and diversified, and we face competition from different mobile device manufacturers in different user segments, price points and geographic markets.

Due to the intensity, complexity and diversity of the competition overall, the competitive landscape in our industry or in specific industry segments can change very rapidly. As the parameters of competition are less firmly established than in other industries where the competitive landscape does not change greatly from year to year, it is difficult to predict how the competitive landscape of the mobile device industry will develop in the future. General competitive factors in the market include: overall quality of user experience, design, time-to-market, brand awareness, technology offered, price, product features, performance, quality, delivery and warranty, the quality and availability of after sales service and relationships with our distributors.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) indirect and direct tax cases (pending at Tribunal or higher levels); and (iv) other material pending litigations, involving our Company, Directors, Promoters and Group Companies.

Our Board of Directors has determined that any pending litigation where the amounts exceeds Rs. 5 lacs individually apart from litigations mentioned in point X(A)(1)(i) to (iii) of Schedule VIII of SEBI (ICDR) Regulations, 2009, are considered as material pending litigation and accordingly are disclosed in the Offer Document. Further, dues owed by our Company, which exceeds Rs 5 Lacs as at 31<sup>st</sup> January, 2016 have been considered as material dues for the purposes of disclosure in this Prospectus.

### LITIGATION INVOLVING OUR COMPANY

#### *Criminal Litigation*

Nil

#### *Civil Proceedings*

- Our Company had appointed Mr. Arun Mukesh Alimchandani, Proprietor of M/s. Sumati Multi Trading as distributor. The distributorship agreement was terminated by Mr. Arun Mukesh Alimchandani, Proprietor of M/s. Sumati Multi Trading wherein the issue of settlement on termination was not on amicable terms. So a civil suit being suit No. 5/11 has been filed before Court of Hon'ble Civil Judge, Senior Division, Akola against the Company for issue on settlement involving a sum of Rs. 8,00,000/-. The matter is still pending before the Court.

#### *Cases relating to Taxation Matters*

Nil

#### *Proceedings against Our Company for economic offences*

Nil

#### *Past Penalties imposed on our Company: Penalties in Last Five Years*

Nil

#### *Pending Notice against our Company*

Nil

### LITIGATION FILED BY OUR COMPANY

#### *Civil Cases*

- Our Company had given a loan of Rs. 37,60,500 on friendly terms to Mr. Mahesh Nadkarni. However the said loan has not been repaid due to which the Company has initiated suit against Mr. Mahesh Nadkarni before Bombay City Civil Court, Mumbai for recovery of loan. The matter is still pending before the Court.
- Our Company had made payment to one Mr. Ujjwal Bagul to purchase the land from him which soon got auctioned without the notice of the Company. An amount of around Rs. 13,00,000/- was transferred to his bank accounts. A recovery suit of Rs. 15,12,170/- including Interest is filed by the Company in Hon'ble City Civil Court, Dindoshi in the year 2013.
- Our Company has filed a winding up petition under Companies Act, 1956 in Bombay High Court, Mumbai against M/s. Reform Chain & Tools Private Limited and its directors for recovery of sum of Rs. 50,00,000 along with interest thereon.

- Our company has paid an advance sum of Rs. 1,25,000 to UNRAS Enterprises for supply of Distributor Management Service software for management and its after sales service. UNRAS Enterprises failed to deliver the software. Hence we have filed Consumer Complaint no. CC/237/2015 in Metropolitan Court Bandra. The matter is pending for disposal.

#### ***Criminal Cases***

- Our Company has filed a case under section 138 of Negotiable Instruments Act, 1881 against M/s. Viva Marketing and its proprietor Mr. Rodney Lobo for dishonor of cheques towards discharge of liabilities of Rs. 50,000/-. The case no. is 4300861/2015 and filed in Metropolitan Magistrate's 43rd Court at Borivali, Mumbai. The matter is pending for disposal.
- Our Company has filed a case under section 138 of Negotiable Instruments Act, 1881 against M/s. Dada Mobile and its proprietor Mr. B.B. Shinde for dishonor of cheques towards discharge of liabilities of Rs. 6,18,042/-. The case no. is 4302085/2015 and filed in Metropolitan Magistrate's 43rd Court at Borivali, Mumbai. The matter is pending for disposal.
- Our Company has filed a case under section 138 of Negotiable Instruments Act, 1881 against M/s. H D Enterprise and its proprietor Ms. Hetal Pradip Parekh for dishonor of cheques towards discharge of liabilities of Rs. 3,50,699/-. The case no. is 7200042/2015 and filed in Metropolitan Magistrate's 43rd Court at Borivali, Mumbai. The matter is pending for disposal.
- Our Company has filed a case under section 138 of Negotiable Instruments Act, 1881 against M/s. Apurva Agencies and its proprietor for dishonor of cheques towards discharge of liabilities of Rs. 5,02,390/-. The case no. is 4302086/2015 and filed in Metropolitan Magistrate's 43rd Court at Borivali, Mumbai. The matter is pending for disposal.
- Our Company has filed a case under section 138 of Negotiable Instruments Act, 1881 against M/s Mullya Shopping Private limited for dishonor of cheques towards discharge of liabilities of Rs. 13,00,000/-. The case is filed in Metropolitan Court at Bandra, Mumbai. The matter is pending for disposal.

#### ***Material Developments since the Last Balance Sheet***

##### ***Outstanding dues to small-scale undertakings***

Nil

##### ***Outstanding Litigation against other companies whose outcome could have an adverse effect on our company***

Nil

##### ***Disciplinary Action taken by SEBI or stock exchanges against Our Company***

Nil

##### ***Defaults including non payment or statutory dues to banks or financial institutions***

Nil

##### ***Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law***

Nil

#### **LITIGATION INVOLVING DIRECTORS OF OUR COMPANY**

##### ***Outstanding Litigation***



Nil

***Past Penalties imposed on our Directors***

Nil

***Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law***

Nil

Tax proceedings initiated against our Directors

Nil

Directors on list of wilful defaulters of RBI

Nil

Litigation by Directors of Our Company

Nil

***LITIGATION INVOLVING PROMOTERS OF OUR COMPANY***

***Outstanding Litigation against our Promoters***

Nil

***Past Penalties imposed on our Promoters***

Nil

***Proceedings initiated against our Promoters for Economic Offences***

Nil

***Tax proceedings initiated against our Promoters***

Nil

***Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter***

Nil

***Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past***

Nil

***Adverse finding against Promoter for violation of Securities laws or any other laws***

Nil

***LITIGATION FILED BY OUR PROMOTERS***

Nil

**LITIGATION INVOLVING OUR GROUP COMPANIES / ENTITIES**

***Outstanding Litigation against our group companies / entities***

Nil

***Past Penalties imposed on our group companies / entities***

Nil

***Proceedings initiated against our group companies / entities for Economic Offences***

Nil

***Tax proceedings initiated against our group companies / entities***

Nil

***Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against our group companies / entities***

Nil

***Adverse finding against group companies / entities for violation of Securities laws or any other laws***

Nil

**LITIGATION FILED BY OUR GROUP COMPANIES / ENTITIES**

- Mr. Nagesh Rai was working with M/s. Prabhat Media Entertainment, a proprietorship firm owned by Mr. Vishwamani Tiwari, Managing Director of the Company. A criminal complaint was filed before Metropolitan Magistrate Court, Borivali, Mumbai u/s 403, 406, 420 of Indian Penal Code, 1860 by M/s. Prabhat Media Entertainment through its Proprietor Mr. Vishwamani Tiwari against Mr. Nagesh Rai for cheating done and misappropriation of funds amounting to Rs. 40 lacs.
- A Criminal Complaint being case No. 6800348/of/2012 in the Metropolitan Magistrate Court at Borivali on Shri Basant Saha & Ors under Section 405, 406, 415, 420, 499 and 500 r/w 34 of Indian Penal Code 1860 against cheating criminal breach of trust and defamation, involving a sum of Rs. 55,50,000/- being loan given by PTIL on behalf of Vee Three Informatics Limited.

**OUTSTANDING DUES TO CREDITORS OF OUR COMPANY**

We don't owe any amount to small scale undertakings. The details pertaining to net outstanding dues towards our Material Creditors shall be made available under investors' section on the website of our Company. It is clarified that such details available on our website do not form a part of this Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

**GOVERNMENT & OTHER APPROVALS**

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for our present businesses and no further approvals are required for carrying on the present businesses except as stated in this Prospectus.

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Validity
<b>Constitutional Registration</b>				
1.	Certificate of Incorporation	U72100MH2007 PTC169551	Registrar of Companies, Mumbai Maharashtra,	One time Registration
2.	Fresh Certificate of Incorporation consequent upon change of name.	U72100MH2007 PTC169551	Registrar of Companies, Mumbai Maharashtra,	One time Registration
3.	Fresh Certificate of Incorporation consequent upon change of name on conversion to Public Limited Company	U72100MH2007 PLC169551	Registrar of Companies, Mumbai Maharashtra,	One time Registration
<b>Taxation Registration</b>				
1.	Tax Deduction Account Number	MUMP24590G	Income Tax Department	One time Registration
2.	Permanent Account Number	AAECP2288G	Commissioner of Income Tax	One time Registration
3.	Professional Tax Enrolment Number (Maharashtra)	27290609385P	Profession Tax Officer, Enrolment Registration Branch, Mumbai	One time Registration
4.	Professional Tax Enrolment Number (Maharashtra)	29440573816	Assistant Commissioner of Commercial Taxes	One time Registration
5.	Service Tax Registration	BAS/MUM-I/350	Superintendent of Central Excise-Service Tax Cell, Mumbai-I	One time Registration
6.	Central Excise Registration (Maharashtra) (Certificate of Registration)	AAECP2288GEM001	Deputy/ Assistant Commissioner of Central excise, Thane	One time Registration
7.	Central Sales Tax Registration & Turnover (Maharashtra) (Certificate of Registration)	27290609385C	Sales Tax Officer (Mazgaon, Mumbai)	One time Registration
8.	Maharashtra Value Added Tax (Certificate of Registration)	27290609385V	Sales Tax Officer (Mazgaon, Mumbai)	One time Registration
9.	Central Sales Tax Registration & Turnover (Andhra Pradesh) (Certificate of Registration)	28601260075	Central sales Tax Officer, Andhra Pradesh	One time Registration
10.	Value Added Tax Registration Certificate (Andhra Pradesh) (Certificate of Registration)	28601260075	Commercial Tax Officer, VAT Registering Authority, General	One time Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Validity
			Bazaar Circle, Secunderabad Division.	
11.	Karnataka Value Added Tax (Certificate of Registration)	2944057816	Commissioner of Commercial Taxes, Bagalkot, Karnataka)	One time Registration
12.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Karnataka)	2944057816	Department of Commercial Tax, Bagalkot, Karnataka)	One time Registration
13.	Uttarakhand Value Added Tax (Certificate of Registration)	05011695606	Department of Commercial Tax (Roorkee)	One time Registration
14.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Uttarakhand)	05011695606	Department of Commercial Tax (Roorkee)	One time Registration
15.	Certificate of Registration & Allotment of TIN (Uttar Pradesh)	09650008532	Department of Commercial Taxes, Government of Uttar Pradesh	One time Registration
16.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Uttar Pradesh)	09650008532	Department of Commercial Taxes, Government of Uttar Pradesh	One time Registration
17.	Central Sales Tax Registration Certificate, (Goa)	30750106671	Commercial Tax Officer, Panaji Ward	One time Registration
18.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Gujrat)	24574502630	Commercial Tax Officer, Ahmedabad, Gujrat	One time Registration
19.	Commercial Tax Department (Madhya Pradesh)	23519000768	Commercial Tax Officer, Bhopal	One time Registration
20.	Central Sales Tax Registration (Rajasthan) (Certificate of Registration)	08121613160	Commercial Taxes Officer, Jaipur	One time Registration
21.	Value Added Tax (Rajasthan) (Certificate of Registration)	08121613160	Commercial Tax Officer, Jaipur	One time Registration
22.	Value Added Tax (Delhi) (Certificate of Registration)	07830356539	Commercial Tax Officer, Delhi	One time Registration
23.	Value Added Tax (Jammu & Kashmir) (Certificate of Registration)	01131202281	Commercial Tax Officer, Jammu & Kashmir	One time Registration
24.	Certificate of Registration & Allotment of TIN	19661056586	Commercial Tax Officer, West Bengal	One time Registration
25.	Shops and Commercial Establishment Registration	760326905	Sr. Inspector, Shops & Establishments, Maharashtra	One time Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Validity
<b>Other Approvals</b>				
1.	Memorandum for micro, small or medium enterprise	270211203000	Deputy Director Of Industries, Maharashtra	One time Registration
2.	Certificate of Importer-Exporter Code (IEC)	0309037484	Foreign Trade Development Officer, Ministry of Commerce and Industry, Government of India	One time Registration
3.	Code of Employees State Insurance Corporation	35000351550001099	Employees State Insurance Corporation	One time Registration
4.	Employees Provident Fund (Allotment of code number)	215801/420	Employees Provident Fund Organisation, Ministry of Labour of Government of India	One time Registration

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE OFFER

The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on 29<sup>th</sup> February, 2016 and by consent of selling shareholders dated 29<sup>th</sup> February, 2016.

Our Board has approved this Prospectus at its meeting held on 9<sup>th</sup> July, 2016.

The Selling Shareholders have confirmed that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights.

We have received approval from BSE vide letter dated 9<sup>th</sup> May, 2016 to use the name of BSE in this offer document for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

### PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoters, our Directors, our Promoter Group and our Group Entities, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

The companies with which our Promoters, our Directors or persons in control of our Company and Selling Shareholders are/ were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

### PROHIBITION BY RBI

Neither our Company, nor our Promoters, or the relatives (as defined under the Companies Act) of our Promoters or Group Entities have been identified as willful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or no proceedings thereof are pending against them.

### ELIGIBILITY FOR THE OFFER

Our Company is an “Unlisted Company” in terms of the SEBI (ICDR) Regulations; and this Offer is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Offer in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post Offer paid up capital do not exceed ten crores rupees shall issue its specified securities in accordance with provisions of chapter XB Offer of specified securities by small and medium enterprises] of ICDR regulations. (In this case being the “SME Platform of BSE SME”). Our Company also complies with the eligibility conditions laid by the BSE SME Platform for listing of our Equity Shares.

1. In accordance with regulation 106(P) of the SEBI ICDR Regulations, this Offer will be 100% underwritten and that the LM will underwrite at least 15% of the total Offer size. For further details pertaining to underwriting please refer to chapter titled “General Information” beginning on page 38 of this Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company and Selling Shareholders becomes liable to repay it, than our Company, Selling Shareholders and every officer in default shall, on and from expiry of eight days, be liable to repay

such application money, with interest as prescribed u/s 40 of the Companies Act, 2013

3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the Lead Manager will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Offer. For further details of the market making arrangement see chapter titled "General Information" beginning on page 38 of this Prospectus.

*For further details of the arrangement of market making please refer to "General Information - Details of the Market Making Arrangements for this Offer" on page 42 of this Prospectus.*

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer under Chapter X-B of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Offer.

Our Company is also eligible for the Offer in accordance with eligibility norms for Listing on SME Exchange / Platform BSE circular dated April 19, 2012 and February 05, 2015 (<http://www.bsesme.com/>), which states as follows:

**1. Net Tangible assets of at least Rs. 3 crores as per the latest audited financial results**

Our Company has Net Tangible Assets of Rs. 5319.33 Lacs, which is in excess of Rs. 3 Crores as per the latest audited financial results. Our Net Tangible Assets as on 31<sup>st</sup> January, 2016 are disclosed as under:

Particulars	(Rs. Lacs) 31.01.2016
Fixed Assets- Net Block of Tangible Assets	2,241.96
Long Term Loans & Advances	257.44
Non Current Investments	2.00
<i>Current Assets, Loans and Advances:</i>	
Inventories	2,828.27
Trade Receivables	10,917.68
Cash & Bank Balances	93.10
Short Terms Loans & Advances	1,813.87
<b>Total Assets (A)</b>	<b>18,154.32</b>
<i>Less: Current Liabilities &amp; Provisions:</i>	
Short Term Borrowings	6,432.16
Trade Payables	5,996.16
Other Current Liabilities	77.85
Short Term Provisions	328.82
<b>Total Current Liabilities &amp; Provisions (B)</b>	<b>12,834.99</b>
<b>Net Tangible Assets (A-B)</b>	<b>5,319.33</b>

*Net tangible assets are defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments and current assets (excluding deferred tax assets and intangible assets as defined in AS-26 issued by ICAI) less current liabilities & Provisions.*

**2. Net worth (excluding revaluation reserves) of at least Rs. 3 crores as per the latest audited financial results**

Our Company satisfies the above criteria. Our Net Worth as per the restated audited financial statements as on 31<sup>st</sup> January, 2016 is as under:

(Rs. Lacs)	
Particulars	31.01.2016
Share Capital	831.48
Add: Reserves & Surplus	3182.46
Less: Preliminary Expenses to the extent written off	-
<b>Net Worth</b>	<b>4013.94</b>

Net worth includes Equity Share Capital and Reserves, (Net of Miscellaneous Expenditure not written off, if any.)

**3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 / sec. 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least Rs. 5 Crores.**

Our Company has distributable profits in terms of sec. 205 of Companies Act, 1956 / sec. 123 of Companies Act, 2013, as detailed below:

(Rs. In Lacs)			
Particulars	31.03.15	31.03.14	31.03.13
Net Profit	112.58	311.19	352.88

**4. Other Requirements**

- i. **The Post-Offer paid up capital of the company shall be at least Rs. 3 crores.**  
As on the date of Prospectus i.e. 9<sup>th</sup> July, 2016 Our Company has a paid up capital in Rs. 831.48 Lacs, and the Post Offer Capital would be Rs. 831.48 Lacs, which is in excess of Rs. 3 crores.
- ii. **The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.**  
Our Company has entered into tripartite agreements with CDSL and NSDL along with our Registrar for facilitating trading in dematerialized mode.
- iii. **Companies shall mandatorily have a website**  
The company has a live and operational website: [www.prabhatgroup.net](http://www.prabhatgroup.net)

**5. Certificate from the applicant company / promoting companies stating the following:**

- a. **The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).**

Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

- b. **There is no winding up petition against the company that has been accepted by a court.**

There is no winding up petition against our Company that has been accepted by a court or liquidator has not been appointed.

***c. There is no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.***

There is no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Offer.

#### **DISCLAIMER CLAUSE OF SEBI**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, NAVIGANT CORPORATE ADVISORS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. 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 AND SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS PROSPECTUS, THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, NAVIGANT CORPORATE ADVISORS LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 12<sup>TH</sup> MARCH, 2016, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992.

“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING OFFER STATE AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID OFFER;
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE SELLING SHAREHOLDERS, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE SELLING SHAREHOLDERS, WE CONFIRM THAT:
  - (A) THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED

OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
- 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
- 7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE SELLING SHAREHOLDERS ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. - NOT APPLICABLE
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE SELLING SHAREHOLDERS FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE SELLING SHREHOLDERS AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS
- 10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE\*\*
- 11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

- 12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE OFFER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE SELLING SHAREHOLDERS AND
  - (B) AN UNDERTAKING FROM THE SELLING SHAREHOLDERS THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER.
- 14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE SELLING SHREHOLDERS, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- 16) WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST OFFER HANDLED BY MERCHANT BANKERS AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR - DETAILS ARE ENCLOSED IN “ANNEXURE A”
- 17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.”

*\*Section 29 of the Companies Act, 2013 provides inter alia that every company making public offers shall issue securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.*

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE SELLING SHAREHOLDERS HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE SELLING SHAREHOLDERS OR RELATING TO THE OFFER UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE SELLING SHAREHOLDERS.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.

- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION [106P] AND [106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE. NOTED FOR COMPLIANCE.”
- (7) WE CONFIRM THAT THE OFFER HAS REDRESSED AT LEAST NINETY FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF THE FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES. - NOT APPLICABLE

**Note:**

The filing of this Prospectus does not, however, absolve our Company from any liabilities under section 34, section 35, section 36 OR section 38(1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the Lead manager any irregularities or lapses in the Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai, in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**DISCLAIMER CLAUSE OF THE SME PLATFORM OF BSE**

BSE Limited (“BSE”) has given vide its letter dated 9<sup>th</sup> May, 2016, permission to this Company to use its name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company’s securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

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

**DISCLAIMER FROM OUR COMPANY, SELLING SHAREHOLDERS AND THE LEAD MANAGER**

Our Company, our Directors, Selling Shareholders and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Prospectus or in the advertisements or any other material issued by or at instance our Company and anyone placing reliance on any other source of information, including our website [www.prabhatgroup.net](http://www.prabhatgroup.net) would be doing so at his or her own risk.

*For details regarding the track record of the Lead Manager to the Offer, please refer to the website of the Lead Manager: [www.navigantcorp.com](http://www.navigantcorp.com) and Annexure A of Prospectus.*

**CAUTION**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU for Offer Management entered into among the Lead Manager, Selling Shareholders and our Company dated 8<sup>th</sup> March, 2016, the Underwriting Agreement 8<sup>th</sup> March, 2016 entered into among the Underwriters, Selling

Shareholders and our Company and the Market Making Agreement dated 8<sup>th</sup> March, 2016 entered into among the Lead Manager, Market Maker and our Company.

Our Company, Selling Shareholders and the Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centers, etc.

Investors who apply in this Offer will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, Selling Shareholders and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

#### **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, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The 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 Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai 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 Prospectus has been filed with BSE-SME for its observations and BSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

## **FILING**

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Department, Plot No. C-4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered to the ROC, Mumbai, Maharashtra.

## **LISTING**

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in- principle approval from SME Platform of BSE. However application will be made to the SME Platform of BSE for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The SME Platform of BSE has given its in-principal approval for using its name in our Prospectus vide its letter dated 9<sup>th</sup> May, 2016.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE, our Company and Selling Shareholders will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company and Selling Shareholders becomes liable to repay it (i.e. from the date of refusal or within 6 working days from the Offer Closing Date), then our Company, Selling Shareholders and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company and Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE-SME mentioned above are taken within Six Working Days from the Offer Closing Date.

## **CONSENTS**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary and Compliance Officer, Chief Financial Officer, the Auditors, Peer Review Auditors and (b) Lead manager, Underwriters, Market Makers Registrar to the Offer, Legal Advisor to the Offer, Banker to the Offer to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 26 & 32 of Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report is not withdrawn up to the time of delivery of this Prospectus with BSE.

## **EXPERT OPINION**

Except as stated below, our Company has not obtained any expert opinions:

1. Report of the Statutory Auditor on Statement of Tax Benefits

## **PUBLIC OFFER EXPENSES**

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. The estimated Offer expenses are as follows:

Particulars	Amount (Rs. in Lacs)	% of Total Offer Expenses	% of Total Offer Size
Offer management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	20.00	57.14	1.78
Printing & Stationery, Distribution, Postage, etc	5.00	14.29	0.45
Advertisement & Marketing Expenses	5.00	14.29	0.45
Regulatory & other expenses	3.00	8.57	0.27
Miscellaneous Expenses	2.00	5.71	0.18
<b>Total</b>	<b>35.00</b>	<b>100.00</b>	<b>3.12</b>

#### **FEES PAYABLE TO LEAD MANAGER TO THE OFFER**

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company, Selling Shareholders and Lead Manager and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

#### **FEES PAYABLE TO THE REGISTRAR TO THE OFFER**

The fees payable by the Selling Shareholders to the Registrar to the Offer for processing of application, data entry, printing of CAN, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, copy of which is available for inspection at the Registered Office of our Company.

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 by the Company to the Registrar to the Offer to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

#### **FEES PAYABLE TO OTHERS**

The total fees payable to the Legal Advisor, Auditor and Advertiser, etc. will be as per the terms of their respective engagement letters.

#### **UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION**

The underwriting commission and the selling commission for the Offer are as set out in the Underwriting Agreement amongst the Company and Underwriters. The underwriting commission shall be paid as set out in the Underwriting Agreement based on the Offer price and the amount underwritten in the manner mentioned on page 41 of this Prospectus.

#### **CAPITAL ISSUE DURING THE LAST THREE YEARS**

Prabhat Telecoms (India) Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **PREVIOUS PUBLIC OR RIGHTS ISSUE**

There have been no public or rights issue by our Company during the last five years.

#### **PREVIOUS ISSUES OF EQUITY SHARES OTHERWISE THAN FOR CASH**

Except as stated in the section titled "Capital Structure" on page 45 of this Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

### **COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES OF OUR EQUITY SHARES**

Since this is the Initial Public Offer of the 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 the Equity Shares since inception of the Company.

### **PROMISE VIS-À-VIS PERFORMANCE**

Our Company has not made any public or rights issue since its inception.

### **PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1) (B) OF THE COMPANIES ACT, 1956 / SECTION 186 OF THE COMPANIES ACT, 2013 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS**

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

### **OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS**

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

### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

### **INVESTOR GRIEVANCES AND REDRESSAL SYSTEM**

The Company has appointed Cameo Corporate Services Limited as the Registrar to the Offer, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Offer, namely, Cameo Corporate Services Limited, will handle investor's grievances pertaining to the Offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Offer in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

<b>Sr. No.</b>	<b>Nature of Complaint</b>	<b>Time Table</b>
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Offer	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialization are handled by professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency



## **Prabhat Telecoms (India) Limited-Prospectus**

for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. Lijo Mathew Varghese as Company Secretary and Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer problems. He can be contacted at the following address:

**Mr. Lijo Mathew Varghese**

4 Unit No. 402, 4<sup>th</sup> Floor, Western Edge -1,

Western Express Highway,

Borivali (East), Mumbai 400 066

Tel: 91-22- 40676000

Fax: 91-22-40676042

E-Mail: [investors@prabhatgroup.net](mailto:investors@prabhatgroup.net)

Website [www.prabhatgroup.net](http://www.prabhatgroup.net)

### **CHANGES IN AUDITORS**

Except as stated below there has been no change in the auditors of our Company for the last three years.

Financial year	Particular of Changes	Reason
2012-13	M/s Rajeev Sood & Co. Chartered Accountants have been appointed in the place M/s M.M. Kamat & Co.	M/s M.M. Kamat & Co. wished to resign due to their pre-occupation.

### **CAPITALIZATION OF RESERVES OR PROFITS DURING LAST FIVE (5) YEARS**

Except as provided in the Chapter titled *Capital Structure* beginning on page 45 of the Prospectus, Our Company has not capitalized its reserves or profits at any time during the last five (5) years.

### **REVALUATION OF ASSETS DURING THE LAST FIVE (5) YEARS**

Our Company has not revalued its assets during the last five (5) years.

### **PURCHASE OF PROPERTY**

Other than as disclosed in this Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Prospectus. Except as stated elsewhere in this Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made thereunder.

### **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

## SECTION VII

### OFFER RELATED INFORMATION

#### TERMS OF THE OFFER

*The Equity Shares being Offered and transferred are subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, our Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Prospectus, the Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note 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 laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 All the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.*

*Further vide the said circular Registrar to the Offer and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official websites of the concerned stock exchanges for any information on operationalization of this facility of form collection by Registrar to the Offer and DPs as and when the same is made available*

#### AUTHORITY FOR THE OFFER

The Offer comprises of Offer for Sale of 22,00,000 Equity Shares by the following Selling Shareholders:

Name of Selling Shareholders	Number of Equity Shares Offered
Mr. Vishwamani M Tiwari	11,00,000
M/s. Vee Three Informatics Limited	11,00,000
<b>TOTAL</b>	<b>22,00,000</b>

The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on 29<sup>th</sup> February, 2016 and by consent of selling shareholders dated 29<sup>th</sup> February, 2016.

#### RANKING OF EQUITY SHARES

The Equity Shares being issued and transferred in the Offer shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled "Main Provisions of Articles of Association" beginning on page 236 of this Prospectus.

#### MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act, SEBI Listing Regulations and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled "Dividend Policy" on page 134 of this Prospectus.

## **FACE VALUE AND OFFER PRICE PER SHARE**

The Equity Shares having a Face Value of Rs. 10 each are being offered in terms of this Prospectus at the price of Rs. 51 per Equity Share. The Offer Price is determined by our Company and Selling Shareholders in consultation with the Lead Manager and is justified under the section titled “*Basis of Offer Price*” on page 69 of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

## **COMPLIANCE WITH DISCLOSURE AND ACCOUNTING NORMS**

We shall comply with all requirements of SEBI (ICDR) Regulations, all disclosure and accounting norms as specified by SEBI from time to time.

## **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 2013 and the Memorandum and Articles of Association of the Company.

*For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “Main Provisions of Articles of Association” on page 236 of this Prospectus.*

## **MINIMUM APPLICATION VALUE; MARKET LOT AND TRADING LOT**

In terms of the provision of the Depositories Act, 1996 (22 of 1996) & the regulations made under and Section 29 (1) of the Companies Act, 2013 the Equity Shares of our Company shall be allotted only in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Hence, the Equity Shares being offered can be applied for in the dematerialized form only.

The trading of the Equity Shares will happen be in dematerialized form and in the minimum contract size of 2,000 Equity Shares and the same may be modified by the BSE SME from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through the Offer will be done in multiples of 2,000 Equity Shares subject to a minimum allotment of 2,000 Equity Shares to the successful Applicants.

## **MINIMUM NUMBER OF ALLOTTEES**

The minimum number of Allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by the SCSBs shall be unblocked within 6 working days of closure of Offer.

## **JOINT HOLDERS**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

## **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, 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 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company. Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

## **WITHDRAWAL OF THE OFFER**

Our Company and the Selling Shareholders, in consultation with the Lead Manager, reserves the right not to proceed with the Offer at any time after the Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed. If our Company and/or the Selling Shareholders withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an offer of the Equity Shares, our Company shall file a fresh Draft Offer Document. Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment.

## **OFFER PROGRAMME:**

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Offer Opening Date	22 <sup>nd</sup> July, 2016
Offer Closing Date	26 <sup>th</sup> July, 2016
Finalisation of Basis of Allotment with the Designated Stock Exchange	29 <sup>th</sup> July, 2016
Initiation of Refunds	1 <sup>st</sup> August, 2016
Credit of Equity Shares to demat accounts of Allottees	1 <sup>st</sup> August, 2016
Commencement of trading of the Equity Shares on the Stock Exchange	3 <sup>rd</sup> August, 2016

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Offer Closing Date, the timetable may change due to various factors, such as extension of the Offer Period by our Company, or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Applications and any revision to the same shall be accepted **only between 10.00 a. m. and 5.00 p. m. (IST)** during the Offer Period. On the Offer Closing Date, the Applications and any revision to the same shall be accepted **only between 10.00 a. m. and 5.00 p. m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Applications by Retail Individual Applicants after taking into account the total number of applications received up to the closure of timings and reported by the Lead Manager to the Stock Exchanges. It is clarified that Applications not uploaded on the electronic system would be rejected. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Applications on the Offer Closing Date, the Applicants are advised to submit their Applications one day prior to the Offer Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Offer Closing Date. All times mentioned in this Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Offer Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Offer. Applications will be accepted only on Business Days. Neither our Company nor the Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Non Retail Applicants shall not be allowed to either withdraw or lower the size of their Application at any stage. Non Retail Applicants may revise their Applications upwards (in terms of quantity of Equity Shares) during the Offer Period. Such upward revision must be made using the Revision Form.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Application Form, for a particular Applicant, the details as per the file received from the Stock Exchange may be taken as final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Application Form, for a particular ASBA Applicant, the Registrar to the Offer shall ask the relevant SCSBs / RTAs / DPs / Stock Brokers, as the case may be, for rectified data.

#### **MINIMUM SUBSCRIPTION**

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. If the Company and Selling Shareholders do not receive the subscription of 100% of the Offer through this Offer Document including devolvement of Underwriters within sixty days from the date of closure of the offer, the issuer and Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer and Selling Shareholders becomes liable to pay the amount, the issuer and Selling Shareholders shall pay interest prescribed under section 40 of the Companies Act, 2013.

#### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The trading of the equity shares will happen in the minimum contract size of 2,000 shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the BSE-SME.

#### **AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS OFFER.**

The current provisions of the Foreign Exchange Management (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign

Exchange Management (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

#### **OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

#### **NEW FINANCIAL INSTRUMENTS**

The Company is not issuing any new financial instruments through this Offer.

#### **APPLICATION BY ELIGIBLE NRIS, FPIS/FIIS REGISTERED WITH SEBI, VCFS REGISTERED WITH SEBI AND QFIS**

It is to be understood that there is no reservation for Eligible NRIs or FPIs/FIIs registered with SEBI or VCFs or QFIs.

Such Eligible NRIs, QFIs, FPIs/FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

#### **RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF EQUITY SHARES OR DEBENTURES AND ON THEIR CONSOLIDATION OR SPLITTING**

Except for lock-in of the pre-Offer Equity Shares and Promoter's minimum contribution in the Offer as detailed in the chapter "Capital Structure" beginning on page 45 of this Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "Main Provisions of the Articles of Association" beginning on page 236 of this Prospectus.

*The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.*

#### **MIGRATION TO MAIN BOARD**

Our Company may migrate to the main board of BSE from BSE SME Platform on a later date subject to the following:

a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential Offer, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than Promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), Company shall have to apply to BSE for listing our shares on its main board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the main board.

OR

b) If the Paid up Capital of the Company is more than 10 crores but below Rs. 25 crores, Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

#### **MARKET MAKING**

The shares offered through this Offer are proposed to be listed on the BSE-SME Platform, wherein the Lead Manager to this Offer shall ensure compulsory Market Making through the registered Market Makers of the SME for a minimum period of three years from the date of listing of shares offered through this Prospectus. For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker please refer to “*General Information - Details of the Market Making Arrangements for this Offer*” on page 42 of this Prospectus.

#### **JURISDICTION**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Mumbai. 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, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with 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 applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### OFFER STRUCTURE

This Offer is being made in terms of Regulation 106(M)(1) of Chapter X-B of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, Our post-Offer face value capital do not exceed ten crores rupees shall offer / issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE i.e. BSE-SME). For further details regarding the salient features and terms of such an Offer please refer the section titled “*Terms of the Offer*” and “*Offer Procedure*” on page 184 and 194 of this Prospectus.

Following is the Offer structure:

Public Offer of 22,00,000 equity shares of Rs. 10 each (the “Equity Shares”) for cash at a price of Rs. 51 per Equity Share through an Offer for Sale by Mr. Vishwamani Tiwari & M/s. Vee Three Informatics Limited (“the Selling Shareholders”) aggregating to Rs. 1122.00 Lacs (“the Offer”).

The Offer comprises reservation of 1,20,000 Equity Shares for subscription by the designated Market Maker (“the Market Maker Reservation Portion”) and Net Offer to Public of 20,80,000 Equity Shares (“the Net Offer”).

Particulars of the Offer	Net Offer to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares available for allocation</b>	20,80,000 Equity Shares	1,20,000 Equity Shares
<b>Percentage of Offer Size available for allocation</b>	94.55% of the Offer size	5.45% of the Offer size
<b>Basis of Allotment</b>	Proportionate subject to minimum allotment of 2,000 Equity Shares and further allotment in multiples of 2,000 Equity Shares each.  For further details please refer to the section titled “ <i>Offer Procedure - Basis of Allotment</i> ” on page 205 of this Prospectus.	Firm Allotment
<b>Mode of Application</b>	Through ASBA Process Only	Through ASBA Process Only
<b>Minimum Application Size</b>	<b>For QIB and NII:</b> Such number of Equity Shares in multiples of 2,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/-  <b>For Retail Individuals:</b> 2,000 Equity Shares	1,20,000 Equity Shares
<b>Maximum Application Size</b>	<b>For QIB and NII:</b> Such number of equity shares in multiples of 2,000 Equity Shares such that the Application Size do not exceed 20,80,000 Shares. <b>For Retail Individuals:</b> 2,000 Equity Shares	1,20,000 Equity Shares
<b>Mode of Allotment</b>	Compulsorily in Dematerialized mode	Compulsorily in Dematerialized mode
<b>Trading Lot</b>	2,000 Equity Shares	2,000 Equity Shares,

Particulars of the Offer	Net Offer to Public*	Market Maker Reservation Portion
		However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
<b>Terms of Payment</b>	The entire Application Amount will be payable at the time of submission of the Application Form and accordingly ASBA Banks will block the entire Application Amount.	

\*50 % of the shares offered are reserved for applications below Rs. 2 Lacs and the balance for higher amount applications.

**Notes:**

- In case of joint Applications, the Application Form should contain only the name of the First Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Applicant would be required in the Application Form and such First Applicant would be deemed to have signed on behalf of the joint holders.*
- Applicants will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders name, the Lead Manager, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Offer*
- SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB.*

**Lot Size:**

SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the "Circular") standardized the lot Size for Initial Public Offer proposing to list on SME exchange / platform and for the secondary market trading on such exchange / platform, as under:-

Issue Price (Rs.)	Lot Size (No. of Shares)
Up to 14	10000
More than 14 upto 18	8000
More than 18 upto 25	6000
More than 25 upto 35	4000
More than 35 upto 50	3000
More than 50 upto 70	2000
More than 70 upto 90	1600
More than 90 upto 120	1200
More than 120 upto 150	1000
More than 150 upto 180	800
More than 180 upto 250	600
More than 250 upto 350	400
More than 350 upto 500	300
More than 500 upto 600	240
More than 600 upto 750	200
More than 750 upto 1000	160
Above 1000	100



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Further to the Circular, at the Initial Public Offer stage the Registrar to Offer in consultation with Lead Manager, our Company and BSE shall ensure to finalize the basis of allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the same, as shall be the IPO Lot Size at the application/allotment stage, facilitating secondary market trading.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (DIPPI), issued Consolidated FDI Policy Circular of 2015 ("FDI Policy 2015"), which with effect from May 12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force and effect as on May 11, 2015. However, press note 4 of (2015 Series), dated April 24, 2015, regarding policy on foreign investment in pension sector, will remain effective. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2015 will be valid until the DIPP issues an updated circular. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Offer and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulations, except pursuant to exemption from, or in a transaction not subject to the registration requirements of US Securities Laws. Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulations under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale 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 Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, The above information is given for the benefit of the Applicants.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Application is not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## OFFER PROCEDURE

All Applicants should review the General Information Document for Investing in Public Offer prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the "General Information Document") included below under section "Part B-General Information Document", which highlights the key rules, processes and procedures applicable to public Offer in general in accordance with the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public Offer. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Our Company, the Selling Shareholders and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

Please note that all the Applicants can participate in the Offer only through the ASBA process. All Applicants shall ensure that the ASBA Account has sufficient credit balance such that the full Application Amount can be blocked by the SCSB at the time of submitting the Application. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs.

ASBA Applicants are required to submit ASBA Applications to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants ("DP"), Registrar to an Offer and Share Transfer Agent ("RTA") that have been notified by BSE Ltd to act as intermediaries for submitting Application Forms are provided on <http://www.bseindia.com>. For details on their designated branches for submitting Application Forms, please see the above mentioned BSE website.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept application forms.

This section applies to all the Applicants, please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.

### PART-A

#### FIXED PRICE OFFER PROCEDURE

The Offer is being made under Regulation 106(M)(1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Application Collecting Intermediaries. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form.

Further the Equity shares on allotment shall be trade only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

#### **APPLICATION FORM**

Pursuant to SEBI Circular dated September 27, 2011 and bearing No. CIR/CFD/DIL/4/2011, the Application Form has been standardized. Also please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in public issues can only invest through ASBA Mode.

The prescribed colours of the Application Form for various investors applying in the Offer are as follows:

<b>Category</b>	<b>Color of Application Form</b>
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA)	White
Non-Residents and Eligible NRIs applying on a repatriation basis (ASBA)	Blue

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries

- an SCSB, with whom the bank account to be blocked, is maintained
- a syndicate member (or sub-syndicate member) : Not Applicable being Fixed Priced Offer
- a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker")
- a depository participant ("DP") (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- a registrar to an Offer and share transfer agent ("RTA") (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer.

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

#### **AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS**

The Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Offer, Registrar to the Offer as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE i.e. [www.bseindia.com](http://www.bseindia.com)

#### **WHO CAN APPLY?**

In addition to the category of Applicants set forth under "**General Information Document for Investing in Public Offer - Category of Investors Eligible to participate in an Offer**", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign Corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

#### **OPTION TO SUBSCRIBE IN THE OFFER**

- a) As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialized form only.
- b) The equity shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c) A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

#### **PARTICIPATION BY ASSOCIATES / AFFILIATES OF LEAD MANAGER**

The Lead Manager, if any, shall not be allowed to purchase in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager, if any, may purchase the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

## **APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRI'S APPLYING ON NON REPATRIATION**

Application must be made only in the names of individuals, limited companies or statutory corporations/institutions and not in the names of minors, foreign nationals, non residents (except for those applying on non repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu undivided families, partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts.

## **APPLICATIONS BY ELIGIBLE NRI'S/RFPI's ON REPATRIATION BASIS**

Application Forms have been made available for eligible NRIs at our Registered Office and at the Corporate Office of the Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to Offer securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of Offer of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

**As per the current regulations, the following restrictions are applicable for investments by FPIs:**

1. A foreign portfolio investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where "infrastructure" is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as Infrastructure Finance Companies (IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
  - a. A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
  - b. Nothing contained in clause (a) shall apply to:
    - (i) Any transactions in derivatives on a recognized stock exchange;
    - (ii) Short selling transactions in accordance with the framework specified by the Board;

- (iii) Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the Offer in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (iv) Any other transaction specified by the Board.
- c. No transaction on the stock exchange shall be carried forward;
- d. The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
- (i) transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
  - (ii) sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (iii) sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
  - (iv) Sale of securities, in accordance with the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998;
  - (v) divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through Offer of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;
  - (vi) Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
  - (vii) Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the Offer in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (viii) Any other transaction specified by the Board.
- e. A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form.  
Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized. Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.
4. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
5. The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
6. In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
7. A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.  
No foreign portfolio investor may Offer, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:
- a. Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;
  - b. Such offshore derivative instruments are issued after compliance with "know your client" norms.

Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not Offer, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly. Provided further that no Category III foreign portfolio investor shall Offer, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

A foreign portfolio investor shall ensure that further Offer or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.

An FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as a foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

#### **APPLICATION BY MUTUAL FUNDS**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single 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.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

#### **APPLICATION BY LIMITED LIABILITY PARTNERSHIPS**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

## **APPLICATIONS BY INSURANCE COMPANIES**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

(a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and

(c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, *i.e.* 26<sup>th</sup> December, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

## **APPLICATION BY PROVIDENT FUNDS/ PENSION FUNDS**

In case of Applications made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

The above information is given for the benefit of the Applicants. Our Company and Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that any single application from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

## **APPLICATION UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lacs, 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. With respect to applications by VCFs, FVCIs, and FPIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may belong with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FIs, 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

#### **INFORMATION FOR THE APPLICANTS**

1. Our Company and the Lead Managers shall declare the Offer Opening Date and Offer Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least three days before the Offer Opening Date.
3. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
4. Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
5. Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted.. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
6. the Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries . Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
7. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from

specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Offer will be made into the accounts of such Applicants.

8. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Offer or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

#### **METHOD AND PROCESS OF APPLICATIONS**

1. Applicants are required to submit their applications during the Offer Period only through the following Application Collecting intermediary
  - (i) an SCSB, with whom the bank account to be blocked, is maintained
  - (ii) a syndicate member (or sub-syndicate member)
  - (iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker")
  - (iv) a depository participant (DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - (v) a registrar to an Offer and share transfer agent ("RTA") (whose name is mentioned on the website of the stock exchange as eligible for this activity)
2. The Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Offer Period may be extended, if required, by an additional three Working Days, subject to the total Offer Period not exceeding 10 Working Days.
3. The Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Offer Period in accordance with the terms of the Prospectus.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to Application Collecting intermediaries. Submission of a second Application Form to either the same or to another Application Collecting Intermediary will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Offer.
5. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer.

6. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal

to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and If sufficient funds are not available in the ASBA Account the application will be rejected.

7. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.
8. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Offer Account. In case of withdrawal / failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

#### **TERMS OF PAYMENT**

The entire Offer price of Rs. 51/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Offer Bank Account. The balance amount after transfer to the Public Offer Account shall be unblocked by the SCSBs.

The Applicants should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from the Applicants.

#### **PAYMENT MECHANISM FOR APPLICANTS**

The Applicants shall specify the bank account number in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Offer shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the application by the ASBA Applicant, as the case may be. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Offer shall mandatorily make use of ASBA facility.

#### **ELECTRONIC REGISTRATION OF APPLICATIONS**

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.
2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m of the next Working day from the Offer Closing Date.
3. The Application collecting Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them, (iii) the applications accepted but not uploaded by them or (iv) In case the applications accepted and uploaded by any Application Collecting Intermediary other than SCSBs, the

Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be re will be responsible for blocking the necessary amounts in the ASBA Accounts.

4. Neither the Lead Managers nor our Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorized agents during the Offer Period. The Designated Branches or the Agents of the Application Collecting Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Offer Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting Intermediaries shall enter the following information pertaining to the Applicants into in the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Location of the Banker to the Offer or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
7. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.
8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
10. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Prospectus. The Application Collecting Intermediaries shall have no right to reject applications, except on technical grounds.
11. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or

endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

12. The Application Collecting Intermediaries will be given time till 1.00 P.M on the next working day after the Offer Closing Date to verify the PAN No, DP ID and Client ID uploaded in the online IPO system during the Offer Period, after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA applications

#### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE-SME (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 2,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 2,000 equity shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 2,000 equity shares, the number in excess of the multiple of 2,000 would be rounded off to the higher multiple of 2,000 if that number is 1,000 or higher. If that number is lower than 1000, it would be rounded off to the lower multiple of 2,000. All Applicant in such categories would be Allotted Equity Shares arrived at after such rounding off.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 2,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
6. The above proportionate allotment of shares in an Offer that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - (a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - (b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.

(c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

(d) As per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 as amended, if the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

#### **SIGNING OF UNDERWRITING AGREEMENT**

Vide an Underwriting agreement dated 8<sup>th</sup> March, 2016 this Offer is 100% Underwritten.

#### **FILING OF THE PROSPECTUS WITH THE ROC**

The Company will file a copy of the Prospectus with the RoC in terms of Section 26 of the Companies Act, 2013.

#### **PRE-OFFER ADVERTISEMENT**

Subject to Section 30 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation.

#### **ISSUANCE OF ALLOTMENT ADVICE**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange.
2. The Lead Managers or the Registrar to the Offer will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Offer.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

#### **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

The Company will Offer and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of four (4) working days of the Offer Closing Date.

After the funds are transferred from the ASBA Public Offer Account to the Public Offer Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within one working days of the date of Allotment. 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

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the demographic details are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- With respect to ASBA Applications ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a acknowledgement;
- All applicants should submit their applications through the ASBA process only.

### Dont's

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Banker to of the Offer.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Offer.
- Do not fill in the Application Form such that the Equity Shares applied 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;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer.
- Do not submit Applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.

## INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the Application Collecting Intermediaries. ASBA Application Forms, which do not bear the stamp of the Application Collecting Intermediaries, will be rejected.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for

investors to submit Application forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an Offer with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com). With a view to broad base the reach of Investors by substantially enhancing the points for submission of applications, SEBI vide Circular No.CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Offer and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Offer with effect from January 01, 2016. The List of RTA and DPs centers for collecting the application shall be disclosed is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com).

#### **APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS**

Please note that, providing bank account details, PAN Nos, Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form as entered into the Stock Exchange online system, the Registrar to the Offer will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

#### **SUBMISSION OF APPLICATION FORM**

All Application Forms duly completed shall be submitted to the Application Collecting Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

#### **COMMUNICATIONS**

All future communications in connection with Applications made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

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 allotted shares in the respective beneficiary accounts, etc.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE-SME where the Equity Shares are proposed to be listed are taken within 6 working days from Offer Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Offer Closing Date;

2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Offer.

## **IMPERSONATION**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“ Any person who—*

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*shall be liable for action under Section 447.”*

## **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

1. That if the Company or Selling Shareholder do not proceed with the Offer, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
2. That if the Company and the Selling Shareholder withdraw the Offer after the Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company and/or any selling shareholder subsequently decides to proceed with the Offer;
3. That the complaints received in respect of this Offer shall be attended to by us expeditiously and satisfactorily;
4. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed are taken within 6 Working Days of the Offer Closing Date;
5. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;
6. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 (fifteen) days of the Offer Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund else application money shall be refunded forthwith, failing which interest shall be due to the applicants at the rate of 15% per annum for the delayed period;
7. That the certificate of the securities / refund orders to the eligible NRIs shall be dispatched within specified time; and
8. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.

9. Our Company shall not have recourse to the Offer proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
10. Adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

#### **UNDERTAKINGS BY THE SELLING SHAREHOLDER**

The Selling Shareholder undertakes that:

1. The Equity Shares being sold by it pursuant to the Offer, are eligible to be offered for Sale and are fully paid-up & are in dematerialised form;
2. it is the legal and beneficial owner of, and have full title to, the Equity Shares being sold in the Offer;
3. The Equity Shares being sold by it pursuant to the Offer are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the time specified under applicable law;
4. It shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the allotment advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer;
5. It shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the LMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
6. Funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Prospectus shall be made available to the Registrar to the Offer by the Selling Shareholder;
7. It shall provide such reasonable support and extend such reasonable co-operation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 days from the Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
8. It shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;
9. If the Selling Shareholder does not proceed with the Offer after the Offer Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre- Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the LM in this regard;
10. It shall not further transfer the Equity Shares except in the Offer during the period commencing from submission of the Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Offer and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Offer;
11. It shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer are available for transfer in the Offer within the time specified under applicable law; and
12. It shall comply with all applicable laws, in India, including the Companies Act, the SEBI Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in

relation to the Equity Shares offered by it in the Offer.

#### **UTILIZATION OF OFFER PROCEEDS**

Our Company along with the Selling Shareholder certifies that:

All monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act;

The Selling Shareholder shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Agreement dated 31<sup>st</sup> July, 2013 among NSDL, the Company and the Registrar to the Offer;
- Agreement dated 26<sup>th</sup> June, 2013 among CDSL, the Company and the Registrar to the Offer;

The Company's shares bear ISIN No INE171P01019.

## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Prospectus before investing in the Issue*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through Fixed Price Issues. The purpose of the –General Information Document for Investing in Public Issues| is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies “ROC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the LM(s) to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in)

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE / SME PLATFORM

##### 2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue being made under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation.

## 2.2 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M of Chapter XB of SEBI (ICDR) Regulation

(a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.

(b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 73 of the Companies Act, 1956.

(c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

(d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.

(e) The Net Tangible Assets of the Issuer shall be minimum of Rs. 3 Crores.

(f) The Net worth (excluding revaluation reserves) of the Issuer shall be minimum of Rs. 3 Crores.

(g) The Issuer should have track record of distributable profits in two out of last three preceding financial years..

(h) The Post-issue paid up capital of the Issuer shall be minimum of Rs. 3 Crores but less than Rs. 25 Crores.

(i) The Issuer shall mandatorily facilitate trading in demat securities.

(j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.

(k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.

(l) No change in promoters the preceding one year from date of filing application to BSE for listing on SME segment.

(m) The Company should have a website.

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M) (3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.

Thus Company is eligible for the Issue in accordance with regulation 106M (1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital do not exceeds Rs. 1,000 lacs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

### **2.3 TYPES OF PUBLIC ISSUES - FIXED PRICE ISSUES AND BOOK BUILT ISSUES**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.4 ISSUE PERIOD**

The Issue shall be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

### **2.5 MIGRATION TO MAIN BOARD MIGRATION TO MAIN BOARD**

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

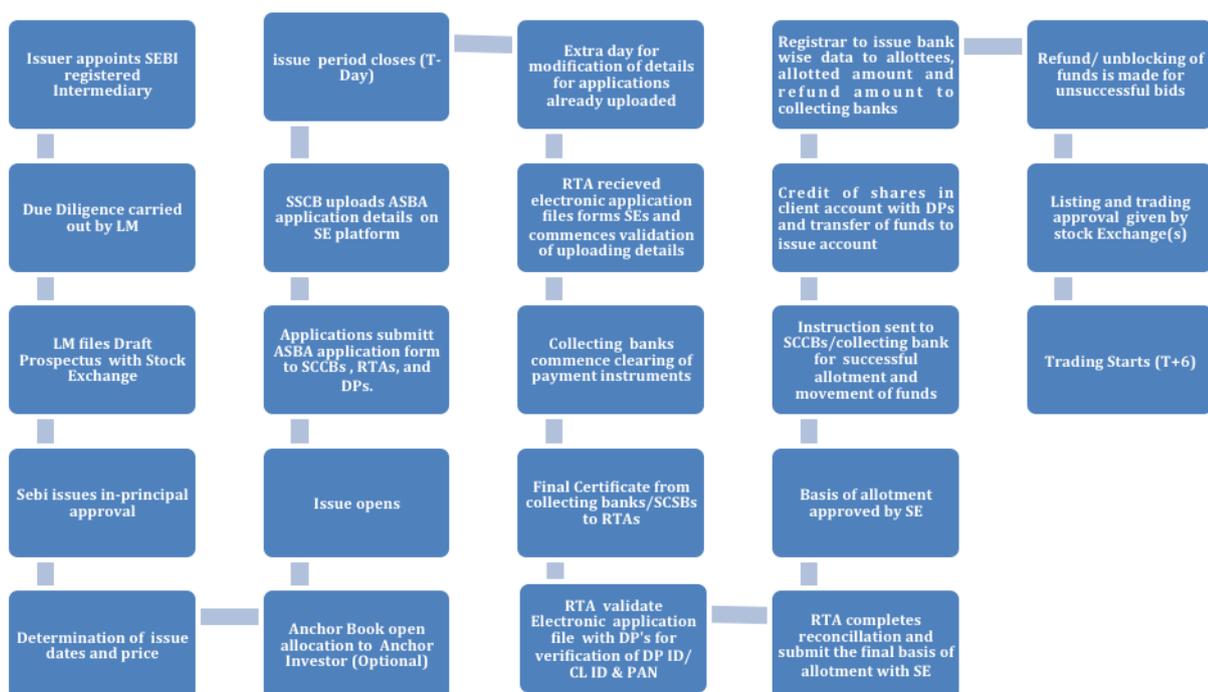
(a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

(b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price Issues is as follows:



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

***Each Applicant should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
6. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
7. FPIs other than Category III FDI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (Lip's) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
17. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Issue.

## SECTION 4: APPLYING IN THE ISSUE

### Fixed Price Issue:

Applicants should only use the specified Application Form either bearing the stamp of Application Collecting Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs, at the registered office of the Issuer and at the corporate office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus. Applicants should ensure that they apply in the appropriate category.

The prescribed colour of the Application Form for various categories of Applicants is as follows:

Category	Colour of the Application
Resident Indian, Eligible NRIs applying on a non- repatriation basis	White
NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

### 4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM (FIXED PRICE ISSUE)

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

***The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:***

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

<b>COMMON APPLICATION FORM</b>	<b>PRABHAT TELECOMS (INDIA) LIMITED - INITIAL PUBLIC OFFER - R</b> 2, Geetanjali apartments, Manchhu Bhai Road Near Manaji Hotel, Near subway, Malad (E) Mumbai, 400097 Tel: 91 22 40676000 Email: investors@prabhatgroup.net CIN: U72100MH2007PLC169551	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBS AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS
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 To, The Board of Directors <b>PRABHAT TELECOMS (INDIA) LIMITED</b>	<b>FIXED PRICE SME ISSUE</b> <b>ISIN - INE171P01019</b>	<b>Application Form No.</b> _____
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<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b> Mr. / Ms. _____ _____ _____ Address _____ _____ Email _____ Tel. No. (with STD code) / Mobile _____
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	

<b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID	<b>6. INVESTOR STATUS</b> <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH
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<b>4. APPLICATION DETAILS</b> No. of Equity Shares of ₹ 10/- each applied at the Offer Price i.e. at ₹ 51 per share <sup>1 &amp; 2</sup> <table style="width: 100%;"><tr><td style="width: 20%;">(In figures)</td><td style="width: 20%;"></td><td style="width: 20%;">(In words)</td><td style="width: 40%;"></td></tr></table>	(In figures)		(In words)		<b>5. CATEGORY</b> <input type="checkbox"/> Retail Individual Applicant <input type="checkbox"/> Non-Institutional Applicant <input type="checkbox"/> QIB
(In figures)		(In words)			

<sup>1</sup> Please note that applications must be made in minimum lot size of 2,000 shares and further lot size of 2,000 shares accordingly.  
<sup>2</sup> Please note that the trading of equity shares will be only in dematerialised mode on the BSE-SME PLATFORM

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : FULL PAYMENT</b> <input type="checkbox"/>
Amount Paid (₹ in figures) _____ (₹ in words) _____	
<b>ASBA</b> Bank A/c No. _____	
Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'INVESTORS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP THE APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST APPLICANT</b>  Date: _____, 2015	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer 1) _____ 2) _____ 3) _____	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
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	<b>PRABHAT TELECOMS (INDIA) LIMITED INITIAL PUBLIC OFFER - R</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	<b>Application Form No.</b> _____
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DPID / CLID _____	PAN of Sole / First Applicant _____
Amount Paid (₹ in figures) _____ Bank & Branch _____	<b>Stamp &amp; Signature of SCSB Branch</b>
ASBA Bank A/c No. _____	
Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____	

<b>PRABHAT TELECOMS (INDIA) LIMITED - INITIAL PUBLIC OFFER - R</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">No. of Equity Shares</td> <td style="width: 10%;">Option 1</td> <td style="width: 10%;">Option 2</td> <td style="width: 10%;">Option 3</td> </tr> <tr> <td>Fix Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>	No. of Equity Shares	Option 1	Option 2	Option 3	Fix Price				Amount Paid (₹)				<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>	Name of Sole / First Applicant _____
No. of Equity Shares	Option 1	Option 2	Option 3												
Fix Price															
Amount Paid (₹)															
ASBA Bank A/c No. _____ Bank & Branch _____	<b>Acknowledgement Slip for Applicant</b>		<b>Application Form No.</b> _____												



## SECTION VIII

### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST APPLICANT

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and email and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications (including refund orders and letters notifying the unblocking of the bank accounts of ASBA Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(b) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(c) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person*

- *who makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or*
- *makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities;*
- *or otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,*

*Shall be liable for action under section 447 of the said Act.”*

(d) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 109A of the Companies Act. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST APPLICANT

(a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable

description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Applications by Applicants whose demat accounts have been “suspended for credit” are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### **4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**

(b) Applicants should ensure that the beneficiary account provided in the Application Form is active.

(c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Issue.

(d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants’ sole risk.

#### **4.1.4 FIELD NUMBER 4: APPLICATION DETAILS**

(a) The Issuer may mention Price in the prospectus. However a prospectus registered with ROC contains one price.

(b) Minimum and Maximum Application Size

##### **i. For Retail Individual Applicants**

The Application must be for a minimum of 10,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 10,000 Equity Shares.

##### **ii. For Other Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non- Institutional Portion. Applicants are advised to ensure that any single Application 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 the Prospectus.

(c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Application Collecting Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

- i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
- ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(e) The following applications may not be treated as multiple Applications:

- i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
- ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
- iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

(c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.

(d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD 7: PAYMENT DETAILS**

(a) Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

#### **4.1.7.1 Payment instructions for Applicants**

- (a) Applicants may submit the Application Form in physical mode to the Application Collecting Intermediaries.
- (b) Applicants should specify the Bank Account number in the Application Form.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one Bank Account, a maximum of five Application Forms can be submitted.
- (f) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and subsequent transfer of the Application Amount against the Allotted Equity Shares, if any, to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.1.8 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected/ partial/ non-allotment ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Issue Closing Date.

#### **4.1.8.1 Discount (if applicable)**

(a) The Discount is stated in absolute rupee terms.

(b) RILs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

#### **4.1.8.2 Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to block funds in their Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### **4.1.9 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Applications, signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.

(d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.10 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should ensure that they receive the acknowledgment duly signed and stamped by Application Collecting Intermediaries, as applicable, for submission of the Application Form.

(a) All communications in connection with Applications made in the Issue should be addressed as under:

- i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Applicants should contact the Registrar to the Issue.
- ii. In case of ASBA applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
- iii. Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.

(b) The following details (as applicable) should be quoted while making any queries -

- i. full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application.
- ii. In case of Non-ASBA applications cheque or draft number and the name of the issuing bank thereof
- iii. In case of ASBA applications, ASBA Account number in which the amount equivalent to the application amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

(a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.

(b) RII may revise their applications till closure of the Issue period or withdraw their applications until finalization of allotment.

(c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.

(d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

***A sample Revision form is reproduced below:***

**Prabhat Telecoms (India) Limited-Prospectus**

TEAR HERE

<b>COMMON REVISION FORM</b>	<b>PRABHAT TELECOMS (INDIA) LIMITED - INITIAL PUBLIC OFFER - R</b> 2, Geetanjali apartments, Manchhu Bhai Road Near Manali Hotel, Near subway, Malad (E) Mumbai, 400097 Tel: 91 22 40676000 Email: investors@prabhatgroup.net CIN: U72100MH2007PLC169551	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBS AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS
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 To, The Board of Directors <b>PRABHAT TELECOMS (INDIA) LIMITED</b>	<b>FIXED PRICE SME ISSUE</b> <b>ISIN - INE171P01019</b>	Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
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<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b> Mr. / Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Tel. No. (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	

PLEASE CHANGE MY APPLICATION  **PHYSICAL**

4. FROM (as per last Application or Revision)		Price per Equity Share ₹ 51/-														
Options	No. of Equity Shares applied (Application must be in lot size of 2,000 equity shares) (In Figures)	(In Figures)														
		Offer Price				Discount, if any				Net Price						
Option 1		7	6	5	4	3	2	1	4	3	2	1	4	3	2	1
(OR) Option 2	NOT APPLICABLE	NOT APPLICABLE														
(OR) Option 3	NOT APPLICABLE	NOT APPLICABLE														

5. TO (Revised Application)		Price per Equity Share ₹ 51/-														
Options	No. of Equity Shares applied (Application must be in lot size of 2,000 equity shares) (In Figures)	(In Figures)														
		Offer Price				Discount, if any				Net Price						
Option 1		7	6	5	4	3	2	1	4	3	2	1	4	3	2	1
(OR) Option 2	NOT APPLICABLE	NOT APPLICABLE														
(OR) Option 3	NOT APPLICABLE	NOT APPLICABLE														

6. PAYMENT DETAILS		PAYMENT OPTION : Full Payment
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	₹ in words <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	Bank Name & Branch <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'INVESTORS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST APPLICANT</b>  Date: _____, 2016	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer 1) _____ 2) _____ 3) _____	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
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TEAR HERE

<b>PRABHAT TELECOMS (INDIA) LIMITED REVISION - R</b>	Acknowledgement Slip for Broker/SCSB/DP/RTA	Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
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DPID / CLID <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	PAN of Sole / First Applicant <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	Stamp & Signature of SCSB Branch
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>		
Received from Mr./Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	Telephone / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Email <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	

TEAR HERE

<b>PRABHAT TELECOMS (INDIA) LIMITED - REVISION - R</b>	Option 1    Option 2    Option 3 No. of Equity Shares <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Fix Price <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Amount Paid (₹) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Applicant <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Acknowledgement Slip for Applicant
	ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>		Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
	Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>		

**Prabhat Telecoms (India) Limited-Prospectus**

TEAR HERE

<b>COMMON REVISION FORM</b>	<b>PRABHAT TELECOMS (INDIA) LIMITED - INITIAL PUBLIC OFFER - NR</b> 2, Geetanjali apartments, Manchhu Bhai Road Near Manali Hotel, Near subway, Malad (E) Mumbai, 400097 Tel: 91 22 40676000 Email: investors@prabhatgroup.net CIN: U72100MH2007PLC169551	NON-RESIDENTS AND ELIGIBLE/ELIGIBLE NRI'S, FIIS, FVCIS, ETC. APPLYING ON A REPATRIATION BASIS
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 To, The Board of Directors <b>PRABHAT TELECOMS (INDIA) LIMITED</b>	<b>FIXED PRICE SME ISSUE</b> <b>ISIN - INE171P01019</b>	Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
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<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b>
		Mr. / Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
		Tel. No. (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	<b>2. PAN OF SOLE / FIRST APPLICANT</b>
		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	<b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
		For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY APPLICATION  PHYSICAL

4. FROM (as per last Application or Revision)		Options																		
Options	No. of Equity Shares applied (Application must be in lot size of 2,000 equity shares)	Price per Equity Share ₹ 51/-																		
		(In Figures)														Discount, if any		Net Price		
		Offer Price																		
		7	6	5	4	3	2	1	4	3	2	1	4	3	2	1	4	3	2	1
Option 1																				
(OR) Option 2																				
(OR) Option 3																				

5. TO (Revised Application)		Options																		
Options	No. of Equity Shares applied (Application must be in lot size of 2,000 equity shares)	Price per Equity Share ₹ 51/-																		
		(In Figures)														Discount, if any		Net Price		
		Offer Price																		
		7	6	5	4	3	2	1	4	3	2	1	4	3	2	1	4	3	2	1
Option 1																				
(OR) Option 2																				
(OR) Option 3																				

6. PAYMENT DETAILS		PAYMENT OPTION : Full Payment
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	₹ in words <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		
Bank Name & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'INVESTORS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST APPLICANT</b>  Date: _____, 2016	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer 1) _____ 2) _____ 3) _____	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>  <span style="border: 1px solid black; display: inline-block; width: 100%; height: 40px;"></span>
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TEAR HERE

 <b>PRABHAT TELECOMS (INDIA) LIMITED</b> <b>REVISION - NR</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
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DPID / CLID <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	PAN of Sole / First Applicant <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
Amount Paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	Stamp & Signature of SCSB Branch  <span style="border: 1px solid black; display: inline-block; width: 100%; height: 40px;"></span>
Received from Mr./Ms. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Telephone / Mobile <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	

TEAR HERE

<b>PRABHAT TELECOMS (INDIA) LIMITED - REVISION - NR</b>	Option 1    Option 2    Option 3	Stamp & Signature of Broker / SCSB / DP / RTA  <span style="border: 1px solid black; display: inline-block; width: 100%; height: 30px;"></span>	Name of Sole / First Applicant  <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>
No. of Equity Shares <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			Acknowledgement Slip for Applicant  Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
Fix Price <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			
Amount Paid (₹) <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			
Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			

**Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:**

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: APPLICATION REVISION “FROM” AND “TO”**

(a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.

(b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category

**4.2.3 FIELD 6: PAYMENT DETAILS**

Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

**4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

**4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM**

**4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-**

Mode of Application	Submission of application Form
All Investors Application	To the Application Collecting Intermediaries

**SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

**5.1 APPLICANTS MAY NOTE THAT THERE IS NO BID CUM APPLICATION FORM IN A FIXED PRICE ISSUE**

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the ROC, the Application so submitted is considered as the application form. Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Application Collecting Intermediaries and apply only through ASBA facility.

ASBA Applicants may submit an Application Form either in physical/electronic form to the Application Collecting Intermediaries authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

## 5.2 GROUNDS OF REJECTIONS

- Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:
- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- 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;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 10,000;
- Category not ticked;
- Multiple Applications as defined in the Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or –qualified institutional buyers as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ first Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;

- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date, unless the extended time is permitted by BSE.
- Details of ASBA Account not provided in the Application form

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section the GID.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE APPLICATION COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

This being Fixed Price Issue, this section is not applicable for this Issue.

#### **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

##### **7.1 BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE-SME (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).

2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).

3. For applications where the proportionate allotment works out to less than 2,000 equity shares the allotment will be made as follows:

- a) Each successful applicant shall be allotted 2,000 equity shares; and
- b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.

4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 2,000 equity shares, the number in excess of the multiple of 2,000 would be rounded off to the higher multiple of 2,000 if that number is 1,000 or higher. If that number is lower than 1000, it would be rounded off to the lower multiple of 2,000. All Applicant in such categories would be Allotted Equity Shares arrived at after such rounding off.

5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful

applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 2,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.

6. The above proportionate allotment of shares in an Offer that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

(a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.

(b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.

(c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

(d) As per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 as amended, if the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

## **7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

(a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Issue Closing

Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Issue Closing Date.

## **8.2 GROUNDS FOR REFUND**

### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised. If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus. If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

### **8.2.2 MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

## **8.3 MODE OF REFUND**

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

### **8.3.1 Mode of making refunds for ASBA Applicants**

In case of ASBA Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA applications or in the event of withdrawal or failure of the Issue.

## **8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 4 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Issue Closing Date, if Allotment is not made.

## **SECTION 9: GLOSSARY AND ABBREVIATIONS**

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Application	An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Collecting Intermediaries	(i) an SCSB, with whom the bank account to be blocked, is maintained (ii) a syndicate member (or sub-syndicate member) (iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker") (iv) a depository participant ("DP") (whose name is mentioned on the website of the stock exchange as eligible for this activity) (v) a registrar to an issue and share transfer agent ("RTA") (whose name is mentioned on the website of the stock exchange as eligible for this activity)
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Applicants to make an application authorising an SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Application	An Application made by an ASBA Applicant
Application Amount	The value indicated in Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable).
Banker(s) to the Issue/	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Public Issue Account(s) may be opened, and as disclosed in the Prospectus and Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Issue Closing Date	The date after which the SCSBs may not accept any Application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants ( can submit their application inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Lead Manager(s)/Lead Manager/ LM	The Lead Manager to the Issue as disclosed in the Prospectus and the Application Form of the Issuer.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Companies Act	The Companies Act, 1956 and The Companies Act, 2013 (to the extant notified)

<b>Term</b>	<b>Description</b>
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Application Forms used by the ASBA Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Applicants in the Issue
Designated Stock Exchange	The designated stock exchange as disclosed in the Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with the Designated stock exchange in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter and immediate relatives of the promoter. For further details /Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
Applicant	The Applicant whose name appears first in the Application Form or Revision Form
FPI(s)	Foreign Portfolio Investor
Fixed Price Issue/ Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less Market Maker Reservation Portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FPIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs)
Non Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form

<b>Term</b>	<b>Description</b>
Non Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs registered with SEBI and FVCIs registered with SEBI
OCB/Overseas Corporate Body	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 and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEM
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act 1956 read with section 26 of Companies Act 2013, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the ASBA Accounts on the Designated Date
QIB Category Qualified Institutional Buyers or QIBs	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Refunds through electronic transfer of funds	Refunds through ASBA
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the Prospectus and Application Form
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or for a value of not more than Rs. 2,00,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies for a value of not more than Rs. 2,00,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicant in an issue to modify the quantity of Equity Shares in an Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
SME IPO	Initial public offering as chapter XB of SEBI (ICDR) Regulation
SME Issuer	The Company making the Issue under chapter XB of SEBI (ICDR) Regulation
Stock Exchanges/SE	The stock exchanges as disclosed in the Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Specified Locations	Refer to definition of Broker Centers
Underwriters	Lead Manager (s)
Underwriting Agreement	Underwriting Agreement entered between Company and Underwriters
Working Day	Working days shall be all trading days of stock exchanges excluding Sundays and bank holidays

## SECTION VIII

### MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Table “F” to Apply

1. Subject to as hereinafter provided, the regulations contained in Table F “ in the First schedule of the Act, shall apply except so far as they have been specifically excluded or modified by/or under these Articles.

Interpretation clause

2. In the interpretation of these Articles, unless repugnant to the subject or context:

“The Act” means “The Companies Act, 1956” and “The Companies Act, 2013”; or any other statutory modification or re-enactment therefore for the time being in force

“The Articles” means these Articles of Association or as may from time to time be altered by special resolution

“The Company” or “This Company” means “PRABHAT TELECOMS (INDIA) LIMITED

“The Director” means the Director appointed to the Board of the Company for the time being or as the case may be, the Directors present at Board Meetings

“Annual General Meeting” means a general meeting of the members held in accordance with the section 96 and any other applicable provisions of the Companies Act, 2013 or any adjourned meeting thereof

Beneficial Owner” shall mean and include beneficial owner as defined in clause of sub-section (1) of Section 2 of the Depositories Act, 1996 or such other Act as may be applicable.

“Board” or “Board of Directors” or “the Board” means the collective body of the Company as defined under section 2 (10) of the Companies Act, 2013

“Board Meeting” means a meeting of the Directors duly called and constituted, or as the case may be, the Directors assembled at the Meeting of the Board of Directors of the Company collectively

“Capital” means the share capital for the time being raised or authorised to be raised, for the purpose of the Company

“Debenture” includes debenture-stock, bonds and any other securities of the Company, whether constituting a charge on the assets of the Company or not.

“Depository” shall mean a Depository as defined in clause (e) sub-section (1) Of Section 2 of the Depositories Act, 1996 and includes a company formed and registered under the Companies Act, 1956 or under the Companies Act, 2013 which has been granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

“Depositories Act” shall mean the Depositories Act, 1996 and includes any statutory modification or enactment thereof

“Dividend” includes interim dividend and bonus.

“Extraordinary General Meeting” means an extraordinary general meeting of the Members duly called and constituted and any adjourned meeting thereof.

“Financial Year” shall have the meaning assigned thereto by section 2(41) of the Companies Act, 2013

“In writing or written” means and include printing, typing, lithographing, computer mode and other modes of reproducing words in visible form

“Managing Director” means the Managing Director for the time being of the Company

“Meeting or General Meeting” means a meeting of members.

“Members or shareholders” means and includes every person as defined under section 2(55) of the Companies Act, 2013 and any applicable rules made thereunder.

“Month” means a calendar month

“Ordinary Resolution” means a resolution passed at a general meeting of which then notice required under the Act has been duly given, the votes cast (whether on show of hands or on a poll as the case may be) in favour of the resolution (including casting vote, if any, of the Chairman) by members, who being entitled so to do, in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the resolution by members so entitled and voting.

“Paid up” means paid up capital as defined under section 2(64) of the Companies Act, 2013

“Persons” includes corporations and firms as well as individuals

“Postal Ballot” shall mean voting by post through postal papers distributed amongst eligible voters and shall include voting by electronic mode.

“Prescribed” means prescribed under the Companies Act, 2013 or the Rules made thereunder

“related party”, as defined under section 2(76) of the Act, with reference to a company, means—

- (i) a director or his relative
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager is a member or Director;
- (v) a public company in which a director or manager is a director or holds along with hi relatives, more than two per cent. of its paid-up share capital
- (vi) any body corporate whose Board of Directors, managing director or manager is accustome to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is—
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) such other person as may be prescribed under the Act and rules made thereunder

“Register of Members” means the Register of Members to be kept pursuant to the Act and includes Register of Beneficial Owners in case of shares held with a Depository in any media as may be permitted by law, including in any form of electronic media

“Registrar” means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated and includes registrar as defined under section 2(75) of the Companies Act, 2013.

“Seal” means the Common Seal of the Company

“Section” referred to in these articles means the section of the Act

“Security” means shares, debentures and/or such other securities as may be specified under the Companies Act, 2013 or by Securities Contracts (Regulation) Act, 1956 or any amendments thereof or other competent authority, from time to time.

“Shares” means the shares into which the capital of the Company is divided whether held in tangible or fungible form and includes stock except where a distinction between stock and share is expressed or implied

“Special Resolution” means a resolution when:

- a) the intention to propose the resolution as a special resolution has been duly specified in the notice convening the general meeting or other information given to the members of the resolution
- b) the notice required under the Act has been duly given of the general meeting; and
- c) the votes cast in favour of the resolution whether on show of hands or on a poll as the case may be, by Member(s), who being entitled to do so vote in person or where proxies are allowed, by proxy, are not less than three(3) times the number of the votes, if any, cast against the resolution by Member(s) so entitled

Reference to the singular includes reference to the plural and vice versa; Reference to any gender includes a reference to all genders;

Any reference to any agreement or document shall be construed as a reference to such agreement or document as the same may have been amended, varied, supplemented or novated in writing at the relevant time in accordance with the requirements of such agreements or document and if applicable, of this agreement with respect to amendments

Reference to any legislation or law or to any provision thereof shall include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision

Headings are inserted only for ease of reference and shall not affect the construction or interpretation of these Articles

## **CAPITAL AND INCREASE AND REDUCTION OF CAPITAL**

Amount of capital

3. (a) The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Capital Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakh) Equity Shares of Rs. 10/- each, with the power to increase and reduce the Share Capital of the company and to divide the shares in the Capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for time being be provided in the Articles of Association.  
  
(b) The paid-up Capital of the Company shall be minimum of Rs. 5,00,000/- (Rupees Five Lakhs only).
4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares. Such increase to be of such aggregate amount and to be divided into such shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, or otherwise and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 47 and any other provisions of the Companies Act, 2013 and rules made thereunder. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 61 &

64 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder or any such compliance

#### **New capital part of the existing capital**

5. Except in so far as otherwise provided in the conditions of issue of shares by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise

#### **Redeemable Preference shares**

6. Subject to the provisions of Section 55 of the Companies Act, 2013 and rules made thereunder, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company by the terms of the issue of the said shares may determine.

#### **Provision applicable on the issue redeemable preference shares**

7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect :
  - (a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
  - (b) No such shares shall be redeemed unless they are fully paid.
  - (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Security Premium Account, before the shares are redeemed
  - (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, excepts as provided in Section 55 of the Companies Act, 2013 and rules made thereunder; apply as if the Capital Redemption Reserve Account were paid up share capital of the Company

#### **Reduction of Capital**

8. The Company under section 66 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder may from time to time by way of special resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law

#### **Sub-division Consolidation and cancellation of shares**

9. Subject to the provisions of Section 61 and other applicable provisions of the Companies Act, 2013, the Company in General Meeting may from time to time sub-divide, consolidate its shares, or any class of them, and the resolution whereby any share is sub-divided, or classified, may determine that, as between the holders of the shares resulting from such sub-division or classification, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

#### **Modification of rights**

10. Whenever the share capital is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 47 and 48 of the Companies Act, 2013 and other applicable provision and rules made thereunder, be varied with the

consent in writing by holders of at least three-fourths of the issued shares of the class or is confirmed by a special resolution passed at a separate General Meeting of the holders of shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such Meeting, but so that the quorum thereof shall be any five members present in person or by proxy and holding three-fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have if it were omitted.

## **SHARES AND CERTIFICATES**

### **Register and index of Members**

11. The Company shall cause to be kept a Register and index of Members in accordance with applicable provisions of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or country.

### **Shares to be numbered progressively and no share to be subdivided**

12. The shares certificates shall be numbered progressively according to their several denominations, and except in the manner hereinbefore 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**

13. (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 shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, then
  - (i) Such further shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid-up on those shares at the date.
  - (ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of 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 shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (ii) hereof 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 is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

(b) Notwithstanding anything contained in the sub-clause (a) the further 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 either for cash or for consideration other than a cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to such condition prescribed in the rules made thereunder

- (i) if a special resolution to that effect is passed by the Company in general meeting; or
- (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(c) Nothing in sub-clause (iii) of (a) 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 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 debenture issued by the company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that government in this behalf; and

(ii) In the case of debentures or loans or other than debentures issued to or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or raising of the loans.

#### **Shares at the disposal of the Directors'**

14. Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of the to such person, in such proportion and on such terms and conditions and either at the premium or at par or (subject to the compliance with the provision of Section 42 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the general meeting. The Board shall cause to be filed the return as to allotment as may be prescribes from time to time.

#### **The power also to company in general meeting to authorize issue of shares**

15. In addition to and without derogating from the powers for the purpose conferred on the Board under Articles 13 and 14, the Company in General Meeting may, subject to the applicable provisions of the Companies Act, 2013 and rules made thereunder, 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, subject to compliance with the applicable provisions of the Companies Act, 2013, either at a premium or at par as such General Meeting shall determine and with full power to give any person (whether a member or not), the option to call for or be allotted shares of any class of the Company either subject to compliance with the provisions of the Act, at premium or at par such option being exercisable at such times and for such consideration as may be directed by such General Meeting of the Company and the General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

### **Acceptance of shares**

16. Any application signed by or on behalf of an applicant, for shares in the Company, followed by an allotment of any share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts shares and whose name is on the Register shall for the purpose of these Articles, be a member.

### **Deposit and call to be a debt payable immediately**

17. The money (if any) which the Board shall, on the allotment of any share 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 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**

18. Every member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

### **Limitation of time for issue of certificates**

19. (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 directors so approve (upon paying such fee as the directors may from time to time determine) to several certificates each for one or more of such shares and the company shall complete and have ready for delivery of such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a power of attorney and the Secretary or some other person appointed by the Board for the purpose, and such two Directors or their attorneys, and the Secretary or other person shall sign the Share Certificates, provided that, if the composition of the Board permits, provided that, of it, at least one of the aforesaid two Directors shall be a person other than Managing Director or a Whole time Director. Particulars of every Share certificates issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue

- (b) Any two or more joint allottees, in respect of a Share, shall, for the purpose of this Article, be treated as a single member, and the certificate of any Share, which may be subject of joint ownership, may be delivered to the person named first in the order or otherwise even to any one of such joint owners, on behalf of all of them. For any further certificate, the Board shall be entitled but shall not be bound to prescribe a charge not exceeding Rupee 50(fifty) per such certificate. In this respect, the Company shall comply with the applicable provisions, for the time being, in force, of the Act.

- (c) A director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose

20. (a) The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to receive from any member willing to advance the same, all or any part of the amount of his Shares beyond the sums actually called up and upon the monies so paid in advance or upon so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advances has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable The Provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company

(b) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of Share Certificate No. subdivided/ replaced/on consolidation of Shares".

#### **Issue of New Certificate in Place of One Defaced, lost or Destroyed**

(c) 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 deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees not exceeding Rs. 50/- (Rupees Fifty) for each certificate, as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

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

The provision of this Article shall mutatis mutandis apply to debentures of the Company

(d) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "DUPLICATE. Issued in lieu of Share Certificate No "The word "DUPLICATE" shall be stamped or punched in bold letters across the face of the Share certificate

(e) Where a new Share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Share Certificates, indicating against the names of the person or persons to whom the certificate is issued, the number and date of issue of the Share certificate, in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.

(f) All blank forms to be issued for issue of Share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively numbered, whether by machine, hand or otherwise, and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary, where there is no Secretary, the Managing Director or Whole time Director, and where there is no such director, the Chairman of the Board, for the time being, or otherwise of such other person, as the Board may appoint for the purpose, and the Secretary, such director, Chairman or such other person shall be responsible for rendering an account of these forms to the Board.

- (g) The Managing Director of the Company, for the time being, or, if the Company has no Managing Director, every director of the Company shall be severally responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates except the blank forms of Share certificates referred to in Clause (f) of this Article.
- (h) All books referred to in clause (g) of this Article shall be preserved in good order permanently, or for such period as may be prescribed by the Act or the Rules made thereunder.

#### **The first named joint holder deemed to be sole holder**

- 21. If any share stands in the names of two or more persons, the person first name in the register shall, as regards receipt of dividends or bonus or service of notice and all or any earlier matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares for all incidents thereof according to the Company's regulations

#### **Company not bound to recognize any interest in share other than that of registered holder**

- 22. Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion upon presentation of relevant documents and on being convinced, to register any share in the joint names of any two or more persons or the survivor or survivors of them

#### **Buy back of Securities by the Company**

- 23. (a) The Company shall have power, subject of section 68 to 70 and inaccordance with all other applicable provisions of the Companies Act, 2013 and the rules made thereunder, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserves or securities premium account of the Company or proceeds of any shares or other specified securities provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.
- (b) Subject to the provisions contained in (b) sections 68 to 70 and all applicable provisions of the Act and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including the Securities and Exchange Board of India and the Reserve Bank of India, if any, the Company may, by passing a special resolution at a general meeting, purchase its own Shares or other specified securities (hereinafter referred to as 'buy-back') from its existing Shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), and/or the securities issued to the employees of the Company pursuant to a scheme of stock options or sweat Equity, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time.

#### **Term of issue of debenture**

- 24. Any debentures, debenture-stock or other securities may be issued at a par, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of share, attending (but not voting) at the general meeting, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the general meeting by a special resolution.

#### **UNDERWRITING COMMISSION AND BROKERAGE**

### **Commission may be paid**

25. Subject to the provisions of Section 40 of the Companies Act, 2013 and other applicable laws for the time being in force, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or of the Company. Provided 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 half per cent of the price at which the Debentures are issued, and such commission may be satisfied in any such manner, including the allotment of the Shares or Debentures, as the case may be, as the Board thinks fit and proper

### **Brokerage**

26. The Company may pay a reasonable and lawful sum for brokerage authorized By the shareholders

### **CALLS**

#### **Directors may make calls**

27. (a) The Board of Directors may, from time to time and subject to the terms on which any shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments
- (b) The option or right to call of shares shall not be given to any person except with the sanction of the Company in general meetings.

#### **Notice of calls**

28. At least 14 (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 call shall be paid

#### **Calls to date from resolution**

29. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board

#### **Calls may be revoked or postponed**

30. A call may be revoked or postponed at the discretion of the Board

#### **Joint and severally**

31. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof

#### **Directors may extend time**

32. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour.

#### **Calls to Carry interest**

33. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate, shall from time to time, determined by the Board of Directors subject to the applicable for the time being in force but nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such member.

#### **Sum Deemed to be Calls**

34. Any sum, which may by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

#### **Proof on trial of suit for money due on shares**

35. At the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member, in respect of whose shares, the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

#### **Partial payment not to preclude forfeiture**

36. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided

#### **Payment in anticipation of call may carry interest**

37. The directors may, if they think fit, subject to the provisions of the Companies Act, 2013 agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The directors may at any time repay the amount so advanced or may, at any time, repay the same upon giving to the member 3 (Three) months' notice, in writing, provided that moneys paid, in advance of calls, on any Shares may carry interest but shall not confer a right to dividend or to participate in profits.

(b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the company.

**LIEN :**

**Company to have lien on shares**

38. The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares or debentures and no equitable interest in any shares shall be created except upon the footing, and upon the condition that that this Article will have full effect and any such lien shall extend to all dividends and bonuses from time to time declared in all respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The directors may at any time declare any shares/ debentures wholly or in part to be exempt from the provision of this clause. Provided that, fully paid shares shall be free from all lien and that in case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

**As to enforcing lien by sale**

39. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or his representatives and default whether express or implied shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after the service of such notice, and stated therein.

**Application of proceeds of sale**

40. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale

**FORFEITURE OF SHARE**

41. If call or installment Not paid notice may be given If any member fails to pay any call or installment on or before the day appointed for the payment of the same or any such extension thereof as aforesaid by the Board, may at any time thereafter during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment Form of Notice
42. The notice shall name a day, not being earlier than the expiry of 14 (Fourteen) days from the date of service of the notice, a place or places on & at which such call or installment or such expenses & interest as aforesaid, on or before which the payment required by the notice is to be made. The notice shall detail the amount which is due and payable on the shares and shall state that in the event of non-payment at or before the time appointed the shares will be liable to be forfeited.

**If notice not complied with shares may be forfeited**

43. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the

Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

#### **Notice of forfeiture to a member**

44. When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid

#### **Forfeited share to become property of the company**

45. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit

#### **Power to annul forfeiture**

46. The Board may, at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

#### **Liability on forfeiture**

47. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

#### **Effect of forfeiture**

48. The forfeiture of a share involve extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the share and all other rights, incidental to the share except only such of those rights as by these Articles are expressly saved

#### **Evidence of forfeiture**

49. A duly verified declaration in writing that the declarant is a Director, the manager or the secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

#### **Cancellation of share certificate in respect of forfeited shares**

50. Upon any sale, re-allotment or other disposal under the provisions of the preceding. Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto

#### **Employees Stock Options**

51. Subject to the provisions of section 62 of the Companies Act, 2013 and the rules made thereunder and any other provisions of the law, the Company may issue options to the whole-time directors, officers, or employees of the Company, its subsidiaries or its parent, which would give such directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the

securities offered by the Company at a predetermined price, in terms of schemes of employee stock options or employees share purchase or both

#### **Power To Issue Share Warrants**

52. The Company may issue Share warrants in the manner provided by the said Ac and accordingly the Directors may, in their discretion, with respect to any fully paid up Share or stock, on application, in writing, signed by the person or all persons registered as holder or holders of the Share or stock, and authenticated by such evidence, if any, as the Directors may, from time to time, require as to the identity of the person or persons signing the application, and on receiving the certificate, if any, of the Share or stock and the amount of the stamp duty on the warrant and such fee as the Directors may, from time to time, prescribe, issue, under the Seal of the Company, a warrant, duly stamped, stating that the bearer of the warrant is entitled to the Shares or stock therein specified, and may provide by coupons or otherwise for the payment of future dividends, or other moneys, on the Shares or stock included in the warrant. On the issue of a Share warrant the names of the persons then entered in the Register of Members as the holder of the Shares or stock specified in the warrant shall be struck off the Register of Members and the following particulars shall be entered therein :
  - (a) fact of the issue of the warrant.
  - (b) a statement of the Shares or stock included in the warrant distinguishing each Share by its number, and
  - (c) the date of the issue of the warrant
53. A Share warrant shall entitle the bearer to the Shares or stock included in it, and, notwithstanding anything contained in these articles, the Shares or stock shall be transferred by the delivery of the Share-warrant, and the provisions of the regulations of the Company with respect to transfer and transmission of Shares shall not apply thereto.
54. The bearer of a Share-warrant shall, on surrender of the warrant to the Company for cancellation, and on payment of such fees, as the Directors may, from time to time, prescribe, be entitled, subject to the discretion of the Directors, to have his name entered as a member in the Register of Members in respect of the Shares of stock included in the warrant
55. Holder of a Share-warrant shall not be considered to be a member of the Company and accordingly save as herein otherwise expressly provided, no person shall, as the bearer of Share warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company for meetings or otherwise, or qualified in respect of the Shares or stock specified in the warrant for being a director of the Company, or have or exercise any other rights of a member of the Company
56. The Directors may, from time to time, make rules as to the terms on which, if they 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**

57. The Company shall keep a book to be called the “Register of Transfers”, and therein shall be fairly and directly entered particulars of every transfer or transmission of any share

##### **To be executed by transferor and transferee**

58. No transfer shall be registered, unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer shall be duly stamped, under the relevant provisions of the Law, for the time being, in force, and shall be signed by or on behalf of the transferor and the transferee, and in the case of a Share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint holders or by all such joint transferees, as the case may be, and the transferor or the transferors, as the case may be, shall be deemed to remain

the holder or holders of such Share, until the name or names of the transferee or the transferees, as the case may be, is or are entered in the Register of Members in respect thereof. Several executors or administrators of a deceased member, proposing to transfer the Share registered in the name of such deceased member, or the nominee or nominees earlier appointed by the said deceased holder of Shares, in pursuance of the Article 73, shall also sign the instrument of transfer in respect of the Share, as if they were the joint holders of the Share.

#### **The bearer instrument of transfer**

59. Shares in the Company may be transferred by an instrument, in writing, in the form, as shall, from time to time, be approved by the Directors provided that, if so required by the provisions of the Act, such instrument of Transfer shall be in the form prescribed thereunder, and shall be duly stamped and delivered to the Company within the prescribed period. All the provisions of Section 56 of the Act 2013 shall be duly complied with in respect of all transfers of Shares and registration thereof.

#### **Transfer books when closed**

60. The Board shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient

#### **Directors may refuse to register transfer**

61. Subject to the provisions of Section 58 and 59 of the Companies Act 2013, these Articles Section 22A of the Securities Contract (Regulation) Act, 1956 and any other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of 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. Transfer of Share/debentures in whatever lot shall not be refused.

#### **Nomination By Security Holder**

62. (a) Every holder of shares in, or debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his shares in or debentures of the Company shall vest in the event of death of such holder.
- (b) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.
- (c) Notwithstanding anything contained in any other law for the time being in force or in an disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manne purports to confer on any person the right to vest the shares in, or debentures of the Company, th nominee shall, on the death of the shareholders or holder of debentures of the Company or as the case may be, on the death of all the joint holders become entitled to all the rights in th shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act

(d) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the shares in or debentures of the Company, in the event of his death, during the minority.

#### **Transmission in the name of nominee**

63. Any person who becomes a nominee by virtue of the provision of the above Article, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :

(a) to be registered himself as holder of the shares or debentures, as the case may be; or

(b) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee, so becoming entitled, elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder and the certificate(s) of shares or debentures, as the case may be, held by the deceased in the Company

Subject to the provisions of Section 109 B (3) of the Act and these Articles, the Board may register the relevant shares or debentures in the name of the nominee of the transferee as if the death of the registered holder of the shares or debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be

A nominee on becoming entitled to shares or debentures by reason of the death of the holder or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not before being registered as holder of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debenture holder in relation to meetings of the Company

The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus, interest or other moneys payable or rights accrued or accruing in respect of the relevant shares or debentures, until the requirements of the notice have been complied with.

#### **No transfer to insolvent etc.**

64. No Share shall, in any circumstances, be transferred to any infant, insolvent or person of unsound mind, and that no Share, partly paid up, be issued, allotted or transferred to any minor, whether alone or along with other transferees or allottees, as the case may be.

#### **Registration of persons entitled to shares otherwise than by transfer (The transmission article)**

65. Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.

**Person entitled may receive dividend without being registered as a member**

66. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

**Transfer to be presented with evidence of title**

67. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

**Conditions of registration of transfer**

68. For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer

**No fee on transfer or transmission**

69. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document

**Company not liable for disregard of a notice in prohibiting registration of transfer**

70. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company. The Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit

**DEMATERIALISATION OF SECURITIES**

71. (a) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.
- (b) The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996, as amended.

**Options for investors**

- (c) Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996, as amended and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities

If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the Securities

#### **Securities in depositories to be in fungible form**

(d) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 and 186 of the Companies Act, 2013 shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

#### **Rights of Depositories and beneficial owners**

(e) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.

(ii) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company

#### **Service of Documents**

(f) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

#### **Transfer of securities**

(g) Nothing contained in Section 56 of 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 a depository

#### **Allotment of securities dealt with in a depository**

(h) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

#### **Distinctive number of securities held in a Depositor**

(i) 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**

(j) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, as amended shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

#### **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

##### **Copies of Memorandum and Articles of Association Sent by the company**

72. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Companies Act, 2013 and rules made thereunder shall be sent by

the Board to every Member at his request within 7 (seven) days of the request on payment of prescribes fees determined by the board from time to time for each copy.

## **BORROWING POWERS**

### **Power to borrow**

73. The Board may, from time to time, at its discretion subject to the provisions of these Articles, Section 73 to 76 and 179 of the Companies Act, 2013 and rules made thereunder and directions issued by the Reserve Bank of India raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum passed at a meeting of the Board and not by Circular Resolution, passed at a meeting of the Board and not by Circular Resolution, provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

### **Conditions on which money May be borrowed**

74. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being.

### **Issued at discounts etc. with special privileges**

75. Any debentures, debenture-stock, bonds other securities may be issued at a discount and otherwise debentures, debenture - stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debentures, debenture-stock, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with sanction of the Company in General Meeting.

### **Instrument of transfer**

76. Save as provided in Section 56 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

### **Notice of refusal to register members**

77. If the Board refuses to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and to the transferor the notice of such refusal.

### **Register of mortgages to be kept**

78. The Board shall cause a proper Register and charge creation documents to be kept in accordance with the provisions of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirement of the provisions of the Companies Act, 2013 and rules made in that behalf to be duly complied with, so far as they are ought to be complied with by the Board

### **Register and index of debenture holders**

79. The Company shall, if at any time it issues debentures, keep Register and Index of Debenture holders in accordance with the provisions of the Companies Act, 2013 and rules made

thereunder. The Company shall have the power to keep in any State or Country outside India a Branch Register of debenture-stock, resident in that State or Country.

## **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

### **Shares may be converted to stock**

80. The Company by resolution in General Meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which the shares from which the stock arose might have been transferred if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time re-convert any stock into paid-up shares of any denomination

### **Rights of stock Holders**

81. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends and voting at the meetings of the Company, and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

## **MEETING OF MEMBERS**

### **Annual General Meeting**

82. The Company shall, in each year, hold a general meeting as its Annual General Meeting. Any meeting, other than Annual General Meeting, shall be called Extra-ordinary General Meeting Not more than 15 (Fifteen) months or such other period, as may be prescribed, from time to time, under the Act, 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 the Act to extend time within which any Annual General Meeting may be held.

Every Annual General Meeting shall be called for a time during business hours i.e. between 9 a.m. and 6 p.m., on a day that is not a National Holiday, and shall be held at the Office of the Company or at some other place within the city, in which the Office of the Company is situated, as the Board may think fit and determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

Every member of the Company shall be entitled to attend, either in person or by proxy, and by way of a postal ballot whenever and in the manner as may permitted or prescribed under the provisions of the Act, and the Auditors to the Company, who shall have a right to attend and to be heard, at any general meeting which he attends, on any part of the business, which concerns him as th Auditors to the Company, further, the Directors, for the time being, of the Company shall have a right to attend and to be heard, at any general meeting, on any part of the business, which concerns them as the Directors of the Company or generally the management of the Company.

At every Annual General Meeting of the Company, there shall be laid, on the table, the Directors' Report and Audited Statements of Account, Auditors' Report, the proxy Register with forms of proxies, as received by the Company, and the Register of Directors' Share holdings, which Register shall remain open and accessible during the continuance of the meeting, and therefore in terms of the provisions of Section 96 of the Act, the Annual General Meeting shall be held within six months after the expiry of such financial year. The Board of Directors shall prepare the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the Act

### **Extraordinary General Meeting**

83. 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 the date carries the right of voting in regard to the matter in respect of which the requisition has been made.

#### **Regulation of the Members to state objects of meeting**

84. 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 file form each signed by one or more requisitionists.

#### **On receipt of requisitions Directors to call meeting and in default requisitionists may do so**

85. Upon receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within 21 (Twenty-one) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of the requisition, being deposited at the office, to cause a meeting to be called on a day not later than 45 (Forty-five) days or such other lessor period, as may be prescribed, from time to time, under the Act, 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 100(4) of the Act, whichever is less, may themselves call the meeting, but, in either case, any meeting so called shall be held within 3 (Three) months or such other period, as may be prescribed, from time to time, under the Act, from the date of the delivery of the requisition as aforesaid.

#### **Meeting called by Requisitionists**

86. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

#### **Twenty one days' notice of meeting to be given**

87. At least 21 (Twenty-one) days' notice at least of every General Meeting, Annual or Extraordinary and by whosoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in the case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid up share capital of the Company as gives a right to vote at the meeting any be convened by a shorter notice.

In the case of an Annual General Meeting, 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 remuneration of the Auditors, is proposed to be transacted then in that event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including, in particular, the nature of concern or interest, if any, therein of every director, and the Manager (if any). Where any such item of special business relates to or affects any other Company, the extent of shareholding interest in other company of every Director and the Manager, if any, of the Company shall also be set out in the Statement if the extent of such shareholding interest is not less than prescribed percent (under the Act for the time being in force) of the paid-up share capital of that other company Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid

#### **Omissions to given notice not to invalidate a resolution passed**

88. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate the holding of the meeting or any resolution passed at any such meeting.

**Meeting not to transact business not mentioned**

89. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened

**Quorum of General Meeting**

90. Subject to the provisions of the Act and these Articles, five (5) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is not more than One Thousand; Fifteen (15) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is more than One Thousand but not more than Five Thousand; Thirty (30) shareholders shall constitute quorum in Shareholders' Meetings of the Company if number of shareholders as on date of meeting exceeds five thousand.
91. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Companies Act, 2013 and rules made thereunder

**If quorum not present meeting to be dissolved or adjourned**

92. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such oilier time and place in the city or town in which the office of the Company is for the time being situate as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

**Chairman of general meeting**

93. The Chairman (if any) of the Board of Directors, or in his absence, the Managing Director of the Company shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board or Managing Director, or if at any meeting neither of them is 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 members present shall chose another director as Chairman of the meeting. 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 Chairman for that particular meeting
94. No business shall be discussed at any General Meeting except the election of a Chairman, while the chair is vacant.

**Chairman with consent may adjourn meeting**

95. The Chairman with the consent of the members in any meeting at which a quorum is present may adjourn any meeting from time to time and from place to place in the city in which it is held but, no business shall be transacted at any adjourned meeting other than the business, left unfinished at the meeting from which the adjournment took place.

**Questions at general meeting decided**

96. 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 demanded, before or on the declaration of the result of the show of hands,

by any member or members present in person or by proxy and holding Shares in the Company, which confer a power to vote on the resolution not being less than one-tenth or such other proportion as may statutorily be prescribed, from time to time, under the Act, of the total voting power, in respect of the resolution or on which an aggregate sum of not less than Rs. 500,000/- (Rupees Five Lakh) or such other sum as may statutorily be prescribed, from time to time, under the Act, has been paid up, and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority, or has been lost and an entry to that effect in the minutes 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 that resolution

#### **Chairman's Casting vote**

97. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member

#### **Poll be taken if demanded**

98. If a poll is demanded as aforesaid, the same shall, subject to Article 94 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or person who made the demand.

#### **Scrutineers at poll**

99. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer from such removal or from any other cause.

#### **In what case poll taken without adjournment**

100. Any poll duly demanded on the election of Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

#### **Demand of poll not to prevent transaction of other business**

101. The demand for a poll except on the questions 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

#### **VOTE OF MEMBERS**

##### **Members in arrears not to vote**

102. No member shall be entitled to vote either personally or by proxy, at an General Meeting or Meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has, and has exercised any right of lien.

##### **Number of vote which a person entitled**

103. 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 rights of every member present in person or by proxy shall be in proportion to his shares of the paid-up equity share capital of the Company. Provided, however, if any preference share-holder be present at any meeting of the Company, subject to the provisions of Section 47 of the Companies Act, 2013 and any applicable provisions and rules made thereunder, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares and subject as aforesaid, the holders of preference shares shall in respect of such capital be entitled to vote on every resolution placed before the Company at a meeting if the dividend due on such capital or any part of such dividend remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting and where the holders of any preference shares have a right to vote as aforesaid on any resolution every such member personally present shall have one vote and on a poll his voting rights in respect of such preference shares shall be in proportion to the total of the capital paid up on such shares.

#### **Casting on votes by a member entitled more than one vote**

104. On a poll taken at 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 used or may abstain from voting.

#### **Vote by a person incapable by act or any other law**

105. 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 vote by proxy, if any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any of his, guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

#### **Vote of joint holders**

106. If there be registered joint holders of any shares, anyone of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto by the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles to be deemed joint holders thereof.

#### **Voting in person or by proxy**

107. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.

#### **Votes in respect of shares of deceased and insolvent members**

108. Any person entitled under Article 60, to transfer any share may vote at any General Meeting in respect thereof in the same manner, as if he were the registered holder of such shares, provided that forty eight hours atleast before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer

such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof

#### **Appointment of Proxy**

109. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation \ body corporate under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it or them or for a member of unsound mind or in respect of whom order has been made by a court having jurisdiction in lunacy, any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

#### **Proxy either for specified meeting or a period**

110. 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.
111. A member present by proxy shall be entitled to vote only on a poll.

#### **Deposit of instrument of appointment**

112. 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 48 (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 of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 (twelve) months or such other period as may be prescribed under the law for the time being in force or if there shall be no law, then as may be decided by the directors from the date of its execution.

#### **Form of proxy**

113. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the form MGT 11 or any other form as may be specified under section 105 of the Companies Act, 2013 and ruled made there under or any other provision as applicable under the Act.

#### **Validity of Votes given by proxy notwithstanding death of member**

114. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the pervious death or insanity of the principal, or revocation of the proxy 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 Objection of votes**

115. 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

#### **Passing of resolution by postal ballot**

116. Notwithstanding anything contained in the foregoing, the company shall transact such business, as may be specified by the Central Government from time to time, through the means of postal ballot. In case of resolutions to be passed by postal ballot, no meeting need to be held at a

specified time and space requiring physical presence of members to form a quorum. Where a resolution will be passed by postal ballot the company shall, in addition to the requirements of giving requisite clear days notice, send to all the members the following :

- (a) Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.
- (b) Postal ballot for giving assent or dissent, in writing by members; and
- (c) Postage prepaid envelope (by Registered Post) for communicating assents or dissents on the postal ballot to the company with a request to the members to send their communications within 30 (thirty) days from the date of dispatch of Notice.

The Company shall also follow such procedure, for conducting vote by postal ballot and for ascertaining the assent or dissent, as may be prescribed by the Act and the relevant Rules made there under.

#### **Chairman of meeting to be the judge of validity of any vote**

117. 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 General Meeting and inspection of thereof by members**

118. (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 that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or non availability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meetings.
- (f) 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 :
- (i) is or could reasonably be regarded, as, defamatory of any person or
  - (ii) is irrelevant or immaterial to the proceeding, or
  - (iii) is detrimental to the interest of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds

- (g) Any such minutes shall be conclusive evidence of the proceedings recorded therein.

(h) The book containing the minutes of proceedings of General Meetings shall be kept at the registered office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge

## **DIRECTORS**

119. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 (1) of the Companies Act, 2013 and rules made thereunder or any other applicable provisions of the law for the time being in force, the number of Directors shall not be less than 3 (three) nor more than 15 (Fifteen) including the Special Director, if any and the debenture Director, if any, and the Corporation Director, if any. The Company may increase the number of Directors by special resolution in the general meeting of the Company or subject to any other provisions of law for the time being in force.

120. The first Directors of the Company are as under:

- (a) Mr. Vishwamani Tiwari
- (b) Mr. Vishal Wadkar

## **Nominee Director**

121. The Company shall, subject to the provisions of the Act and these Articles, be entitled to agree with any Person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board (“**Nominee Director**”) upon such terms and conditions as the Company may deem fit. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.

## **Special Director**

122. Whenever, Directors enter into a contract with any Government, whether central, state or local, bank or financial institution or any person or persons (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever or in case of Promoters of the Company (hereinafter referred to as “Promoters”), the Directors shall have, subject to the provisions of Section 152 and other applicable provisions, if any, of the Act, the power to agree that such appointer or Promoters shall have the right to appoint or nominate by a notice, in writing, addressed to the Company, one or more Directors on the Board (hereinafter referred to as “Special Director”) for such period and upon such terms and conditions, as may be mentioned in the agreement if any, and that such Director or Directors may or may not be liable to retire by rotation, nor be required to hold any qualification Shares. The Directors may also agree that any such Director or Directors may be removed, from time to time, by the appointer or Promoter, entitled to appoint or nominate them and the appointer or Promoter may appoint another or others in his or their place and also fill in vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reasons whatsoever. The directors, appointed or nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the directors of the Company including payment of remuneration, sitting fees and travelling expenses to such director or directors, as may be agreed by the Company with the appointer. The Special Directors, appointed under the preceding Article, shall be entitled to hold Office until required by the Government, person, firm, body corporate promoters or financial institution/s who may have appointed them, and will not be bound to retire by rotation or be subject to the Articles hereof. A Special Director shall not require to hold any qualification Share(s) in the Company.

As and when a Special Director vacates Office, whether upon request as aforesaid or by death, resignation or otherwise, the Government, person, firm or body corporate promoters or financial institution, who appointed such Special Director, may appoint another director in his place. Every nomination, appointment or removal of a Special Director or other notification, under this Article, shall be in writing and shall, in the case of the Government, be under the hand of a Secretary or some other responsible and authorised official to such Government, and in the case of a company or financial institution, under the hand of director of such company or institution duly authorised in that behalf by a resolution of the Board of Directors. Subject as aforesaid, a

Special Director shall be entitled to the same rights and privileges and be subject to the same of obligations as any other director of the Company.

### **Small Shareholders' Directors**

123. If the Company at any time have a minimum paid up capital of Rupees Five Crore or such sum as may be prescribed and at least one thousand or more small shareholders, then the company may, suo moto or upon requisition of not less than one tenth of the total number of small shareholders, proceed to appoint a nominee from amongst small shareholder as a Director of the Company. The small „shareholders“ director shall before his appoint, file his consent, to act as a Director, in writing to the Company and the tenure of such appointment shall be three years at a time without retirement by rotation, but shall be eligible for reappointment for another tenure. He shall, however, not be appointed as Managing Director or Whole Time Director under any circumstances and shall be subject to same disqualifications and shall vacate his office on the same grounds as are applicable to other Directors, in pursuance of these Articles. The company shall follow such Rules as may be prescribed by the Central Govt. in this behalf.

### **Restrictions on directorship of small shareholder**

(b) No small shareholders“ director appointed in accordance with the provisions of this Article shall hold office at the same time as “small shareholders“ director” in more than two companies

### **Debenture Director**

124. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power, from time to time, and appoint a director accordingly. Any director so appointed is hereinafter referred to as "the Debenture Director". A Debenture Director may be removed from Office, at any time, by the person or persons in whom, for the time being, is vested the power, under which he was appointed, and another director may be appointed in his place. A Debenture Director shall not be required to hold any qualification Share(s) in the Company

### **Appointment of alternate directors**

125. Subject to the provision of Section 161 (2) of Companies Act, 2013, the Board may appoint an Alternate Director to act for a Director (hereinafter called “the Original Director”) during his absence for a period of not less than 3 (Three months or any other period as may be prescribed from time to time under the Act, from the India, in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original director in whose place he has been appointed and shall vacate the office of the Original Director if and when he returns to that India. If the terms of office of the Original Director are determined before he so returns to that India, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment, shall apply to the Original Director and not to the Alternate Director.

### **Directors power to add to the Board or the appointment of Additional director**

126. Subject to the provision of Section 161 (1) of Companies Act, 2013, the Board shall have power at any time or from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum number 15 (Fifteen) fixed under the Article 111. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting

#### **Share qualification of directors**

127. Until otherwise determined by the Company in General Meeting, a Director shall not be required to hold any shares in the capital of the Company as his qualification.

#### **Directors can act before acquiring qualification**

128. Without prejudice to the restrictions imposed by provisions of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than a Director appointed by the Central or a State Government shall file with the Company a declaration specifying the qualification shares held by him within two months or any other period as may be prescribed under the act, from his appointment as a director.

#### **Director's power to fill casual vacancies**

129. Subject to the provisions of Section 152 & 162 of the Companies Act, 2013 and rules made thereunder, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him

#### **Remuneration of Directors**

130. (i) Subject to the provisions of section 196, 197 and read with schedule V of the Companies Act, 2013, a Managing Director or Director who is in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, or in any other manner, as may be, from time to time, permitted under the Act or as may be thought fit and proper by the Board or, if prescribed under the Act, by the Company in general meeting.

(ii) Subject generally to the provisions of the Act, and, in the case of th Managing Director, subject to the provisions of the Articles herein below, as may be applicable, the Board shall have power to pay such remuneration to a director for his services, Whole-time or otherwise, rendered to the Company or for services of professional or other nature rendered by him, as may be determined by the Board. If any director, being willing, shall be called upon to perform extra services or make any special exception in going to or residing at a place other than the place where the director usually resides, or otherwise in or for the Company's business or for any of the purpose of the Company, then, subject to the provisions of the Act, the Board shall have power to pay to such director such remuneration, as may be determined by the Board.

#### **Reimbursement of expenses to Directors for attending meeting of the Board**

(iii) The fees payable to a Director for attending the meetings of the Board or Committee thereof shall be such sum as may be decided by the Board of Directors from time to time within the maximum limit prescribed by the Central Government under the relevant provisions of the Act

#### **Directors may act notwithstanding any vacancies**

131. The Board may allow any pay to any director who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; The Board may also allow, if any Director be called upon to go or resided out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with business of the Company. The Board may also permit the use of Company's Car or other vehicle, telephones or any such other facility, by the director only for the business of the Company.

132. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by the Article 111 hereof, the continuing Directors not being less than three, may act for the purpose of increasing the number of directors to that number or for summoning a General Meeting but for no other purpose

#### **Vacation of office of director**

133. (a) The office of a Director shall ipso facto be vacated pursuant the provision of Section 164 & Section 167 of the Companies Act, 2013 and rules made there under or any other applicable provisions of the law for the time being in force

(i) If he is found to be of unsound mind by a Court of competent jurisdiction; or

(ii) If he applies to be adjudicated as an insolvent, the application is pending; or

(iii) If he is undischarged insolvent; or

(iv) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call; or

(v) If he is convicted by a Court in India of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence. Provided that if he has been convicted of any offence and sentenced in respire thereof to the imprisonment for a period of seven years or more he shall not be eligible for appointment as a director in any company provided that the office shall be vacated by the Director or even if he has filed an appeal against the order of such court ;

Or

(vi) An order disqualifying him for appointment as a director has been passed by the Court or Tribunal and the order is in force; or

(vii) He has been convicted of the offence dealing with related party transactions under section 188 (Related Party Transactions) at any time during the last preceding 5 (Five) years ; or

(viii) He has not complied with sub-section (3) of the section 152 (DIN No.) of the Companies Act, 2013; or

(ix) No person who is or has been director of a Company which - has not filed financial statements or annual return for any continuous period of three financial years or - has failed to repay deposits accepted by it or pay interest thereon or to redeem any debentures on due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continuous to one year or more, shall be eligible to be re-appointed as a director of that company or appointed in the other company for a period of five years from the date on which the said company fails to do so; or

(x) If he absents himself from all the meetings of the Board of Directors held during a period of twelve (12) months with or without obtaining Leave of absence from the Board; or

(xi) If he acts in contravention of Section 184 relating to entering into the Contracts or arrangements in which he is directly or indirectly interested; or

(xii) If he fails to disclose his interest in any contracts or arrangements in which he is directly or indirectly interested in contravention of provisions of section 184 of the Companies Act, 2013 or any rule made thereunder;

or

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(xiii) If he has been removed from the office pursuant to the Section 188 of the Companies Act, 2013 or any other applicable provisions of the law for the time being in force; or

(xiv) by notice in writing to the Company that he resigns his office under section 168 of the Companies Act, 2013; or

(xv) He having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company

(b) Notwithstanding any matter or thing in the above sub-clauses of clause (a), the disqualification referred to in those sub-clauses shall not take effect

(i) for thirty days from the date of adjudication sentence or order of disqualification; or

(ii) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

(iii) where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal or petition is disposed of.

**Related Party Transactions By Directors**

134. Subject to the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder; the directors or his relatives or any other related party as defined under section 2 (76) of the Companies Act, 2013, may enter into the contracts or any arrangements with the Company; with the prior approval of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, with respect to:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company

Provided that no contract or arrangement, in the case of a company having a paidup share capital of not less than such amount or transactions not exceeding such sums, as may be prescribed under the act, shall be entered into except with the prior approval of the company by a special resolution.

Provided further that no member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party:

Provided also that nothing in this article shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

The expression "office or place of profit" means any office or place—

(i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

The expression “arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

#### **Disclosure of Interest**

135. A director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Companies Act, 2013 and rules made thereunder; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company either himself or along with his relatives holds or hold two per cent of the paid-up share capital in any such other company

#### **General Notice of Interest**

136. A General Notice given to the Board by the Directors, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired of such general notice and no renewal thereof, shall be of effect unless it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

#### **Interested director not to participate or vote in Board’s proceeding**

137. No director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however, that nothing herein contained shall apply to :-

(a) any contract of indemnity against any loss which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely :

(i) in his being; a director in such company, and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; Or

(ii) in his being a member holding not more than 2% of its paid-up share capital.

#### **Register of contracts in which Directors are interested**

138. The Company shall keep a Register in accordance with the Section 189 (1) and shall within the time specified, enter therein such of the particulars as may be relevant having regard to the application thereto of Section 184 or Section 188 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Article 132. The Register shall be kept at the office of the company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof in the same manner, and on payment of the same fee

as in the case of the Register of Members of the Company and the provision of Section 189 (3) of the Act shall apply accordingly.

#### **Directors may be directors of companies promoted by the company**

139. A Director may be or become a director of any company promoted by the Company or in which it may be interested as a vendor, shareholder, or otherwise, and no such director shall be accountable for any benefits received as director or shareholder of such company except in so far as per the applicable provisions of the Act.

#### **Retirement and rotation of directors**

140. At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The independent director, Nominee Director, Special Director or Debenture Director, if any shall not be subject to retire by rotation under this article and shall not be taken into account in determining the rotation of retirement or number of directors to retire, subject to section 152 and other applicable provisions and ruled made under Companies Act, 2013

#### **Ascertainment of Directors retiring by rotation and filling of vacancies**

141. Subject to Section 152 of the Act, the Directors to retire by rotation under Article 140 at every Annual General Meeting shall be those (other than Managing Director and or any Director or Directors who by virtue of the Provisions of any agreement referred to in Articles are not liable to retire) who have been longest in the office since their last appointment, but as between persons who became directors on the same day; those who are to retire, shall, in default of, and subject to any agreement among themselves, be determined by lot.

#### **Retiring Director eligible for re- election**

142. A retiring Director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.

#### **Filling up of vacancies at general meeting**

143. Subject to Sections 152 of the Companies Act, 2013, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

#### **Provisions for default of appointment.**

144. (a) If the place of the retiring Director is not so filled up and further the meeting has not expressly, resolved not to fill the vacancy, the meeting shall stand adjourned until the same day in the next week, at the same time and place or if that day is public holiday till the next succeeding day, which is not a public holiday at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be so deemed to have been reappointed at the adjourned meeting, unless :
- (i) at that meeting or at the previous meeting the resolution for the reappointment of such Director has been put to the meeting and lost;
  - (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so reappointed;
  - (iii) he is not qualified or is disqualified for appointment;
  - (iv) a resolution whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or
  - (v) the provision Section 162 of the Companies Act, 2013 is applicable to the case.

**Company may increase or reduce the number of directors.**

145. Subject to Section 149 of the Act, the Company may, by special resolution, from time to time, increase or reduce the number of directors, and may after their qualifications the Company (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold Office during such time as the director in whose place he is appointed would have held the same if he had not been removed

**Register of Directors etc. and notification of charge to Registrar.**

146. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Managers, Secretaries and other persons mentioned in Section 170 of the Companies Act, 2013 and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 170 of the Companies Act, 2013 and shall otherwise duly comply with the provisions of the said Section in all respects.

**Disclosure by directors of appointment only in other body corporate**

147. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 184 of the Companies Act, 2013, Managing Director, Manager, or Secretary of the Company, shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body which are required to be specified under sub-section(1) of Section 189 of the Companies Act, 2013.

**Disclosure by a Director of his holding of share and debenture of Company etc**

- (b) Every Director and every person deemed to be a Director of the Company by virtue of Section 170 of the Companies Act, 2013 , shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provision of that section.

**MANAGING DIRECTOR**

**Board may appoint Managing Director or Managing Directors**

148. (a) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member or members as Managing Director or Managing Directors of the Company for fixed term not exceeding 5 (Five) years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions of these Articles, the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act or the rules made thereunder or any notifications or circulars issued under the act.
- (b) The Board shall have power to appoint an individual as the Chair-person of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.

**Restriction on Management**

149. The Board of Directors, subject to Section 179 of the Companies Act, 2013 may entrust to and confer upon a Managing or whole time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with

or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers

#### **Managing Director Special position of Managing Director**

150. A Managing Director shall not while he continues to hold that office be subject to the retirement by rotation, in accordance with Article 140. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

#### **Remuneration to Managing Directors**

A Managing or whole time Director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the Board of Directors may determine.

#### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

##### **Meetings of Directors**

151. The Directors may meet together as a Board for the dispatch of business, from time to time, and shall so meet at least once in every 3 (Three) months and at least 4 (Four) such meetings shall be held in every year in such a manner that not more than one hundred and twenty days (120) days shall intervene between two consecutive meetings of the Board. The Directors may adjourn and otherwise regulate their meetings as they think fit, subject to the provisions of the Act. The Board of directors may participate in a meeting of the Board either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time subject to the rules as may be prescribed.

##### **Notice of Meeting**

152. Not less than seven (7) days' Notice of every meeting of the Board may be given, in writing, to every director for the time being in India at his usual address in India, to every other director, at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means, subject to the provisions section 173 (3) for meeting called on Shorter Notice of the Companies Act, 2013

##### **When meeting to be convened**

153. The Managing Director or a Director or a Secretary upon the requisition of Director(s), may convene a meeting of the Board of Directors, by giving notice of the meeting in writing to every other directors of the Company.

##### **Chairman**

154. The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed, or if at any meeting of the Board the Chairman is not present within five minutes after the time appointed, for holding the same, the Directors present shall choose one of them being present member to be the Chairman of such meeting

##### **Quorum**

155. Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength, excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that onethird being rounded off as one, or two directors, whichever is higher, provided that where, at any time, the number of interested directors exceeds or is equal to two-thirds of the total strength the number of the remaining directors, that is to say, the number of directors who are not interested, present at the meeting, being not less than two, shall be the quorum, during such time. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 287 of the Act. If a quorum

shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

156. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned for 30 minutes in the same day and at same place.

**Exercise of powers to be valid in meetings where quorum is present**

157. A meeting of the Board of which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board generally

**Matter to be decided on majority of votes**

158. Subject to the provisions of Companies Act, 2013 and rules made thereunder; questions arising at any meeting shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.

**Power to appoint committee and a delegate**

159. The Board may subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may from time to time be imposed upon it by the Board.

**Proceeding of committee**

160. The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under these Articles of the Company

**Resolution Without Board Meeting or Resolution by Circulation**

161. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India, not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be, and to all the directors or to all the members of the Committee, at their usual addresses in India and has been approved, in writing, by such of the directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

**Acts of Board Committee valid notwithstanding formal appointment**

162. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

**Minutes of Proceedings of meeting of Board**

163. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such

meeting entries thereof in the books kept for that purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(c) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise.

(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings. The minutes (f) shall also contain:

- (i) the names of the Directors present at the meeting; and
- (ii) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.

(e) Nothing contained in sub-clause (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting :

i. is, or could reasonably be regarded as defamatory of any person.

(ii) is irrelevant or immaterial to the proceedings; or

(iii) is detrimental to the interest of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause. 46

(h) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

#### **Power of Director**

164. The Board may exercise all such powers of the Company and do all such acts, and things as are not, by the Act, or any other 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 regulations 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. Provided that the Board shall not, except with the consent of the Company in General Meeting

(a) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking.

(b) remit, or give time for the repayment of any debt due by a Director.

(c) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed 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. Provided further

that the powers specified provisions of the Act shall, subject to these Articles, be exercised only at meetings of the Board, unless the same be delegated to the extent there in stated; or

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of the Act during the three financial years immediately preceding, whichever is greater

#### **Absolute Powers of Board in certain cases**

165. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers; that is to say, power :

(a) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(b) To pay any charge to the capital account of the Company and Commission or interest lawfully payable there out under the provisions of the Act.

(c) Subject to the provisions of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(d) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in shares, bonds, debentures, mortgages, or other securities of the Company, and such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon all or any part of the property of the Company and its uncalled capital or not so charged;

(e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the firm being or in such manner as they may think fit;

(f) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, whether under buyback or otherwise, on such terms and conditions as shall be agreed mutually and as may be permitted from time to time under the act or any other law or regulations for the time being in force;

(g) To appoint any person to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.

(h) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and, perform any awards made thereon;

(i) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

(j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(k) Subject to the applicable provisions of the Companies Act, 2013, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they think fit, and from time to time to vary the size of such investments. Save as provided under the Act, all investments shall be made and held in the Company's own name;

(l) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(m) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose, further to operate the banking or any other kinds of accounts, maintained in the name of & for the business of the Company;

(n) To distribute by way of bonus or incentives or otherwise amongst the staff of the Company, share or shares in the profits of the Company, and to give to staff or any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or incentives or commission as part of the operational expenditure of the Company;

(o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions; funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

(p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special dividends or for equalized dividends or for repairing, improving, extending and maintaining any of the property of the Company or for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or debenture stock, and without being bound to keep the same, separate from the other assets, and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, subject to the provisions of the law for the time being in force.

(q) Subject to the provisions of the Act to appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisor, clerks, agents and servants of permanent, temporary or special services as they may for time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India, or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub clause.

(r) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient of comply with;

(s) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to the members of such Local Boards and to fix their remuneration.

(t) Subject to the provisions of the Companies Act, 2013 and ruled made from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow or moneys, and to authorise the Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

(u) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow money") and for" such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

(v) Subject to the provisions of the Companies Act, 2013, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;

(w) Subject to the provisions of the Act, the Board may pay such remuneration to Chairman/Vice Chairman of the Board upon such conditions as they may think fit.

(x) From time to time make, vary & repeal any bylaws or the regulation of the business of the Company, its officers and servants.

## **MANAGEMENT**

### **Management of the Company**

166. (a) The Board of Directors may in accordance with the provisions of the Act appoint a whole-time Director or President or Executive Director or manager to- manage Its affairs. A Director may be appointed as a secretary or Manager. The terms and conditions and the appointment of paid

Director shall be subject to the provision of the Act, and subject to the consent of the General meeting of the company, wherever require

(b) The Company shall not appoint or employ, at the same time, more than one of the following categories of managerial personnel, namely

- Managing Director, and
- Manager

#### **Local Management**

167. Subject to the provisions of the Act the following shall have effect:

(a) The Board may from time to time provide for the management of the affairs of the company outside India (or in any specified locality in India) in such manner as It shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.

#### **Local Directorate Delegation**

(b) Subject to the provisions of the Act, the Board may at any time establish any local Directorate for managing any of the Delegation. Affair of the company outside India, and may appoint any person to be member of any such local Directorate or any manager or agents and may fix their remuneration and, save as provided in the Act, the Board may at any time delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board and such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and annual or vary any such delegations.

#### **Power of Attorney**

(c) The Board may, at any time and from time to time by power. of attorney under seal, appoint any person to be the attorney of the company for such purposes and with such powers, authorities and discretions not exceeding those which may be delegated by the board under the act and for such period and subject to such conditions as the board may, from time to time, thinks fit, and such appointments may, It the board thinks fit, be made In favour of the members or any of members of any local directorate established as aforesaid, or in favour of the company or of the members, directors, nominees or officers of the company or firm or In favour of any fluctuating body of persons whether nominated directly or Indirectly by the board, and any such Power-of- Attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.

#### **Sub-delegation**

(d) Any such delegate or Attorney as aforesaid may be authorized by the board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

#### **Seal for use abroad**

(e) The company may exercise the power conferred by the Act with regard to having an Official seat for use abroad, and such powers shall be vested In the board, and the company may cause to be kept in any state or country outside India, as may be permitted by the Act, a Foreign Register of Member or debenture holders residents lrv any such state or country and the board may, from time to - time make such regulations not being inconsistent with the provisions of the Act, and the board may, from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of the local law and shall In any case comply with the provisions of the Act.

#### **THE SECRETARY**

##### **Power to appoint Secretary**

168. (a) Subject to the provisions of the Act-

(i) A chief executive officer, manager, company secretary, chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary, chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary, chief financial officer

(b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary, chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary, chief financial officer.

#### **Power to authenticate documents**

(c) Any director or the Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the company and to certify copies or extracts thereof; and where any books, records documents or accounts are then, at the office, the local manager or other officer of the company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.

#### **Certified copies of resolution of the Board**

(d) Document purporting to be a copy of resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that extract is a true and accurate records of a duly constituted meeting of the Directors.

#### **SEAL**

##### **The seal, its custody and use**

169. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given

(b) The Company shall also be at liberty to have an official; Seal in accordance with the applicable provisions of the Companies Act, 2013 for use in any territory, district or place outside India.

170. The seal shall not be affixed to any instrument except by the authority of resolution of the Board of Directors or a committee of the Board authorised by it in that behalf and except in the presence of any one director and that one director shall sign every instrument to which the seal of the Company is so affixed in his presence. The share certificate will, however, be signed and seal in accordance with the provisions of the Act and rules made thereunder

#### **DIVIDENDS**

##### **Division of profits**

171. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

##### **The Company In general meeting may declare a dividend**

172. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed the amount recommended by the Board, but the company in general meeting may declare a smaller dividend.

**Dividend only to be paid out of profits**

173. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance, with the provisions of the Companies Act, 2013 or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that

(a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.

(b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of the Act, or against both.

**Interim Dividend**

174. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies.

**Calls in advance not to carry rights to participate in profits**

175. 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 participate in profits.

**Payment of pro-rata dividend**

176. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portion of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly

**Dividend to be kept in abeyance**

177. The Board may retain the dividends payable upon shares in respect of which any person is under the Article 60 entitled to become a member or which any person under that Article is entitled to transfer; until such a person shall become a member, in respect of such shares or duly transfer the same

**Receipts for dividends**

178. Anyone of several person who are registered as joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares

**Deduction of money owed to the company**

179. No member shall be entitled to receive payments of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of

such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company

#### **Rights to dividend where shares transferred**

180. Subject to the provisions of the Companies Act, 2013 and rules made thereunder, a transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.

#### **Manner of paying dividend**

181. Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holdings. Every such cheque or Warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.

#### **Non-forfeiture of unclaimed dividend**

182. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the company shall comply with the provision of Sections 205A and 205C of the Act in respect of all unclaimed or unpaid dividends.

#### **Dividend may be set off against calls**

183. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend and the dividend may, if so arranged between the Company and the member, be set off against the calls

#### **Unpaid or unclaimed dividend**

184. Where the company has declared a dividend but which has not been paid or claimed within 30 days from the date of the 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 "Unpaid Dividend Account". Any money transferred to the unpaid dividend account of the Company which remain unpaid/unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the applicable provisions of the Companies Act, 2013.  
No unclaimed or unpaid dividend shall be forfeited by the Board until the claim becomes barred by law.

#### **CAPITALISATION OF RESERVES**

##### **Issue of Bonus Shares**

185. (a) The Company in general meeting may, upon the recommendation of the Board, resolve-
- (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(ii) that such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained -

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

#### **Utilization of undistributed capital profits**

(c) A General Meeting may resolve that any surplus money arising from the realisation of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

(d) A Securities Premium Account and a Capital redemption reserve account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

#### **Resolving issues of fractional certificates**

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

#### **Whenever such a resolution as aforesaid shall have been passed, the Board shall -**

i. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and

ii. generally do all acts and things required to give effect thereto

#### **ACCOUNTS**

##### **Directors to keep true accounts**

186. (a) The company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 128 of the Act, with respect to

(i) all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.

(ii) all sales and purchases of goods by the Company.

(iii) the Assets and liabilities of the Company.

(iv) such particulars, if applicable to this Company, relating to utilisation of material and/or labour or to other items of cost, as may be prescribed by the Central Government.

(b) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.

(c) The Company shall preserve in good order the Books of Account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

(d) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its offices at other place in India, at which the Company's Books of Account are kept as aforesaid.

(e) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours

#### **Places of keeping accounts**

187. The Board shall from time to time determine whether and to what extent and at what times and place and under what conditions are regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no person (not being a member) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Board.

#### **Laying of accounts before Annual General Meeting**

188. The Directors shall from time to time, in accordance with Sections 129 and 134 of the Companies Act, 2013 cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Account and Reports as are required by these Sections.

#### **Accounts when to be sent**

189. A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other documents required by law to be annexed or attached to the Balance Sheet), shall at least 21 (Twenty-one) days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex facie are payable to the bearer thereof); to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.

### **AUDIT**

#### **Accounts to be audited**

190. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 139 to 148 of the Companies Act, 2013. The First Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the First Annual General Meeting provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the company not less than fourteen days before the date of the Meeting provided further that if its powers under this Article, the Company in General Meeting may appoint.

#### **First auditor or auditors Secretarial Auditors**

191. The remuneration of the auditors shall be fixed by the Company in Annual general meeting or in such manner as the company in general meeting may determine except that remuneration of the first or any auditors appointed by the directors may be fixed by the Board of Directors. The

aforesaid provisions shall mutatis mutandis apply to any Secretarial Auditor appointed under the relevant provisions of the Act.

## **DOCUMENTS AND NOTICES**

### **Service of documents and notice**

192. (a) A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

(b) Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of the doing so; service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

(c) A document or notice as required to be served or given by the Company on any member may be served electronically in the manner as set out in the Information Technology Act, 2000 and subject to compliance with the Circulars and directions issued by the Ministry of Corporate Affairs from time to time in this respect. Such manner will be in sufficient compliance of the provisions of the Act requiring servicing of notice on the members.

### **Newspaper advertisement of notice to be deemed duly serviced**

193. 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 to every member who has no registered address in India and has not supplied to the Company an address within India for serving of documents on or the sending of notices to him.

### **Notice to whom Served**

194. A document or notice may be served or given by the Company on or given to the joint-holders of a share by serving or giving the document or notice on or to the joint holders named first in the Register of Members in respect of the share

### **Notice to be served to representative**

195. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through post in a prepaid letter addressed to him or them by name or by the title of 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.

### **Service of notice of General Meetings**

196. Documents or notices of every General Meeting shall be served or given in the same manner hereinafter 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 for the time being of the Company, (d) the directors of the Company

### **Members bound by notice**

197. 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 shares, 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 notice to be signed**

198. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

### **Notice to be served by post**

199. All documents or notices to be served or given by members on or to the Company or any office 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 or by such other means such as fax, email, or any other electronic mode as per the provisions of the Companies Act, 2013 and rules made thereunder.

## **WINDING UP**

### **Liquidators powers**

200. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

## **INDEMNITY AND RESPONSIBILITY**

### **Person when to be indemnified by the company**

201. Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceeding, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 463 of Companies Act, 2013 in which relief is granted to him by the Court.

## **SECRECY**

202. (a) Every Director manager, 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 Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any general meeting or by the law of the country and except so far as maybe necessary in order to comply with any of the provisions in these presents and the provisions of the Act or Memorandum of the Company .



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(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 business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and, which in the opinion of the Directors, it would be inexpedient in the interests of the Company to disclose

**SECTION IX: OTHER INFORMATION**

**LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this Prospectus), which are or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under material documents below all of which have been attached to the copy of this Prospectus and have been delivered to the SME platform of BSE Limited and may be inspected at the Corporate Office of the Company situated at Unit No. 402, 4<sup>th</sup> Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai 400 066 between 11:00 am to 5:30 pm on any working day from the date of this Prospectus until the date of closure of the subscription List.

**MATERIAL CONTRACTS**

1. Memorandum of Understanding dated 8<sup>th</sup> March, 2016 among our Company, Selling Shareholders and the Lead Manager to the Issue.
2. Memorandum of Understanding dated 8<sup>th</sup> March, 2016 entered into with Cameo Corporate Services Limited to appointing them as the Registrar to the Offer.
3. Copy of tripartite agreement dated 31<sup>st</sup> July, 2013 between NSDL, our Company and Cameo Corporate Services Limited.
4. Copy of tripartite agreement dated 26<sup>th</sup> June, 2013 between CDSL, our Company and Cameo Corporate Services Limited.
5. Bankers to the Issue Agreement dated 18<sup>th</sup> May, 2016 among our Company, Selling Shareholders, Lead Manager, Bankers to the Offer and the Registrar to the Offer.
6. Market Making Agreement dated 8<sup>th</sup> March, 2016 among our Company, Lead Manager and Market Maker.
7. Underwriting Agreement dated 8<sup>th</sup> March, 2016 among our Company, Selling Shareholders and Underwriters.

**DOCUMENTS FOR INSPECTION**

8. Memorandum and Articles of Association of our Company as amended from time to time.
9. Copy of the resolution passed at the meeting of the Board of Directors held on 29<sup>th</sup> February, 2016 approving the Offer.
10. Copy of Board resolution dated 1<sup>st</sup> April, 2016 reappointing Mr. Vishwamani M. Tiwari as the Managing Director of our Company.
11. Copy of Board resolution dated 1<sup>st</sup> April, 2016 reappointing Mr. Parag Malde as the Whole-time Director of our Company.
12. Consents of the Directors, Company Secretary/Compliance Officer, Chief Financial Officers, Auditors, Lead Manager to the Offer, Underwriters, Market Makers, Bankers to the Offer, Legal Advisors to the Offer, and Registrars to the Offer, to include their names in the Prospectus to act in their respective capacities.
13. Copies of Annual Reports of our Company for preceding five financial years i.e. for the financial years viz 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15.
14. Audit report and restated financial information issued by our Peer Review Auditors dated 11<sup>th</sup> May, 2016 included in the Prospectus.



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15. Letter dated 3<sup>rd</sup> March, 2016 from the statutory Auditors of our Company, M/s. Rajeev Sood & Co., Chartered Accountants, detailing the tax benefits.
16. Board Resolution dated 9<sup>th</sup> July, 2016 for approval of Prospectus.
17. Due Diligence Certificate dated 12<sup>th</sup> March, 2016 to be submitted to SEBI from Lead Manager viz. Navigant Corporate Advisors Limited along with the filing of the Prospectus.
18. Copy of approval from BSE vide letter dated 9<sup>th</sup> May, 2016 to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE.

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 our 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 BY SELLING SHAREHOLDER**

The undersigned Selling Shareholders hereby certifies that all statements and undertakings made by such Selling Shareholders in this Prospectus about or in relation to herself and the Equity Shares being offered by him in the Offer are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements or undertakings made by the Company or any expert or any other person(s) in this Prospectus.

**SIGNED BY THE SELLING SHAREHOLDERS**

Mr. Vishwamani Tiwari

For M/s. Vee Three Informatics Limited

Mr. Vishwamani Tiwari  
Director

**Date:** 09.07.2016

**Place:** Mumbai



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**DECLARATION BY COMPANY**

All the relevant provisions of the Companies Act, 1956 / Companies Act, 2013, Securities Contracts (Regulation) Act, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 / Companies Act, 2013, Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS**

Mr. Vishwamani Tiwari  
(Managing Director)  
(DIN: 01932624)

Mr. Parag Rameshchandra Malde  
(Whole-Time Director)  
(DIN: 05354513)

Ms. Deepti Suresh More  
(Non Executiev Non Independent Director)  
(DIN: 07148169)

Mr. Vaibhav Shastri  
(Inependent Director)  
(DIN: 02136309)

Mr. Atul Bhatkhalkar  
(Independent Director)  
(DIN: 06518965)

**SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Lijo Mathew Varghese

**SIGNED BY THE CHIEF FINANCIAL OFFICER**

Mr. Amit Chandrakant Pandit

**Date:** 09.07.2016

**Place:** Mumbai



**ANNEXURE A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS**

No Issue handled by M/s. Navigant Corporate Advisors Limited is yet listed, hence there are no details regarding the price information and track record of past issues handled, as specified in circulars reference CIR/MIRSD/1/2012 dated 10th January, 2012 and CIR/CIR/CFD/DIL/7/2015 dated 30<sup>th</sup> October, 2015 issued by SEBI.