DRAFT PROSPECTUS
Fixed Price Issue
Please read Section 60 & 60B of the Companies Act, 1956
Dated 16th August, 2013

PRABHAT TELECOMS (INDIA) LIMITED

Our Company was originally incorporated at Mumbai as "Prabhat Telecommunication Private Limited" on 2nd April, 2007 under the provisions of the Companies Act, 1956. The name of the 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 in to 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 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 94 of this Draft Prospectus.

Registered Office & Corporate Office: Unit No. 402, 4th Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai -400 066;
Email: investors@prabhatgroup.net; Website: www.prabhattelecoms.com
Contact Person & Compliance Officer: Ms. Yojana Pednekar, Company Secretary & Compliance Officer;
PROMOTERS OF THE COMPANY: MR. VISHWAMANI TIWARI & MRS. PRABHA TIWARI

PUBLIC ISSUE OF 33,24,800 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF PRABHAT TELECOMS (INDIA) LIMITED ("PTIL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 80/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. 2659.84 LACS ("THE ISSUE"), OF WHICH, 1,68,000 EQUITY SHARES OF RS. 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 31,56,800 EQUITY SHARES OF RS. 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 29.38% AND 27.90%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

*Our Company is considering a Pre-IPO Placement upto 3,50,000 Equity Shares ("Pre-IPO Placement") for an amount aggregating up to Rs. 300 Lacs. Our Company will complete the Pre-IPO Placement of such Equity Shares, if any, prior to the filing of the Prospectus with the ROC. If the Pre-IPO Placement is completed, the Net Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity capital being offered to the public.

THIS ISSUE IS BEING IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.
For Further Details See "Issue Related Information" Beginning On Page 159 of this Draft Prospectus.

All potential investors may participate in the Issue 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 "Issue Procedure" on page 165 of this Draft 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.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS 8 (EIGHT) TIMES OF THE FACE VALUE.

RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of our Company, there has been no formal market for the securities of the Company. The face value of the Equity Shares is Rs. 10/ and the issue price is at 8 times of face value. The issue price (as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on "Basis For Issue Price" beginning on page 57 of this Draft 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 or sustained trading in the shares of the Company or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the BSE SME Platform nor does BSE SME Platform guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 9 of this Draft Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through Prospectus are proposed to be listed on the BSE SME Platform 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 issue. However, our company has received an approval letter dated [•] 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 Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

LEAD MANAGER	REGISTRAR TO THE ISSUE
GUINESS CORPORATE ADVISORS PVT. LTD. Guiness House, 18, Deshapriya Park Road, Kolkata-700 026 **Tel :** +91-33-3001 5555 **Fax:** +91-33-3001 5531 **Email:** gmbpl@guinessonline.net **Website:** www.16anna.com **Contact Person:** Ms. Alka Mishra **SEBI Regn. No:** INM 000011930	**CAMEO CORPORATE SERVICES LTD.** Submaramanian Building, 1 Club House Road, Chennai 600 002. **Tel:** +91-44-2846 0390/1989 **Fax:** +91-44-2846 0129 **E-mail:** cameo@cameoindia.com **Website:** www.cameoindia.com **Contact Person:** Mr. R. D. Ramasamy **SEBI Regn. No:** INR000003753

ISSUE PROGRAMME

ISSUE OPENS ON: [•]	ISSUE CLOSES ON: [•]

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

TERMS	*DESCRIPTION*
"our Company", "the Company", "PTIL", "Prabhat" "we", "us" or "the Issuer"	Prabhat Telecoms (India) Limited, a Public Limited Company incorporated under the Companies Act, 1956

CONVENTIONAL/GENERAL TERMS

TERMS	DESCRIPTION
AOA/Articles/ Articles of Association	Articles of Association of Prabhat Telecoms (India) Limited
Banker to the Issue	**[●]**
Board of Directors / Board/Director(s)	The Board of Directors of Prabhat Telecoms (India) Limited
BSE	BSE Limited (the Designated Stock Exchange)
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996 as amended from time to time
CIN	Company Identification Number
DIN	Directors Identification Number
Depositories	NSDL and CDSL
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.
Director(s)	Director(s) of Prabhat Telecoms (India) Limited, unless otherwise specified
Equity Shares / Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
GoI/ Government	Government of India
Statutory Auditor / Auditor	M/s Rajeev Sood & Co., Chartered Accountants, the Statutory Auditors of our Company.
Peer Review Auditor	M/s Ramanand & Associates, Chartered Accountants, the Peer Review Auditors of our Company.
Promoters	Promoters of the Company being Mr. Vishwamani Tiwari & Mrs. Prabha 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 112 of this Draft Prospectus.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
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 97 of this Draft 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
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

TERMS	DESCRIPTION
	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. **OCBs are not allowed to invest in this Issue.**
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
Registered office of our Company	Unit No. 402, 4th Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai 400 066
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/Stock Exchange	The SME platform of BSE for listing of Equity Shares offered under Chapter X-B of the SEBI (ICDR) Regulations
SWOT	Analysis of strengths, weaknesses, opportunities and threats
RoC	Registrar of Companies, Mumbai, Maharashtra

ISSUE RELATED TERMS

TERMS	DESCRIPTION
Allotment/Allot	Issue of Equity Shares pursuant to the Issue to the successful applicants as the context requires.
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate application Amount of the ASBA applicant, as specified in the ASBA Application Form
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, non- retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
ASBA Location(s)/Specified Cities	Location(s) at which ASBA Application can be uploaded by the Brokers, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Public Issue Account	An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the Issue and which is described in "Issue Procedure–Basis of Allotment" on page 170 of the Draft Prospectus
Designated Market Maker	Guiness Securities Limited
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an

TERMS	DESCRIPTION
	invitation to subscribe to the Equity Shares Allotted herein
Issue/Issue size/ initial public issue/Initial Public Offer/Initial Public Offering	Public Issue of 33,24,800 Equity Shares of Rs. 10/- each ("Equity Shares") of Prabhat Telecoms (India) Limited ("ASL" or the "Company" or the "Issuer") for cash at a price of Rs. 80/- per share (the "Issue Price"), aggregating to Rs. 2659.84 Lacs ("the Issue") * If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement. Subject to a minimum Net Issue size of 25% of the post Issue paid up capital being offered to the public.
Issue Opening date	The date on which the Issue opens for subscription
Issue Closing date	The date on which the Issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Lead Manager/LM	Lead Manager to the Issue being Guiness Corporate Advisors Private Limited
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker Reservation Portion	The Reserved portion of 1,68,000 Equity Shares of Rs. 10/- each at Rs. 80/- per Equity Share aggregating to Rs. 134.40 Lacs for Designated Market Maker in the Initial Public Issue of Prabhat Telecoms (India) Limited
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 31,56,800 Equity Shares of Rs.10/- each at Rs. 80/- per Equity Share aggregating to Rs. 2525.44 Lacs by Prabhat Telecoms (India) Limited
Business Day	Any day on which commercial banks in Mumbai are open for the business
GCAPL	Guiness Corporate Advisors Private Limited
Depository Act	The Depositories Act, 1996
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A Depository Participant as defined under the Depositories Act, 1956
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) 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
Escrow Bankers to the Issue / Escrow Collection Bank (s)	**[●]**
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which bank the Escrow Account of our Company, will be opened
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 80/-
Mutual Funds	A Mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Memorandum of Understanding	The arrangement entered into on 11th July, 2013 between our Company, and Lead Manager pursuant to which certain arrangements are agreed in relation to the Issue
Non – resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.
Pre-IPO Placement	The private placement prior to filing of the Prospectus with the RoC of upto 3,50,000 Equity Shares.
Issue Account / Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date

TERMS	DESCRIPTION
Qualified Institutional Buyers or QIBs	The term "Qualified Institutional Buyers" or "QIBs" shall have the meaning ascribed to such term under the SEBI ICDR Regulations and shall mean and include (i) a Mutual Fund, VCF and FVCI registered with SEBI; (ii) an FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; (iii) a public financial institution as defined in Section 4A of the Companies Act; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of Rs. 250 million; (ix) a pension fund with minimum corpus of Rs. 250 million; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and (xii) insurance funds set up and managed by the Department of Posts, India eligible for applying in this Issue.
Registrar/Registrar to the Issue	Registrar to the Issue being Cameo Corporate Services Limited, Submaramanian Building 1, Club House Road, Chennai-600 002.
Retail Individual Investor(s)	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs. 2,00,000
Refund Account	The account opened / to be opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of application Amount (excluding to the ASBA Applicants) shall be made.
Refund bank	**[●]**
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or the ASBA process, as applicable
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on www.sebi.gov.in/pmd/scsb.pdf or at such other website as may be prescribed by SEBI from time to time.
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
Underwriters	Guiness Corporate Advisors Private Limited
Underwriting Agreement	The Agreement among the Underwriters and our Company
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday
Market Maker	A market maker is a company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid-offer spread, or turn. Market makers are net sellers of an option to be adversely selected at a premium proportional to the trading range at which they are willing to provide liquidity.

COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS

TERM	DESCRIPTION
PTIL	Prabhat Telecoms (India) Limited
2G	Second Generation Mobile Telecommunication
3G	Third Generation Mobile Telecommunication

TERM	DESCRIPTION
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
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
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
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
CAGR	Compounded Annual Growth Rate
C. A.	Chartered Accountant
CC	Cubic Centimeter
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
C.S.	Company Secretary
DP	Depository Participant
NECS	National Electronic Clearing System
EGM / EOGM	Extra Ordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
EMD	Earnest Money Deposit
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.

ABBREVIATION	FULL FORM
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.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FY / Fiscal	Financial Year
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
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
M. A.	Master of Arts
M.B.A.	Master of Business Administration
SME	Small And Medium Enterprises
M. Com.	Master of Commerce
M.E.	Master of Engineering
NAV	Net Asset Value
No.	Number
NR	Non Resident
NSDL	National Securities Depository Limited
P/E Ratio	Price/Earnings Ratio
PGDBA	Post Graduate Diploma in business administration
PAN	Permanent Account Number
RoC/Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra
RONW	Return on Net Worth
USD/ $/ US$	The United States Dollar, the legal currency of the United States of America

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

FINANCIAL DATA

Unless stated otherwise, the financial data in this Draft Prospectus is extracted from the financial statements of our Company for the fiscal years 2013, 2012, 2011, 2010 and 2009 and the restated financial statements of our Company for Fiscal Years 2013, 2012, 2011, 2010 and 2009 prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Auditors and the SEBI Regulations and set out in the section titled — Financial Information on page 119. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our fiscal years commence on April 1 and end on March 31. In this Draft 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.

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 Draft Prospectus will provide meaningful information is entirely dependent on the reader‘s level of familiarity with Indian Accounting Practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft 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 Draft 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 Draft 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 Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.

INDUSTRY & MARKET DATA

Unless otherwise stated, Industry & Market data used throughout this Draft Prospectus has been obtained from Internal Company Reports and Industry Publications and the Information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

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

For additional definitions, please refer the section titled "Definitions and Abbreviations" on page 1 of this Draft Prospectus.

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Draft 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 Draft Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Draft 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.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from expectations include, among others general economic conditions, political conditions, conditions in the finance & investment sector, fuel prices, inclement weather, interest rates, inflation etc. and business conditions in India and other countries.

- Our ability to successfully implement our strategy, our growth and expansion, technological changes.
- Our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and Globally.
- Changes in foreign exchange rates or other rates or prices;
- Our failure to keep pace with rapid changes in telecom sector;
- The monetary and interest policies of India, unanticipated turbulence in interest rates;
- Our ability to protect our intellectual property rights and not infringing intellectual property rights of other parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political condition in India.
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Government approvals;
- Our ability to compete effectively, particularly in new markets and businesses;
- Our dependence on our Key Management Personnel and Promoter;
- Conflicts of Interest with Affiliated Companies, the Group Entities and Other Related Parties;
- Other factors beyond our control; and
- Our ability to manage risks that arise from these factors.

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on page 9 of this Draft Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Lead Manager, and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, 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.

SECTION II

RISK FACTORS

An Investment in equity involves higher degree of risks. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Draft Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Draft Prospectus beginning on pages 74, 136 & 119 respectively. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to fall significantly.

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.

INTERNAL RISK FACTORS

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)
LITIGATIONS BY AND AGAINST OUR COMPANY			
Litigations filed by our Company			
1.	Civil cases filed by our Company	1	37.61
2.	Criminal cases filed by our Company	1	1.63
Litigations filed against our Company			
1.	Civil cases against our Company	1	8.00
2.	Criminal cases against our Company	2	500.50
LITIGATIONS INVOLVING OUR PROMOTER GROUP ENTITIES			
1.	Criminal cases against our Promoter Group Entities	2	95.50

*For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 141 of this Draft 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. **In the 12 months prior to the date of filing the Draft Prospectus, the Company had issued Equity Shares at a price, which is lower than the Issue Price.**

Subscriber	Date of Allotment	Number of Equity Shares	Issue Price (Rs.)	Consideration	Reasons for Allotment
Mr. Vishwamani Tiwari	08/10/2012	180000	10	Other than Cash	Conversion of Redeemable Preference Shares into Equity Shares
Mr. Vishwamani Tiwari	07/03/2013	82539	20	Cash	Allotment to infuse funds in to the Company

In addition to that, we have allotted 32,90,000 Equity Shares as bonus in the ratio of 7:10 to our existing Equity Shareholders pursuant to a Resolution dated 16th March, 2013 by capitalization of free reserves.

4. **We have substantial indebtedness and will continue to have debt service obligations following the Issue. The total amounts outstanding and payable by our Company as principal and interest were Rs. 3117.03 Lacs as on 31st March, 2013.**

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 31st March, 2013 are Rs. 3117.03 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 131 & 132 of this Draft 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 pages 131 & 132 of this Draft 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	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Net Cash Flow from Operating Activities	(309.49)	(1,470.19)	(1,533.21)	(263.45)	52.01
Net Cash Flow from Investing Activities	(33.38)	(983.72)	(154.58)	(121.87)	(1.94)
Net Cash Flow from Financing Activities	344.41	2,452.61	1,691.04	345.69	8.17
Net Increase / (Decrease) in Cash & Cash Equivalents	**1.54**	**(1.30)**	**3.25**	**(39.63)**	**58.24**

7. **We have taken unsecured loan of Rs. 493.00 Lacs as on 31st March, 2013, which is repayable on demand. In case of untimely demand, we will have to arrange these funds which may carry higher cost of funding, which may have an impact on our financial operations.**

We have taken unsecured loan of Rs. 493.00 Lacs as on 31st March, 2013 which can be recalled at any time and in that event, it may affect the financial operations of our Company to that extent.

8. **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.

9. **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.

10. **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 2008-09. Our Company has reported total turnover of Rs. 14,387.26 Lacs in fiscal 2010 as compared to Rs. 4831.80 Lacs in fiscal 2009 with a growth of 197.76%, Rs.15,045.65 Lacs in fiscal 2011 as compared to Rs. 14,387.26 Lacs in fiscal 2010 showing an increase of 4.58 %, Rs. 19,593.75 in fiscal 2012 as compared to Rs. 15,045.65 Lacs in fiscal 2011 with a growth of 30.23% and Rs. 21,396.42 Lacs in fiscal 2013 as compared to Rs. 19,593.75 in fiscal 2012 showing growth at the rate of 9.20 %. 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. A failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

11. **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.

12. 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.

13. 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 "iDemand", "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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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 to 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.

19. 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.

20. 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 74.

21. We require a number of approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.

We require a number of approvals, licenses, registrations and permits for our business. Additionally, we may need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course. We may face risks of delays/non-receipt of the requisite regulatory approvals for our objects arising out of the Issue. Any delay in receipt or non-receipt of such approval could result in cost and time overrun. For more information, see "Government and Other Approvals" on page 144.

22. 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 during last three financial years. For further details please refer to chapter titled "Dividend Policy" on page 118 of the Draft 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.

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
iDemand	09
P Logo	09
PLATINUM (Label)	17
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. The Company has not yet placed orders for some of the capital equipments.

Our Company has identified the equipments/machineries to be acquired but has not yet identified the suppliers or placed orders for these. The estimated cost of acquisition of plant & machinery is as mentioned in chapter "Objects of the Issue" on page 49, and the actual cost of equipments / machineries may differ from the estimated price at the time of actual placement of orders. Quotations from various

suppliers have also been received. Since the Company has set up similar facilities in the past, it will have an advantage in identifying and selecting the right supplier at competitive rates.

26. We are yet to identify the location for setup of regional office at Delhi.

We propose to set up a regional office to increase the base at North India. Delay in identification of office for setup of regional office may adversely affect our implementation schedule. We may also be subject to risks on account of inflation in the price of real estate and other facilities that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company.

27. The Objects of the Issue for which funds are being raised, are based on our management estimates and the same have not been appraised by any bank or financial institution or any independent agency. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titles "Objects of the Issue".

The fund requirement and deployment, as mentioned in the "Objects of the Issue" on page 49 of this Draft Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds as stated under chapter "Objects of the Issue" is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as stated under chapter "Objects of the Issue" will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

28. We have not identified any alternate source of financing the 'Objects of the Issue'. If we fail to mobilize resources as per our plans, our growth plans may be affected.

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "Objects of the Issue" on page no. 49 of this Draft Prospectus.

29. 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 to the tune of Rs. 3500.00 Lacs as specified in section titled Insurance Policies on page 85 of the Draft 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.

30. 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 117 of the Draft Prospectus

31. **There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by the Audit Committee.**

    As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 50,000 Lacs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the BSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

32. **We may face risks of delays/non-receipt of the requisite regulatory approvals for our objects arising out of the Issue. Any delay in receipt or non-receipt of such approval could result in cost and time overrun.**

    We would be applying for various licenses, approvals, registrations at various stages of implementation for the Project. Any delay in receipt or non-receipt of licenses or approvals that may be required for the Project could result in cost and time overrun, and accordingly adversely affecting our operations and profitability. For details, please refer to section titled "Government & other Approvals" on page 144 of this Draft Prospectus.

EXTERNAL RISK FACTORS

33. **Political, economic and social changes in India could adversely affect our business.**

    Our business, and the market price and liquidity of our Company's shares, may be affected by changes in Government policies, including taxation, social, political, economic or other developments in or affecting India could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms including significantly relaxing restrictions on the private sector. In addition, any political instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

34. **Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.**

    The revenues recorded and income earned is taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of the tax liabilities involves the interpretation of local tax laws as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax laws, could impact the determination of the tax liabilities of our Company for any year.

35. **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.

36. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated 22nd January, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 32 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. 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 IFRS 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.

37. Global economic, political and social conditions may harm our ability to do business, increases our costs and negatively affects 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, financial, banking or liquidity crises, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Our profitability may also be adversely affected by fixed costs and the possible inability to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. Additionally, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible for us to obtain funding for additional investments and acquisitions. A general market downturn, or a specific market dislocation, may result in lower investment returns, which would adversely affect our revenues.

38. Restrictions on foreign investment limit our ability to raise debt or capital outside India.

Indian laws constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities and restrict the ability of non-Indian companies to invest in us. Foreign investment in, or an acquisition of, an Indian company requires approval from the relevant government authorities in India, including the Reserve Board of India and the Foreign Investment Promotion Board.

39. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.

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

40. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which our Equity Shares will trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighboring

countries, may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

41. Third party statistical and financial data in this Draft Prospectus may be incomplete or unreliable.

We have not independently verified any of the data from industry publications and other sources referenced in this Draft Prospectus and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economies or the industries in which we operate in this Draft Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

RISKS RELATING TO THE EQUITY SHARES

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

Any future equity 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 Promoters 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.

43. Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

44. Upon completion of the Issue, 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.

Upon completion of this Issue, our Promoters / Promoter Group will continue to own majority of our Equity Shares on a fully diluted basis. As a result, our Promoters / Promoter Group will have the ability to exercise significant influence over all matters requiring shareholders approval, including the election of directors and approvals
of significant corporate transactions. Our Promoters / Promoter Group will also be in a position to influence any shareholders action or approval requiring a majority vote, except where it is required by applicable laws or where they abstain from voting. Such a concentration of ownership may also have the effect of delaying or deterring a change in control.

45. The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.

Prior to the offer, there has been no public market for our Equity Shares, and an active trading market on the SME Platform of BSE. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the fire fighting industry, crushing industry, developments relating to India and

volatility in the Exchange and securities markets elsewhere in the world. However, the LM will arrange for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME Platforms under SEBI (ICDR) Regulations, 2009.

46. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.

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 Limited to use its name as the Stock Exchange in this offer document for listing our shares on the SME Platform of BSE. In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue 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 failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

47. The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Issue, there has been no public market for our Equity Shares. Guiness Securities Limited is acting as Designated Market Maker for the Equity Shares of our Company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the section titled *"General Information - Details of the Market Making Arrangement for this Issue"* on page 34 of this Draft Prospectus.

48. 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 Issue, 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 Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

PROMINENT NOTES:

1) **SIZE OF THE ISSUE:**
Public Issue of 33,24,800 Equity Shares of Rs. 10/- each (the "Equity Shares") for cash at a price of Rs. 80/- per Equity Share aggregating to Rs. 2659.84 Lacs ("the Issue") by Prabhat Telecoms (India) Limited ("PTIL" or the "Company" or the "Issuer"). Out of the Issue, 1,68,000 Equity Shares of Rs. 10 each at a price of Rs. 80/- each per Equity Share aggregating to Rs. 134.40 Lacs, which will be reserved for subscription by Market Makers to the issue (the "market maker reservation portion") and Net Issue to the Public of 31,56,800 Equity Shares of Rs. 10 each at a price of Rs. 80/- each per Equity Share aggregating to Rs. 2525.44 Lacs (hereinafter referred to as the "Net Issue"). The Issue and the Net Issue will constitute 29.38% and 27.90%, respectively, of the post issue paid up Equity Share capital of the Company.

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Vishwamani Tiwari	4736855	13.08
Mrs. Prabha Tiwari	1457945	14.50

**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 issue 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 37.*

3) Our Net worth as on 31st March, 2013 is Rs. 3323.43 Lacs as per Restated Financial Statements.

4) The Book -Value per share as on 31st March, 2013 is Rs. 42.50 as per Restated Financial Statements.

5) There was no change in the name of the Company at any time during last three years, except the fact that Company was converted in to a Public Limited Company and consequently the name was changed to "Prabhat Telecoms (India) Limited".

6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the BSE Limited, the Designated Stock Exchange. For more information, please refer to *"Basis of Allotment"* on page 170 of the Draft Prospectus. The Registrar to the Issue 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 Issue Price"* on page 57 of this Draft Prospectus before making an investment in this Issue.

8) No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, key management employee, associate companies, or Group Companies.

9) Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarifications/information pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.

10) Other than as stated in the section titled *"Capital Structure"* beginning on page 37 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.

11) Except as mentioned in the sections titled *"Capital Structure"* beginning on page 37 of this Draft Prospectus, we have not issued any Equity Shares in the last twelve months.

12) Except as disclosed in the sections titled *"Our Promoters"* or *"Our Management"* beginning on pages 109 and 97 respectively of this Draft 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.

13) Any clarification or information relating to the Issue 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 Issue. Investors are free to contact the LM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.

14) 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 37 of this Draft Prospectus.

15) The Details of contingent liabilities are disclosed as Annexure 15 of restated financial statement under the section titled "*Financial Information*" on page 119 of the Draft Prospectus.

16) 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 119 of this Draft Prospectus.

17) Except as disclosed in the section titled *"Our Promoter Group / Group Companies / Entities"* on page 112, none of our Group Companies have business interest in our Company.

18) For interest of Promoters/Directors, please refer to the section titled *"Our Promoters"* beginning on page 109 of this Draft Prospectus.

19) The details of transactions with the Group Companies/ Group Enterprises and other related party transactions are disclosed as Annexure 16 of restated financial statement under the section titled "*Financial Information*" on page 135 of the Draft 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 Draft Prospectus, including the information on "Risk Factors" and related notes on page 9 of this Draft Prospectus before deciding to invest in Equity Shares.

INDUSTRY OVERVIEW

OVERVIEW OF THE INDIAN ECONOMY

The Indian economy remained resilient despite a slowdown in the third quarter of 2012-2013 amid a weaker global economy. During this period, India's GDP grew 4.5% as compared to 6.0% during the third quarter of 2011 (*Source: RBI: Macroeconomic and Monetary Developments in 2012-2013*). Indian GDP growth continues to remain above the global average. The IMF forecasts global growth to remain steady at 3.3% in 2013 before improving to 4.0% in 2014 (*Source: RBI: Macroeconomic and Monetary Developments in 2012-2013*).

OVERVIEW ON INDIA TELECOM INDUSTRY

Telecommunications has evolved as a basic infrastructure like electricity, roads, water etc. and has also emerged as one of the critical components of economic growth required for overall socio economic development of the country. The Indian telecom sector has registered a phenomenal growth during the past few years and has become second largest telephone network in the world, only after China. A series of reform measures by the Government, the wireless technology and active participation by private sector played an important role in the exponential growth of telecom sector in the country. National Telecom Policy-2012 (NTP-2012) has been announced during the current year with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country.

Present Status

The Indian telecom network with 895.51 million telephone connections, including 864.72 million wireless telephone connections, at the end of December 2012 is second largest network in the world after China. Out of this, 338.59 million telephone connections are in rural areas and 556.92 million are in urban areas of the country. There were 24.01 million Internet subscribers including 14.68 million Broadband subscribers at the end of September 2012. The number of Broadband subscribers increased to 14.98 million, end of December 2012.

Indian Mobile Handsets Market

Acording to CMR's India Mobile Handsets Market Review, CY 2012, March 2013 release, India registered 221.6 million mobile handset shipments for CY (January-December) 2012. During the same period, 15.2 million smartphones were shipped in the country.

Table 1. India Mobile Handsets Market: CY 2012 versus CY 2011 (in terms of unit shipments)

Form Factor	Shipments (CY 2011)	Shipments (CY 2012)	Year-on-Year Growth, CY 2012 over CY 2011 (%)	Half Year-on-Half Year Growth, 2H 2012 over 1H 2012 (%)
Mobile Handsets	183.4	221.6	20.8%	16.4%
Featurephones	172.2	206.4	19.9%	11.3%
Smartphones	11.2	15.2	35.7%	75.2%

BUSINESS OVERVIEW

Our Company was incorporated at Mumbai as "Prabhat Telecommunications (India) Private Limited" on 2nd April, 2007. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23rd May, 2007. We have been converted in to a Public Limited Company and consequently name was changed to "Prabhat Telecoms (India) Limited" on 22nd 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 94 of this Draft 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 with 20 Sub distributors and 3500 retail sales points. We sell our CDMA product to 11000 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 portal.

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 Promoters Mr. Vishwamani Tiwari and Mrs. Prabha Tiwari have 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.

Our Company comprises of various divisions, each handling independently into Research & Development, Sales & Distribution and Multi-Branded Retail. The company is now dealing in a variety of telecom products and gadgets like mobile handsets, mobile accessories for hi-end phones, tabs, etc. The turnover of the Company for the year ended on 31st March, 2013 is Rs. 21,396.42 Lacs.

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.

The company started its own organized retail store chain to promote its own branded product along with other leading branded devices under the Brand "Mobile Plus". Currently the company is operating about 33 shops, out of which 22 shops are being operated on "Shop-in-Shop" in pursuant to an agreement with Loop Mobile, 10 shops are being operated along with franchisees and one (1) shop is completely owned and controlled by the Company.

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 LIABLITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Assets					
Fixed Assets-Gross Block	1,354.06	1,296.76	294.23	133.79	12.02
Less: Depreciation	109.26	153.84	34.05	10.07	3.31
Net Block	1,244.80	1,142.92	260.18	123.72	8.71
Capital Work in Progress	-	-	-	-	-
Total (A)	**1,244.80**	**1,142.92**	**260.18**	**123.72**	**8.71**
Investments					
Investment in Fixed Deposits	-	-	-	1.00	-
Total Investments (B)	**-**	**-**	**-**	**1.00**	**-**
Current Assets, Loans and Advances					
Inventories	2,356.20	1,855.60	1,767.36	546.50	974.40
Receivables	6,732.79	6,437.42	5,405.35	513.37	232.78
Cash & Bank Balances	22.50	20.96	22.30	19.01	58.64
Loans & Advances	1,496.82	501.43	687.47	339.04	138.23
Other Assets (Advance Tax, TDS etc.)	0.51	0.99	35.37	35.02	16.11
Total Current Assets (C)	10,608.82	8,816.40	7,917.85	1,452.94	1,420.16
Total Assets (D) = (A) + (B) + (C)	**11,853.62**	**9,959.32**	**8,178.03**	**1,577.66**	**1,428.87**
Liabilities & Provisions					
Loan Funds :					
Secured Loans	2,427.35	2,021.74	632.82	196.37	6.18
Unsecured Loans	689.68	361.88	-	140.54	50.24
Share Application Money pending allotment	-	15.25	477.00	-	-
Deferred tax liability	88.02	12.45	10.45	1.58	-
Current Liabilities & Provisions:					
Current Liabilities	5,063.95	4,427.75	5,473.36	853.02	1,185.60
Provisions	261.19	106.07	124.87	51.30	29.25
Total Liabilities & Provisions (E)	**8,530.19**	**6,945.14**	**6,718.50**	**1,242.81**	**1,271.27**
Net Worth (D) - (E)	**3,323.43**	**3,014.18**	**1,459.53**	**334.85**	**157.60**
Represented By:					
Share Capital	799.00	461.75	249.90	110.30	106.00
Reserves & Surplus	2,524.43	2,552.65	1,209.90	224.87	51.96

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Less: Revaluation Reserve	-	-	-	-	-
Less: Preliminary / Miscellaneous Expenses to the extent not written off	-	0.22	0.27	0.32	0.36
Total Net Worth	**3,323.43**	**3,014.18**	**1,459.53**	**334.85**	**157.60**

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Income					
Sales	21,396.42	19,593.75	15,045.65	14,387.26	4,831.80
Other Income	145.63	91.82	67.36	252.69	111.70
Increase in stock in trade	500.60	88.25	1,220.86	-	861.45
Total	**22,042.65**	**19,773.82**	**16,333.87**	**14,639.95**	**5,804.95**
Expenditure					
Purchases & Direct Expenses	20,753.46	18,941.80	15,798.72	13,859.28	5,632.65
Decrease in Stock in Trade	-	-	-	427.90	-
Other Administrative & Selling Expenses	254.90	168.77	118.86	85.04	51.09
Employees Costs	68.40	61.82	103.35	87.01	30.31
Preliminary Expenses Written Off	0.22	0.04	0.04	0.04	0.04
Total	**21,076.98**	**19,172.43**	**16,020.97**	**14,459.27**	**5,714.09**
Profit before Depreciation, Interest and Tax	**965.67**	**601.39**	**312.90**	**180.68**	**90.86**
Depreciation	51.20	119.79	23.98	6.76	2.26
Profit before Interest & Tax	**914.47**	**481.60**	**288.92**	**173.92**	**88.60**
Interest & Finance Charges	363.64	222.90	73.62	30.57	17.17
Net Profit before Tax	**550.83**	**258.70**	**215.30**	**143.35**	**71.43**
Less: Provision for Taxes	197.94	77.13	71.13	45.91	25.00
Net Profit After Tax & Before Extraordinary Items	**352.89**	**181.57**	**144.17**	**97.44**	**46.43**
Extra Ordinary Items (Net of Tax)	-	-	-	-	-
Net Profit	**352.89**	**181.57**	**144.17**	**97.44**	**46.43**

STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax	550.83	258.70	215.30	143.35	71.43
Adjustment for:					
Add: Depreciation	(44.58)	119.79	23.98	6.76	2.26

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Add: Preliminary Expenses written off	0.22	0.04	0.04	0.04	0.04
Add: Interest & Finance Charges	363.64	222.90	73.62	20.80	14.58
Less : Interest Income	(23.92)	(18.81)	(4.86)	(0.90)	(0.08)
Operating Profit before Working capital changes	846.19	582.62	308.08	170.05	88.23
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(295.37)	(1,032.07)	(4,891.98)	(280.59)	(208.95)
Decrease (Increase) in Stock in Trade	(500.60)	(88.24)	(1,220.86)	427.90	(861.45)
Decrease (Increase) in Loans & Advances	(995.39)	186.04	(348.43)	(200.81)	(124.22)
Increase (Decrease) in Current Liabilities	636.20	(1,045.61)	4,620.34	(332.58)	1,172.65
Net Changes in Working Capital	(1,155.16)	(1,979.88)	(1,840.93)	(386.08)	(21.97)
Cash Generated from Operations	(308.97)	(1,397.26)	(1,532.85)	(216.03)	66.26
Taxes	0.52	72.93	0.36	47.42	14.25
Net Cash Flow from Operating Activities (A)	**(309.49)**	**(1,470.19)**	**(1,533.21)**	**(263.45)**	**52.01**
CASH FLOW FROM INVESTING ACTIVITIES					
Sale /(Purchase) of Fixed Assets	(57.30)	(1,002.53)	(160.44)	(121.77)	(2.02)
Sale /(Purchase) of Investments	-	-	1.00	(1.00)	-
Interest received	23.92	18.81	4.86	0.90	0.08
Net Cash Flow from Investing Activities (B)	**(33.38)**	**(983.72)**	**(154.58)**	**(121.87)**	**(1.94)**
CASH FLOW FROM FINANCING ACTIVITIES					
Issue of share capital and Proceeds / (Refund) from Share Application Money	1.26	942.25	1,474.98	86.00	105.00
Interest & Finance Charges	(363.64)	(222.90)	(73.62)	(20.80)	(14.58)
Increase / (Repayment) of Secured Loans	405.61	1,388.92	436.45	190.19	(41.38)
Increase / (Repayment) of Unsecured Loans	327.80	361.88	(140.54)	90.30	(40.87)
Dividend Paid (Incl. Dividend Distribution Tax)	(26.62)	(17.54)	(6.23)	-	-
Net Cash Flow from Financing Activities (C)	**344.41**	**2,452.61**	**1,691.04**	**345.69**	**8.17**
Net Increase / (Decrease) in Cash & Cash Equivalents	**1.54**	**(1.30)**	**3.25**	**(39.63)**	**58.24**
Cash and cash equivalents at the beginning of the year / Period	**20.96**	**22.26**	**19.01**	**58.64**	**0.40**
Cash and cash equivalents at the end of the year/ Period	**22.50**	**20.96**	**22.26**	**19.01**	**58.64**

ISSUE DETAILS IN BRIEF

PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

Equity Shares Offered: Fresh Issue of Equity Shares by our Company	Issue of 33,24,800 Equity Shares of Rs. 10 each at a price of Rs. 80 per Equity Share aggregating Rs. 2659.84 Lacs
Of Which:	
Issue Reserved for the Market Makers	1,68,000 Equity Shares of Rs. 10/- each at a price of Rs. 80 per Equity Share aggregating Rs. 134.40 Lacs
Net Issue to the Public	31,56,800 Equity Shares of Rs. 10 each at a price of Rs. 80 per Equity Share aggregating Rs. 2525.44 Lacs
Equity Shares outstanding prior to the Issue	79,90,000 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	1,13,14,800 Equity Shares of face value of Rs. 10 each
Objects of the Issue	Please refer section titled *"Objects of the Issue"* on page 49 of this Draft Prospectus

This Issue 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 *"Issue Structure"* on page 163 of this Draft Prospectus.

Our Company is considering a Pre-IPO Placement of upto 3,50,000 Equity Shares for an amount aggregating up to Rs. 300 Lacs. Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 25% of the post Issue paid-up equity capital being offered to the public.

PRABHAT TELECOMS (INDIA) LIMITED

Our Company was originally incorporated at Mumbai as "Prabhat Telecommunication Private Limited" on 2nd 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 23rd 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 22nd April, 2013 issued by the Registrar of Companies, Mumbai, Maharashtra.

REGISTERED OFFICE & CORPORATE OFFICE:
Unit No. 402, 4th Floor, Western Edge -1,
Western Express Highway,
Borivali (East), Mumbai 400 066
Tel: 91-22- 40676000
Fax: 91-11-40676042
Website: www.prabhattelecoms.com
E-Mail: investors@prabhatgroup.net

COMPANY REGISTRATION NUMBER: 169551

COMPANY IDENTIFICATION NUMBER: U72100MH2007PLC169551

ADDRESS OF REGISTRAR OF COMPANIES
100, Everest, Marine Drive,
Mumbai – 400 002
Tel: 022-22846955, 22812627, 22812645
Fax: 011-22811977,
Email: roc.mumbai@mca.gov.in

DESIGNATED STOCK EXCHANGE: BSE Limited

LISTING OF SHARES OFFERED IN THIS ISSUE: SME platform of BSE

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 94 of this Draft Prospectus.

CONTACT PERSON: Ms. Yojana Pednekar, Company Secretary & Compliance Officer, Unit No. 402, 4th Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai 400 066 Tel: 91-22- 40676000 Fax: 91-11-40676042 E-Mail: investors@prabhatgroup.net

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, 400097, Maharashtra, India
Mrs. Prabha Tiwari	Non-Executive Non Independent Director	01932651	Flat No. C/603, 6th Floor, Bldg. No. C 603, Mangalam Apt., Thakur Complex, Kandivali (E), Mumbai, 400101, Maharashtra, India
Mr. Parag Rameshchandra Malde	Whole Time Director	05354513	1/2, Prabha Kunj, S. V. Road,

NAME	DESIGNATION	DIN	ADDRESS
			Malad (West), Mumbai - 400064, Maharashtra, India
Mr. Vaibhav Shastri	Independent Director	02136309	C-302 A, Sushant Lok Phase I, Gurgaon -122002, Haryana, India
Mr. Deepak Kumar Jain	Independent Director	03562383	Flat No. B-1607, RNA Royale Park, M G Road, Kandivali West, Mumbai- 400067, Maharashtra, India
Mr. Atul Dattatray Bhatkhalkar	Independent Director	06518965	B - 7,1/12, Dudha Sagar Soc., Shiva Road, Aarey Cheknaka, Goregoan East, Mumbai - 400065, Maharashtra, India

For further details of Management of our Company, please refer to section titled "*Our Management*" on page 97 of this Draft Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER
Ms. Yojana Pednekar
Company Secretary & Compliance Officer,
Unit No. 402, 4th Floor, Western Edge -1,
Western Express Highway,
Borivali (East), Mumbai 400 066
Tel: 91-22- 40676000
Fax: 91-11-40676042
Website: www.prabhattelecoms.com
E-Mail: investors@prabhatgroup.net

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

STATUTORY AUDITORS
M/s. Rajeev Sood & Co.,
Chartered Accountants
282/6, Moti Bazaar, Mandi, Himachal Pradesh
Tel : +91-1905-228540
Contact Person: Mr. Arvind Sankhyain
Firm Registration No. – 10478N

PEER REVIEW AUDITORS

RAMANAND & ASSOCIATES
Chartered Accountants
6/C, Ostwal Park, Building No. 4 CHSL,
Near Jesal Park, Jain Temple,
Bhayander (East), Thane - 401105
Tel : +91-22-28171199
Telefax: +91-22-28171199
E-mail: rg@ramanandassociate.com
Contact Person: Mr. Ramanand Gupta
Firm Registration No.-117776W

LEAD MANAGER

GUINESS CORPORATE ADVISORS PVT. LTD.
Guiness House,
18, Deshapriya Park Road,
Kolkata-700 026
Tel : +91-33-3001 5555
Fax: +91-33-3001 5531
Email: gmbpl@guinessonline.net
Website: www.16anna.com
Contact Person: Ms. Alka Mishra
SEBI Regn. No: INM 000011930

LEGAL ADVISORS TO THE ISSUE

Ms. Jyoti Malde
B-601/602, Akshardham Complex,
S.V. Road, Goraswadi Corner,
Malad (West), Mumbai- 400 064

REGISTRAR TO THE ISSUE

CAMEO CORPORATE SERVICES LTD.
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
Contact Person: Mr. R. D. Ramasamy
SEBI Registration No: INR000003753

ESCROW COLLECTION BANK / BANKER TO THE ISSUE AND REFUND BANKER

[•]

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 Issue is of Equity shares, credit rating is not mandatory.

TRUSTEES

As the Issue is of Equity Shares, the appointment of Trustees is not mandatory.

IPO GRADING

Since the Issue 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 ISSUE

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

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 Issue size is below Rs. 500.00 Crores. Since the Issue size is only of Rs. 1560.00 Lacs, our Company has not appointed any monitoring agency for this Issue. However, as per the Clause 52 of the SME Listing Agreement 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 Issue.

DETAILS OF THE APPRAISING AUTHORITY

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

INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Guiness Corporate Advisors Private Limited is the sole Lead Manager to this Issue, 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 the Draft Prospectus, our Company has not obtained any other expert opinion.

UNDERWRITING AGREEMENT

Underwriting

This Issue is 100% Underwritten. The Underwriting agreement is dated 11th July, 2013. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Name and Address of the Underwriters	Number of Equity shares Underwritten	Amount Underwritten (Rupees In Lacs)	% of the Total Issue Size underwritten
GUINESS CORPORATE ADVISORS PRIVATE LIMITED Guiness House, 18, Deshapriya Park Road, Kolkata-700 026 Tel : +91-33-3001 5555 Fax: +91-33-3001 5531 Email: gmbpl@guinessonline.net Website: www.16anna.com Contact Person: Ms. Alka Mishra SEBI Regn. No: INM 000011930	31,56,800	2525.44	94.95

Name and Address of the Underwriters	Number of Equity shares Underwritten	Amount Underwritten (Rupees In Lacs)	% of the Total Issue Size underwritten
GUINESS SECURITIES LIMITED Guiness House, 18, Deshapriya Park Road, Kolkata-700 026 Tel : +91-33-3001 5555 Fax: +91-33-2464 6969 Email: kmohanty@guinessonline.net Website: www.16anna.com Contact Person: Mr.Kuldeep Mohanty SEBI Regn. No: INM 231146037	1,68,000	134.40	5.05
Total	**33,24,800**	**2659.84**	**100.00**

DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS ISSUE

Our Company and Lead Manager has entered into a tripartite agreement dated 11th July, 2013 with the following Market Maker duly registered with BSE to fulfill the obligations of Market Making.

NAME AND ADDRESS OF THE MARKET MAKER

GUINESS SECURITIES LIMITED
Guiness House,
18, Deshapriya Park Road,
Kolkata-700 026
Tel : +91-33-3001 5555
Fax: +91-33-24646969
Email: kmohanty@guinessonline.net
Website: www.16anna.com
Contact Person: Mr.Kuldeep Mohanty
SEBI Regn. No: INM 231146037

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. After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the inventory of shares of market maker in our Company reaches to 20%. (Including the 5% Equity Shares of the Issue to be allotted under this Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 5% of the Issue Size would not be taken in to consideration of computing

the threshold of 20%. As soon as the Shares of market maker in our Company reduce to 19%, the market maker will resume providing 2-way quotes.

4. There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.

5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.

6. 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.

7. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.

8. The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.

9. 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 or 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.

10. The Market Maker(s) shall have the right to terminate said arrangement by giving a six months notice or on mutually acceptable terms to the Merchant Banker, 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 the 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.

11. **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.

12. **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.

13. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated 20th January, 2012, has laid down that for issue size up to Rs. 250 crores, the applicable price bands for the first day shall be:

i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.

ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.

iii. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. 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

CAPITAL STRUCTURE

The share capital of the Company as at the date of this Draft Prospectus, before and after the Issue, is set forth below.

(Rs. in Lacs, except share data)

Sr. No	Particulars	Aggregate value at face value	Aggregate value at Issue Price
A.	**Authorized Share Capital**		
	1,20,00,000 Equity Shares of face value of Rs.10 each	1200.00	
B.	**Issued, subscribed and paid-up Equity Share Capital before the Issue**		
	79,90,000 Equity Shares of face value of Rs. 10 each	799.00	---
C.	**Present Issue in terms of the Draft Prospectus**		
	33,24,800 Issue of Equity Shares of Rs. 10 each at a price of Rs. 80 per Equity Share.	332.48	2659.84
	Which comprises		
	1,68,000 Equity Shares of Rs. 10/- each at a price of Rs. 80 per Equity Share reserved as Market Maker Portion	16.80	134.40
	Net Issue to Public of 31,56,800 Equity Shares of Rs. 10/- each at a price of Rs. 80 per Equity Share to the Public	315.68	2525.44
	Of which		
	15,78,400 Equity Shares of Rs.10/- each at a price of Rs. 80 per Equity Share will be available for allocation for Investors of up to Rs. 2.00 Lacs	157.84	1262.72
	15,78,400 Equity Shares of Rs. 10/- each at a price of Rs. 80 per Equity Share will be available for allocation for Investors of above Rs. 2.00 Lacs	157.84	1262.72
D.	**Equity capital after the Issue**		
	1,13,14,800 Equity Shares of Rs. 10 each	1131.48	
E.	**Securities Premium Account** Before the Issue After the Issue	1811.51 4138.87	

**This Issue has been authorized by the Board of Directors pursuant to a board resolution 01st April, 2013 and by the shareholders of our Company pursuant to a special resolution dated 27th April, 2013 passed at the EGM of shareholders under section 81 (1A) of the Companies Act.*

Our Company is considering a Pre-IPO Placement of upto 3,50,000 Equity Shares for an amount aggregating up to Rs. 300 Lacs. Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up equity capital being offered to the public.

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

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	-	Incorporation

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
		Rs. 10 each		
2	10,000 Equity Shares of Rs. 10 each	50,000 Equity Shares of Rs. 10 each	19/04/2007	EGM
3	50,000 Equity Shares of Rs. 10 each	2,00,000 Equity Shares of Rs. 10 each	28/05/2008	EGM
4	2,00,000 Equity Shares of Rs. 10 each	20,00,000 Equity Shares of Rs. 10 each	22/12/2008	EGM
5	20,00,000 Equity Shares of Rs. 10 each	30,00,000 Equity Shares of Rs. 10 each	10/03/2011	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	05/03/2012	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	08/10/2012	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	08/10/2012	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.)	Consideration (cash, bonus, consideration other than cash)	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	10000	100000	Nil
28/05/2008	190000	10	10	Cash	Further Allotment	200000	2000000	Nil
31/03/2009	860000	10	10	Cash	Further Allotment	1060000	10600000	Nil
31/03/2010	43000	10	200	Cash	Further Allotment	1103000	11030000	8170000
28/12/2010	766000	10	50	Cash	Further Allotment	1869000	18690000	38810000
28/03/2011	130000	10	50	Cash	Further	1999000	19990000	44010000

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Consideration (cash, bonus, considerat ion other than cash)	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
					Allotment			
30/03/2011	500000	10	110	Cash	Further Allotment	2499000	24990000	94010000
31/03/2012	1938461	10	26	Cash	Further Allotment	4437461	44374610	125025376
08/10/2012	180000	10	10	Considerat ion other than cash	Conversion of Redeemable Preference Shares into Equity Shares	4617461	46174610	125025376
07/03/2013	82539	10	20	Cash	Further Allotment	4700000	47000000	125850766
16/03/2013	3290000	10	Nil	Bonus	Bonus Issue in the ratio of 7:10	7990000	79900000	92950766

2. We have not issued any Equity Shares for consideration other than cash except bonus issue in the ratio of 7:10 on 16th March, 2013.

3. We have issued 1,80,000 12% Non-Cumulative Convertible Redeemable Preference Shares of Rs. 10 each at a price of Rs. 500 each including a premium of Rs. 490 each on 31st March, 2012. These 12% Non-Cumulative Convertible Redeemable Preference Shares converted into 1,80,000 Equity shares of Rs. 10/- each on 8th October, 2012.

4. 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.

5. Issue of Equity Shares in the last one (1) year:

Except as stated below we have not issued any Equity Shares in the preceding one year and some of these Equity Shares may have been issued at a price lower than the Issue Price:

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
31/03/2012	1938461	Mr. Vishwamani Tiwari (1153846) Mrs. Prabha Tiwari (784615)	Promoters	Allotment to infuse funds in to the Company.	10	26
08/10/2012	180000	Mr. Vishwamani Tiwari	Promoters	Allotment to convert preference shares.	10	10
07/03/2013	82539	Mr. Vishwamani Tiwari	Promoters	Allotment to infuse funds in to the	10	20

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
				Company.		
16/03/2013	3290000	All shareholders appearing in the register of members as on 15.03.2013	Promoters and Non Promoters	Bonus Issue (In the ratio of 7:10)	10	Nil

6. Shareholding of our Promoters:

Set forth below are 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	Pre-issue shareholding %	Post-issue shareholding %
02.04.2007	Cash	5000	10	10	Subscription to MOA		
28.05.2008	Cash	135000	10	10	Allotment		
31.03.2009	Cash	860000	10	10	Allotment		
28.12.2010	Cash	240000	10	50	Allotment		
28.03.2011	Cash	130000	10	50	Allotment		
31.03.2012	Cash	1153846	10	26	Allotment		
08.10.2012	Cash	180000	10	10	Conversion of Non-Cumulative Convertible Redeemable Preference Shares into Equity Shares		
07.03.2013	Cash	82539	10	20	Allotment		
16.03.2013	Consideration other than cash	1950470	10	Nil	Bonus issue (in the ratio of 7:10)		
Total		**4736855**				**59.28**	**41.86**

2. MRS. PRABHA TIWARI							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
28.05.2008	Cash	55000	10	10	Allotment		
31.03.2012	Cash	784615	10	26	Allotment		
31.03.2012	Cash	5000	10	10	Transfer		
31.03.2012	Cash	2500	10	10	Transfer		
31.03.2012	Cash	3000	10	10	Transfer		
31.03.2012	Cash	7500	10	10	Transfer		
16.03.2013	Consideration other than cash	600330	10	Nil	Bonus issue (in the ratio of 7:10)		

2. MRS. PRABHA TIWARI							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
Total		1457945				18.25	12.89

7. **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-Issue 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-Issue 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 Draft 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-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
1.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		
TOTAL	**2300000**			**28.78**	**20.33**

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 Issue.

• 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 -Issue paid-up Equity Share Capital from the date of allotment in the proposed public Issue. 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-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

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 Issuer 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 Draft Prospectus at a price lower than the Issue Price.

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

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

In addition to 20% of the post-Issue 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-Issue 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 Issue.

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 Issue may be transferred to

any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in the hands of transferees for the remaining period and compliance with the Takeover Code.

9. **Shareholding pattern of our Company:**

A: The following table presents the shareholding pattern of Our Company

Category of Shareholder	No. of Shareholders	Pre-Issue		Post-Issue		Shares Pledged or otherwise encumbered	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity	Number of shares	As a %
Shareholding of Promoters and Promoter group							
INDIAN							
Individuals/HUFs Directors/Relatives	5	6497400	81.32	6497400	57.42	---	---
Central Govt. / State Govts.	-	---	---	---	---	---	---
Bodies Corporate	1	1322600	16.55	1322600	11.69	---	---
Financial Institutions/Banks	-	---	---	---	---	---	---
Sub Total A (1)	**6**	**7820000**	**97.87**	**7820000**	**69.11**	**---**	**---**
FOREIGN							
Bodies Corporate	-	---	---	---	---	---	---
Individual	-	---	---	---	---	---	---
Institutions	-	---	---	---	---	---	---
Any others (specify)	-	---	---	---	---	---	---
Sub Total A (2)	-	---	---	---	---	---	---
Total Shareholding of Prooter group A (1) + A (2)	**6**	**7820000**	**97.87**	**7820000**	**69.11**	**---**	**---**
PUBLIC SHAREHOLDING							
Institutions							
Central Govt./ State Govts.	-	---	---	**[•]**	**[•]**	---	---
Financial Institutions/Banks	-	---	---	**[•]**	**[•]**	---	---
Mutual Funds/UTI	-	---	---	**[•]**	**[•]**	---	---
Venture Capital Funds	-	---	---	**[•]**	**[•]**	---	---
Insurance Companies	-	---	---	**[•]**	**[•]**	---	---
Foreign Institutions Investors	-	---	---	**[•]**	**[•]**	---	---
Foreign Venture Capital Investors	-	---	---	**[•]**	**[•]**	---	---
Any Others (Specify)	-	---	---	**[•]**	**[•]**	---	---
Sub Total B (1)	-	**---**	**---**	**[•]**	**[•]**	**---**	**---**
Non Institutions							
Bodies Corporate	--	--	--	**[•]**	**[•]**	**---**	**---**
Individuals-shareholders holding normal share capital up to Rs. 1 Lac	--	--	--	**[•]**	**[•]**	---	---
Individuals-shareholders holding normal Share capital	--	--	--	**[•]**	**[•]**	---	---

Category of Shareholder	No. of Shareholders	Pre-Issue		Post-Issue		Shares Pledged or otherwise encumbered	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity	Number of shares	As a %
in excess of Rs.1 Lac							
Trust	-	---	---	[•]	[•]	---	---
Any Other (i) Clearing Member	-	---	---	[•]	[•]	---	---
Directors/Relatives	1	170000	2.13	[•]	[•]	---	---
Employees	-	---	---	[•]	[•]	---	---
Foreign Nationals	-	---	---	[•]	[•]	---	---
NRIs	-	---	---	[•]	[•]	---	---
OCB'S	-	---	---	[•]	[•]	---	---
Person Acting in Concert	-	---	---	[•]	[•]	---	---
Sub Total B(2)	**--**	**---**	**--**	[•]	[•]	**---**	**---**
Total Public Shareholding B(1) + B(2)						**---**	**---**
Total A+B	**7**	**7990000**	**100.00**	**11146800**	**98.52**	**---**	**---**
Shares held by Custodians and against which Depository receipts have been issued (C)	---	---	---	---	---	---	---
Shares held by Market Makers (D)	-	-	-	168000	1.48	---	---
Grand Total A+B+C+D	**7**	**7990000**	**100.00**	**11314800**	**100.00**	**---**	**---**

[B] **Shareholding of our Promoters and Promoter Group**

The table below presents the current shareholding pattern of our Promoters and Promoter Group (individuals and companies) as per clause 37 of the SME Listing Agreement.

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of Equity Shares	As a % of Issued Share Capital	Number	As a percentage	As a % of grand Total (a)+(b)+(c) of Sub-clause (i)(a)
A	**Promoters**							
1	Mr.Vishwamani Tiwari	4736855	59.28	4736855	41.86	-	-	-
2	Mrs. Prabha Tiwari	1457945	18.25	1457945	12.88	-	-	-
	Total (A)	**6194800**	**77.53**	**6194800**	**54.74**			
B	**Promoter Group, Relatives and other Associates**							
1	Mr. Tribhuvan Tiwari	100300	1.26	100300	0.89	-	-	-

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of Equity Shares	As a % of Issued Share Capital	Number	As a percentage	As a % of grand Total (a)+(b)+(c) of Sub-clause (i)(a)
2	Vee Three Informatics Ltd	1322600	16.55	1322600	11.69	-	-	-
3	Mr. Matamani Tiwari	102000	1.27	102000	0.90	-	-	-
4	Mrs. Gauri Kutty Amma Parameswaran Pillai	100300	1.26	100300	0.89	-	-	-
	Total (A)	**1625200**	**20.34**	**1625200**	**14.37**	-	-	-
	TOTAL (A+B)	**7820000**	**97.87**	**7820000**	**69.11**	**-**	**-**	**-**

[C] Shareholding of persons belonging to the category 'Public' and holding more than 1% of our Equity Shares

S.No.	Name of shareholder	Pre-Issue		Post-Issue	
		No. of Shares	Shares as % of total no. of shares	No. of Shares	Shares as % of total no. of shares
1.	Mr. Parag Malde	170000	2.13	170000	1.50

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Vishwamani Tiwari	4736855	13.08
Mrs. Prabha Tiwari	1457945	14.50

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

Name of the shareholder	No. of Equity Shares	Pre-Issue percentage Shareholding
Mr. Vishwamani Tiwari	4736855	59.28
Mrs. Prabha Tiwari	1457945	18.25
Mr. Parag Malde	170000	2.13
TOTAL	**6364800**	**79.66**

12. **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 the Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1	Mr. Vishwamani Tiwari	4736855	59.28
2	Mrs. Prabha Tiwari	1457945	18.25
3	Vee Three Informatics Ltd	1322600	16.55
4	Mr. Parag Malde	170000	2.13
5	Mr. Matamani Tiwari	102000	1.27
6	Mr. Tribhuvan Tiwari	100300	1.26
7	Mrs. Gauri Kutty Amma Parameswaran Pillai	100300	1.26
	TOTAL	**7990000**	**100.00**

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

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1	Mr. Vishwamani Tiwari	4736855	59.28
2	Mrs. Prabha Tiwari	1457945	18.25
3	Vee Three Informatics Ltd	1322600	16.55
4	Mr. Parag Malde	170000	2.13
5	Mr. Matamani Tiwari	102000	1.27
6	Mr. Tribhuvan Tiwari	100300	1.26
7	Mrs. Gauri Kutty Amma Parameswaran Pillai	100300	1.26
	TOTAL	**7990000**	**100.00**

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

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1	Mr. Vishwamani Tiwari	1370000	54.82
2	Vee Three Informatics Ltd	778000	31.13
3	Sunstar Telecommunication Pvt. Ltd.	278000	11.12
4	Mrs. Prabha Tiwari	55000	2.20
5	Shalimar Bansal Realtors Private Limited	7500	0.30
6	Mr. Basantraj Sethia	5000	0.20
7	Mr. Tribhuvan Tiwari	3000	0.12
8	Om Electronics	2500	0.10
	TOTAL	**2499000**	**100.00**

13. 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 Draft Prospectus.

14. There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of six months preceding the date on which the Draft Prospectus is filed with BSE.

15. Our Company has not raised any bridge loans against the proceeds of this Issue.

16. 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 170 of this Draft Prospectus.

17. An over-subscription to the extent of 10% of the Issue 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 Issue, as a result of which, the post issue paid up capital after the Issue 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 issue paid-up capital is locked-in.

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

19. On the date of filing the Draft 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 Issue.

20. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.

21. Lead Manager to the Issue viz. Guiness Corporate Advisors Private Limited does not hold any Equity Shares of our Company.

22. Our Company has not revalued its assets since incorporation.

23. Our Company has not made any public issue since incorporation.

24. 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.

25. 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 the date of this Draft Prospectus until the Equity Shares to be issued pursuant to the Issue have been listed.

26. Except as disclosed in the Draft 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.

27. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.

28. 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 Issue. 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.

29. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

30. 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 Issue.

31. Our Company has Seven (7) members as on the date of filing of this Draft Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are to finance our business expansion plans and achieve the benefits of listing on the SME platform of BSE Limited. We believe that listing will enhance our corporate image and brand name of our Company.

The objects of the Issue are as stated below:

1. Setting up of new assembly line and expansion of existing assembly lines
2. Setup of own Quality Control and Testing Laboratories
3. Strengthen our distribution network & enlarging our retail chain format
4. Regional office at New Delhi
5. To part-finance incremental working capital requirements
6. General corporate expenses
7. To meet the expenses of the Issue

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

We propose to meet the entire requirement of funds for the Objects from the Net Proceeds of the Issue. Accordingly, the requirement under Regulation 4(2)(g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance excluding the Issue Proceeds is not applicable..

Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

The details of the proceeds of the Issue are summarized in the table below: -

(Rs. in Lacs)

No.	Particulars	Amount
I	Setting up of new assembly line and expansion of existing assembly lines	363.00
II	Setup of own Quality Control and Testing Laboratories	20.00
III	Strengthen our distribution network & enlarging our retail chain format	400.00
IV	Regional office at New Delhi	300.00
V	To part-finance incremental working capital requirements	1,175.00
VI	General Corporate Purposes	300.00
VII	Issue Expenses	101.84
	TOTAL	**2659.84**

MEANS OF FINANCE

(Rs. in Lacs)

Particulars	Amount
Initial Public Offering	2659.84
Internal Accruals	-
Total	**2659.84**

The entire fund requirement towards the aforesaid Objects of the Issue is proposed to be funded through the proceeds from the Issue.

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the Objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

DETAILS OF THE OBJECTS OF THE ISSUE

I. SETTING UP OF NEW ASSEMBLY LINE AND EXPANSION OF EXISTING ASSEMBLY LINES

We are at present catering our needs through two of ours assembly lines i.e. at Bhiwandi, Maharashtra and Roorkee, Uttarakhand. With the growing investments in telecom sector across the globe, the need for affordable mobile handsets and data cards increasing exponentially. In this era of mobility, mobile phones are a necessity for each and every person. To cater to this demand we intend to set up new assembly line and expand our existing assembling lines with state of art technologies.

The estimated break up of cost is as under:

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
1.	Assembly line Equipment Cost for New Assembly Lines for FWT and Handsets and accessories	250.00
3.	Manpower Training and Process Implementation for Setting up of Assembly lines	80.00
4.	Provision for Contingencies	33.00
	Total	**363.00**

Plant and Machinery

The total estimated cost of equipments to be installed in the facility is Rs. 250.00 Lacs. The estimates of cost of equipments are based on the quotations and correspondences received from Shenzhen Think Will Communication Tech.Co. Ltd. as listed below:

Sr. No.	Particulars	Supplier / Manufacturer	Purchase Qty	Total Cost (Rs. in Lacs)
1	Download Jig	Shenzhen Think Will Communication Tech.Co.,Ltd.	3	0.93
2	USB Extension Cord	---do---	85	0.07
3	Screw Clamp for CBU Lock	---do---	2	0.16
4	All-purpose Tester	---do---	8	124.38
5	Minitype Shielding Box	---do---	8	12.44
6	Laser Barcode Scanner	---do---	15	3.50
7	Sim Card with Charge	---do---	20	-

Sr. No.	Particulars	Supplier / Manufacturer	Purchase Qty	Total Cost (Rs. in Lacs)
8	8GT Card	---do---	20	-
9	Laser Printer	---do---	1	31.09
10	Laser Code Fixture	---do---	2	0.16
11	Lube(FUMIO A-1316)	---do---	2	-
12	Zebra Printer	---do---	3	11.66
13	Air Gun	---do---	1	0.23
14	Electronic Scale	---do---	2	0.62
15	USB Fixture Jig	---do---	10	1.55
16	Assembly Line	---do---	1	5.44
17	Anti Static Flooring	---do---	10000 sq Ft	51.00
18	Furniture and fixture	---do---	10000 sq Ft	6.00
TOTAL				**249.23**
ROUNDED OFF				**250.00**

Manpower Training and Process Implementation for Setting up of Assembly lines

Manpower Training and Process Implementation for Setting up of Assembly lines mainly consist of start up and trial run expenses, training cost of manpower to be deployed, establishment and project management expenses, engineering and consultancy fees, upfront fees, etc. The Manpower Training and Process Implementation for Setting up of Assembly line expenses as estimated by the management would be Rs. 80.00 Lacs.

Provision for Contingencies

In the event of any cost overruns due to any changes in quoted prices of equipments for which orders have not yet been placed, or on account of time variation, transportation cost, insurance, unexpected price rise due to factors beyond our control, contingencies have been provided to cover any such eventuality which may occur. Contingencies of Rs. 33.00 Lacs have been estimated, which is approximately 10% of the cost of equipments and Manpower Training and Process Implementation costs.

II. SET UP OF OWN QUALITY CONTROL AND TESTING LABORATORIES

We intend to set up our own dedicated automated quality control and testing laboratories adjacent to our assembling lines. This would ensure the company to develop and ensure higher quality products. We would also be benefitted by enhanced success ratio of products to be launched and also proportionate cost spent towards quality testing etc would be reduced.

The estimates of cost of setting up of quality control and testing laboratories is Rs. 20 lacs towards equipment cost and based on internal management estimates.

III. STRENGTHEN OUR DISTRIBUTION NETWORK & ENLARGING OUR RETAIL CHAIN FORMAT:

The company started its own organized retail store chain to promote its own branded product along with other leading branded devices under the brand “Mobile Plus”. Currently the company is operating about 33 shops, out of which 22 shops are being operated on “Shop-in-Shop” in pursuant to an agreement with Loop Mobile, 10 shops are being operated along with franchisees and one (1) shop is completely owned and controlled by the Company.

The rising demand of affordable handsets and overall rise in mobile handset market along with density of population in India is our thrust for our expansion plan. Going forward we, plan to set up 150 retail stores under brand “Mobile Plus” on PAN India basis. This would also benefit us in creating our brand value among the people.

We intend to set up these retail stores on franchisee model, whereby we would act as franchisor and allot franchisees to interested and suitable candidate with ready set up. This would benefit us with lesser turnaround time as well as fewer efforts and investments would be needed.

The estimated break up of cost for setting up new outlets and strengthen distribution tie-ups are as under:

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
1.	Initial surveys and training of franchisees	150.00
2.	Establishment of store tracking system and software implementation	25.00
2.	Establishment of store tracking system and software implementation	25.00
3.	Brand Building and distribution tie ups	150.00
4.	Pre Operative Expenses and contingencies	50.00
	Total	**400.00**

Initial surveys and training of franchisees

We propose to utilize an amount of Rs. 150 Lacs out of the total proceeds of the Issue towards Initial surveys and training of franchisees for proposed 150 retail outlets. We would have to put in greater efforts and appoint external agencies to conduct suryes to identify location, franchisees, customer pattern. Once the location and franchisee is finalized, we would have to negotiate the terms, ink the agreements and deploy trainers securing protection of our brand. We have estimated a total cost of Rs. 150 Lacs inclusive of data collection agencies, surveys, legal agencies and trainer.

Establishment of store tracking system and software implementation

We estimate Rs. 25 lacs towards Establishment of store tracking system and software implementation for proposed retail outlets.

Brand Building and distribution tie ups

We estimate Rs. 150 lacs towards brand building and strengthen our distribution network. We intend to chalk out a marketing plan, which would comprise print media, electronic media, participation in exhibition etc. In addition to that we would like to strengthen our distribution network by additional tie-ups, increasing warehouses/depots etc.

IV. REGIONAL OFFICE AT NEW DELHI

We currently operate from our registered office situated as Mumbai. With the spread of our operations increasing over wider geographical areas there is need of set up in northern part of India. We propose to purchase a regional office at New Delhi of approximate 2000 to 2500 sq. feet area. This regional office would be beneficial to tap and control the markets of Northern part of India.

We have estimated an expenditure of Rs. 300.00 Lacs towards the establishment of our new regional office. The break-up of the expenditure is set forth below:

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
1.	Purchase of office property	200.00
2.	Furniture , Fixtures and Office Interiors	70.00
3.	Up gradation of Internal IT infrastructure & ERP	30.00

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
	Implementation	
	Total	**300.00**

V. TO PART-FINANCE INCREMENTAL WORKING CAPITAL REQUIREMENTS

We are presently engaged in the business of designing, import and distribution of mobile handsets, data card and mobile accessories. Going forward, we plan to increase our capacity of line of products and retail outlets. Therefore, our anticipated growth would push up the increase in sales and thereby need of additional long term working capital on account of providing credit period sought by our clients. We would also intend to keep shorter credit period from our creditors in order to avail cash discounts and increase our bargaining power and this will ultimately result in to surge in our bottom-line.

In the usual course of our business we have availed working capital limits from State Bank of Bikaner & Jaipur, Mumbai. As on date of this draft prospectus, Our Company's working capital facility consisted of aggregate fund based limit of Rs. 2500.00 Lacs.

As of March 31, 2013, the aggregate amounts outstanding under the fund based working capital facilities was Rs. 1,867.65 Lacs.
The working capital requirement of the company as per the latest financial statements i.e. 31st March, 2013 is Rs. 5067.04 Lacs. The working capital of Fiscal 2014 has been assessed at Rs. 6874.40 Lacs. This will entail the incremental working capital requirement of Rs. 1807.36 Lacs in fiscal 2014. The funding pattern of the requirement for the working capital is as below:

(A) Cash Credit Facility: We have a cash credit facility sanctioned by State Bank of Bikaner & Jaipur, Mumbai on 1st July, 2013. We estimate that entire Rs. 2500.00 Lacs will be utilized to meet the working capital requirement for fiscal 2014.

(B) Issue Proceeds: We intend to utilize Rs. 1175.00 Lacs towards the total working capital requirements for Fiscal 2014.

(C) Internal Accruals: We intend to utilize Rs. 3199.40 Lacs towards the total working capital requirements for Fiscal 2014.

We have estimated the working capital requirement, which is as under:

(Rs. In Lacs)

Particulars		Basis (Months)	Amount (Fiscal 2013) Estimated
Inventories	Raw Material	0.15	431.59
	Finished Goods	1.24	3,624.66
Debtors		2.63	7,671.73
Other Assets			1,616.45
Total (A)			**13,344.43**
Less:			
Creditors		1.98	5,764.13
Expenses & Other Liabilities (Except Bank Borrowings)			705.90

Particulars	Basis (Months)	Amount (Fiscal 2013) Estimated
Total (B)		**6,470.03**
Net Working Capital (A-B)		**6,874.40**

The funding pattern of the incremental working capital is tabled as below:

(Rs. In Lacs)

Particulars	Fiscal 2013	Fiscal 2014
Total Working Capital	**5067.04**	**6,874.40**
Incremental Working Capital	**----**	**1807.36**
Funding Pattern :		
Proceeds from the public Issue	N.A.	1175.00
Proceeds from incremental fund based facility	N.A.	632.35

Justification of Holding Level

- Raw materials

The level of raw material holding for the Fiscal 2013 was at 0.15 months while we have estimated the same as same for Fiscal 2014.

- Finished goods:

The level of finished goods was at 1.18 months for Fiscal 2013. It is estimated to be maintained at a level of 1.24 months for Fiscal 2014 and this level assumed is considered satisfactory.

- Receivables (Sales):

The level of receivables as at 31.03.2013 was 3.78 months. The receivables levels for subsequent financial year i.e. fiscal 2014 are estimated at 2.63 months.

- Creditors:

Actual level of creditors as at 31.03.2013 was at 2.81 months. As against the same, creditor levels for subsequent financial year i.e. fiscal 2014 are estimated at 1.98 months. The Company has estimated to avail shorter credit period from its creditors to avail cash discounts and increase its margin level.

VI. GENERAL CORPORATE EXPENSES

Our Company in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net proceeds of this issue aggregating 300.00 Lacs, for general corporate purpose towards, financing normal capital expenditure, strategic initiatives, expanding into new geographies, pre-operative expenses, brand building exercise and strengthening our marketing capabilities.

VII. TO MEET THE EXPENSES OF THE ISSUE

The total estimated expenses are Rs. 101.84 Lacs which is 3.83 % of Issue Size. The details of Issue expenses are tabulated below:

(Rs. In lacs)

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Issue 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.	72.00	70.70	2.71
Printing & Stationery, Distribution, Postage, etc	8.00	7.86	0.30
Advertisement & Marketing Expenses	8.00	7.86	0.30
Regulatory & other expenses	10.00	9.82	0.38
Miscellaneous Expenses	3.84	3.77	0.14
Total	**101.84**	**100.00**	**3.83**

Proposed year-wise deployment of funds:

The overall cost of the proposed Project and the proposed quarter wise break up of deployment of funds are as under:

(Rs. In Lacs)

Particulars	Already Incurred	FY 2013 - 14	FY 2014 - 15	TOTAL
Setting up of new assembly line and expansion of existing assembly lines	Nil	263.00	100.00	**363.00**
Setup of own Quality Control and Testing Laboratories	Nil	20.00	Nil	**20.00**
Strengthen our distribution network & enlarging our retail chain format	Nil	250.00	150.00	**400.00**
Regional office at New Delhi	Nil	250.00	50.00	**300.00**
To part-finance incremental working capital requirements	Nil	1175.00	Nil	**1175.00**
General Corporate Purposes	Nil	150.00	150.00	**300.00**
Issue Expenses	6.02	95.82	Nil	**101.84**

Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 31st July, 2013 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. Rajeev Sood & Co., Chartered Accountants pursuant to their certificate dated 12th August, 2013 is given below:

(Rs. in Lacs)

Deployment of Funds	Amount
Project related	Nil
Issue Related Expenses	6.02
Total	**6.02**

(Rs. in Lacs)

Sources of Funds	Amount
Internal Accruals	6.02
Total	**6.02**

APPRAISAL BY APPRAISING AGENCY

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

BRIDGE FINANCING FACILITIES

We have not entered into any bridge loan facility that will be repaid from the Net Proceeds of the Issue.

SHORTFALL OF FUNDS

Any shortfall in meeting the Project cost will be met by way of internal accruals.

INTERIM USE OF FUNDS

The Company in accordance with compliance of section 61 of the Companies Act, 1956 and with the policies established by the Board will have flexibility in deploying Issue proceeds received by us from the Issue during the interim period pending utilization for the Objects of the Issue as described above. The particular composition, timing and schedule of deployment of the Issue proceeds will be determined by us based upon the deployment of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

MONITORING OF UTILIZATION OF FUNDS

As the Net Proceeds of the Issue will be less than Rs. 50,000 Lacs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency.

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

BASIS FOR ISSUE PRICE

Investors should read the following basis with the "Risk Factors" beginning on page 9 and the details about the "Business of Our Company" and its "Financial Statements" included in this Draft Prospectus on page 74 & 119 respectively to get a more informed view before making any investment decisions.

QUALITATIVE FACTORS

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

Experience of our Promoter
Our Promoters comes with engineering backgrounds and well versed in distribution of telecom equipments. Our Promoters possess more than 12 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 certified by the Statutory Auditors of the Company.

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

Year	Earnings per Share (Rs.)	Weight
FY 2010-11	3.14	1
FY 2011-12	3.13	2
FY 2012-13	4.51	3
Weighted Average	**3.82**	

- 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 Issue Price Rs. 80.00

a) Based on weighted average EPS of Rs. 4.09 as per Restated Financial Statements, the P/E ratio is 20.93

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

3. Return on Net Worth

Year	RONW (%)	Weight
FY 2010-11	9.88	1
FY 2011-12	6.02	2
FY 2012-13	10.62	3
Weighted Average	**8.96**	

4. Minimum return on post Issue Net Worth to maintain the Pre-issue EPS at 31st March, 2013 is 8.53 %.

5. Net Asset Value per Equity Share

Sr. No.	Particulars	(Rs.)
a)	As on 31st March, 2013	42.50
b)	After Issue	52.88
c)	Issue Price	80.00

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 Issue Price is of Rs. 80 per share i.e. 8 (Eight) times of the face value.

8. The Company in consultation with the Lead Manager believes that the Issue Price of Rs. 80.00 per share for the Public Issue 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

Dear Sirs,

Sub: Statement of possible tax benefits available to the Company and its shareholders on proposed Public Issue of Shares under the existing tax laws

We hereby confirm that the enclosed Annexure, prepared by Prabhat Telecoms (India) Limited (**'the Company'**), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance whether:
• The Company or its shareholders will continue to obtain these benefits in future; or
• The Conditions prescribed for availing the benefits have been or would be met.

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

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change. We shall not be liable to Prabhat Telecoms (India) Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

Thanking you,
Yours faithfully,
For Rajeev Sood & Co.
Chartered Accountants
Firm Registration No.- 10478N
Sd/-
Arvind Kumar
M. No. 099782
Partner
Place: Mumbai
Date: 12th August, 2013

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS

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

I. Special Benefits available to our Company

There are no special tax benefits available to the Company.

II. Special Benefits available to the Shareholders of our Company

There are no special tax benefits available to the Equity Shareholders.

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 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 –

(i) 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

(ii) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

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	A.Y.-2011-12	A.Y.-2012-13
If book profit is less than or equal to Rs. 1 Crore	18.54 %	19.055%
If book profit is more than Rs. 1 Crore	19.93 %	20.01%

5. 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.

6. 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).

7. 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. 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:

(i) 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

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

8. 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)

9. 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, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.

10. 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 years immediately succeeding the 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.

3. 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.

4. 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.

5. 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.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long-term specified asset" within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. 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:

(i) 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

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

7. 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 residential house property within a period of 3 years after the date of such transfer.

8. 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.

9. 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 part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. 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:

(i) 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

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the 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 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 non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at 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.

3.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:

Nature of Income & Rate of Tax (%)

Nature of Income	Rate of Tax (%)
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.

4.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.

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 part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. 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:

(i) 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

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

6.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.

7.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

1.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

1.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.

Under the Wealth Tax Act, 1957

Benefits to shareholders of the Company
Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

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.

Notes:

- The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

- The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended 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;

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

- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

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

SECTION IV

ABOUT OUR COMPANY

INDUSTRY OVERVIEW

OVERVIEW OF THE INDIAN ECONOMY

The Indian economy remained resilient despite a slowdown in the third quarter of 2012-2013 amid a weaker global economy. During this period, India's GDP grew 4.5% as compared to 6.0% during the third quarter of 2011 (*Source: RBI: Macroeconomic and Monetary Developments in 2012-2013*). Indian GDP growth continues to remain above the global average. The IMF forecasts global growth to remain steady at 3.3% in 2013 before improving to 4.0% in 2014 (*Source: RBI: Macroeconomic and Monetary Developments in 2012-2013*).

In contrast, India's GDP increased by 4.0% in 2012 and it is estimated to grow by 5.7% in 2013, demonstrating the strength of the Indian economy (*Source: IMF World Economic Outlook, April 2013*). The following table sets forth India's GDP growth in 2011 and 2012, and expected GDP growth during 2013 and 2014, as compared to that of the Euro Area (as defined below), the United States, China, Japan, India and other advanced Asian economies:

	Real GDP			
	Actual		Projected	
	2011	2012	2013E	2014E
Euro Area[1]	1.4%	-0.6%	-0.3%	1.1%
United States	1.8%	2.2%	1.9%	3.0%
China	9.3%	7.8%	8.0%	8.2%
Japan	-0.6%	2.0%	1.6%	1.4%
India	7.7%	4.0%	5.7%	6.2%
Advanced Asia[2]	1.3%	2.1%	2.2%	2.6%

Note: E Estimate
(Source: IMF World Economic Outlook Updated April 2013)

(1) The Euro Area comprises Germany, France, Italy, Spain, the Netherlands, Belgium, Greece, Austria, Portugal, Finland, Ireland, Slovak Republic, Slovenia, Luxembourg, Cyprus, Malta and Estonia.

(2) Advanced Asia comprises Japan, Korea, Australia, Taiwan Province of China, Hong Kong SAR, Singapore and New Zealand.

OVERVIEW ON INDIA TELECOM INDUSTRY

Telecommunications has evolved as a basic infrastructure like electricity, roads, water etc. and has also emerged as one of the critical components of economic growth required for overall socio economic development of the country. The Indian telecom sector has registered a phenomenal growth during the past few years and has become second largest telephone network in the world, only after China. A series of reform measures by the Government, the wireless technology and active participation by private sector played an important role in the exponential growth of telecom sector in the country. National Telecom Policy-2012 (NTP-2012) has been announced during the current year with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country.

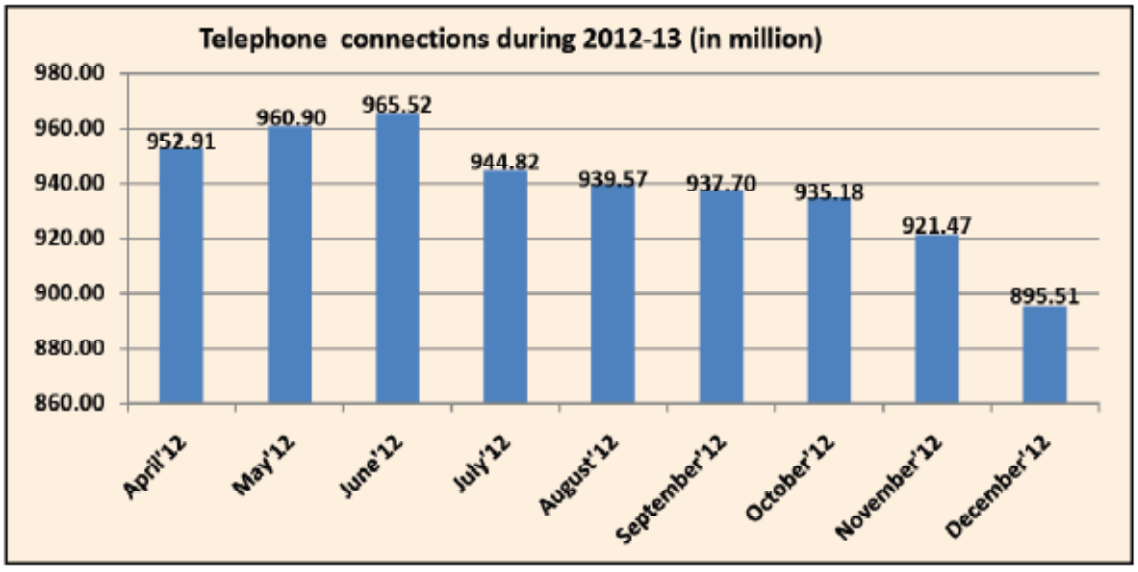
Present Status
The Indian telecom network with 895.51 million telephone connections, including 864.72 million wireless telephone connections, at the end of December 2012 is second largest network in the world after China. Out of this, 338.59 million telephone connections are in rural areas and 556.92 million are in urban areas of the country. There were 24.01 million Internet subscribers including 14.68 million Broadband subscribers at the end of September 2012. The number of Broadband subscribers increased to 14.98 million, end of December 2012.

Present Status of the Telecommunication Sector (As on December 31, 2012)

- Indian telecom network is second largest in the world after China.
- The country has 895.51 million telephone connections, including 864.72 million wireless telephone connections.
- Overall tele-density in the country is 73.34%.
- Urban tele-density is 149.55%, whereas rural tele-density is 39.90%.
- The share of wireless telephones in total telephones is 96.56%.
- The share of private sector in total telephones is 85.51%.
- Number of Broadband connections is 14.98 million.

Network status during current financial year (2012-13)
The total number of telephones continued to increase till June 2012 and increased from 951.35 million to 965.52 million during the period April to June 2012. Thereafter, number of telephone connections declined to 895.51 million by the end of December 2012. The decline in telecom user base after June 2012 has been primarily due to the removal of inactive mobile telephone connections by the service providers. The rural telephones have increased from 330.83 million to 343.88 million during the period April to June 2012 and declined thereafter to 338.59 million by the end of December 2012. The urban telephones increased from 620.52 million to 621.65 million during the period April to June 2012 and then declined to 556.92 million by the end of December 2012.

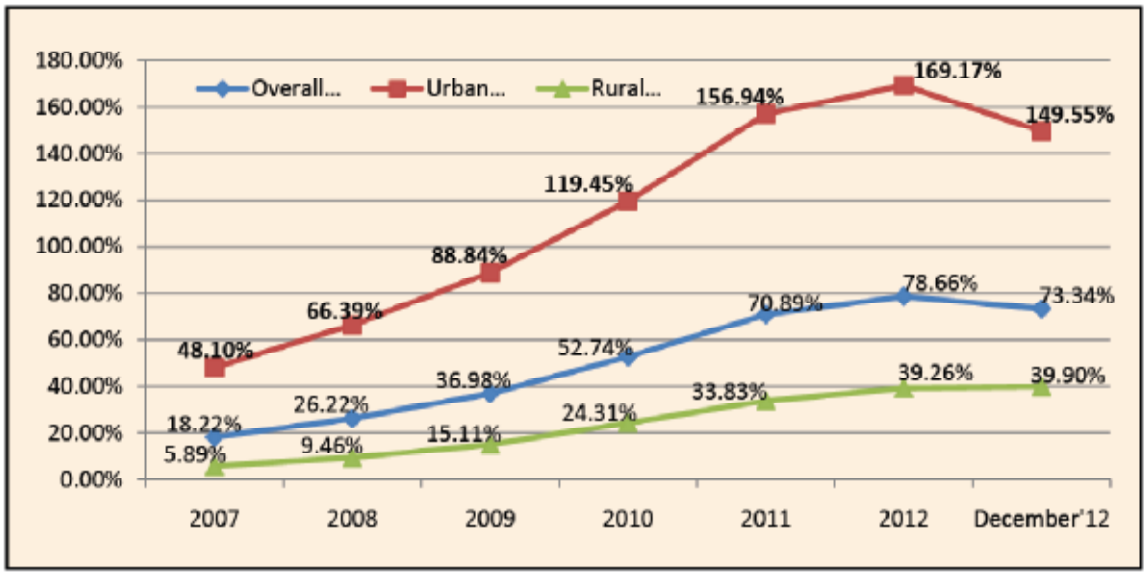
The Chart below indicates the number of connections at the end of each month during the year 2012-13 (April - December 2012).



Tele-density

Tele-density, which shows the number of telephones per 100 population, is an important indicator of telecom penetration in the country. Tele-density, which was 78.66% at the end of March 2012, increased to 79.58% by the end of June 2012 and then declined to 73.34% by the end of December 2012. Among the service areas, Tamil Nadu (109.64%) has the highest teledensity followed by Himachal Pradesh (102.76%), Punjab (101.92%), Kerala (100.76%) and Karnataka (91.26%). Among the three metros, Delhi tops with 220.00% tele-density, followed by Mumbai (159.57%) and Kolkata (155.10%). On the other hand, the service areas such as Assam (46.50%), Bihar (46.53%), M.P. (52.23%), U.P. (56.20%), West Bengal (56.85%) and J&K (58.41%) have comparatively low tele-density. There has been slight improvement in the rural tele-density during 2012-13 and it increased from 39.26%

at the end of March 2012 to 39.90% at the end of December 2012. However, the urban tele-density decreased from 169.17% to 149.55% during this period.



Composition of telephones

A. Public vs Private

Operator-wise classification, at the end of December 2012, reveals that PSUs still have a large share of nearly 79.57% in the wire line segment. Private operators, on the other hand, have a share of 87.83% in the wireless segment. Overall, Bharti Group with 20.68% of the total telephones, both landlines and mobiles taken together, in the country has the largest share followed by Vodafone Group (16.47%), two PSUs BSNL & MTNL put together (14.49%), Reliance (13.38%) and Idea (12.72%) etc.

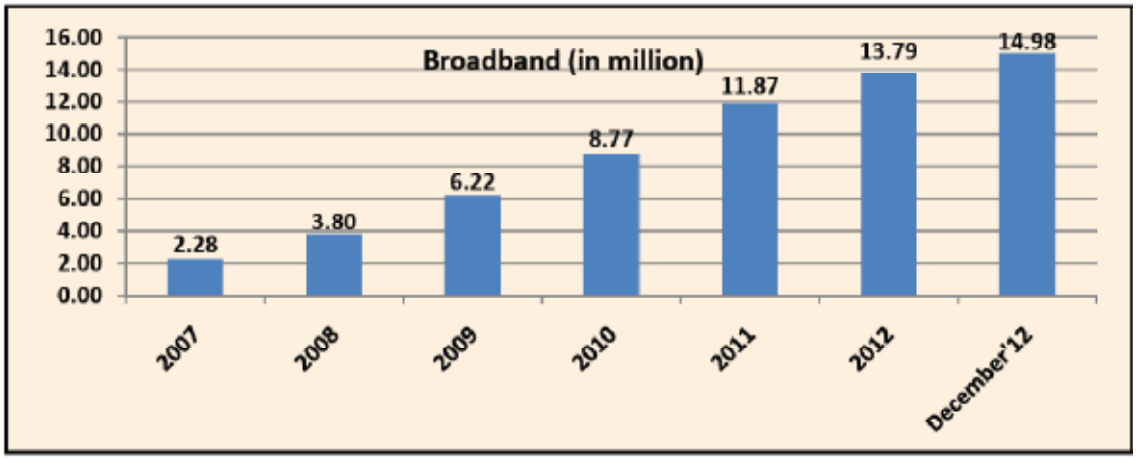
The share of private sector, in terms of number of subscribers, increased from 86.31% to 86.64% during the period from April to June 2012 and thereafter declined to 85.51% by the end of December 2012. On the other hand, share of public sector declined from 13.69% to 13.36% during the period April to June 2012 and then increased to 14.49% by the end of December 2012.

B. Wire line vs Wireless

As far as the technology is concerned, the preference for use of wireless telephony continues.The share of wireless telephones increased from 96.62% as on 31.03.2012 to 96.74% by the end of June 2012 and thereafter slightly declined to 96.56% by the end of December 2012. On the other hand, the share of landline telephones slightly increased from 3.38% to 3.44% during the period from April to December 2012.

Broadband

Increase in Broadband connectivity is being seen as an integral driver of improved socioeconomic performance. Broadband services empower masses and allow individuals to access new career and educational opportunities, help businesses reach new markets and improve efficiency and enhance the Government's capacity to deliver critical services like health, banking and commerce to all of its citizens. There were 14.98 million Broadband subscribers in the country by the end of December 2012.



Provision of Broadband in rural and remote areas will also help in bridging 'digital divide' and the widespread adoption of broadband in rural areas will have a multiplier effect over the long-term. It will help improve productivity in rural areas, help overcome the constraints of an inadequate transport infrastructure and overall improve the quality of life in rural areas. Given the significant economic and social benefits, expanding affordable access to broadband has become a high priority for the Government. Various schemes have been launched by USOF for providing broadband connectivity to rural & remote areas.

National Telecom Policy-2012 (NTP-2012)

The Government approved National Telecom Policy-2012 (NTP-2012) on 31st May 2012 which addresses the Vision, Strategic direction and the various medium term and long term issues related to telecom sector. The primary objective of NTP-2012 is maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. The main thrust of the Policy is on the multiplier effect and transformational impact of such services on the overall economy. It recognizes the role of such services in furthering the national development agenda while enhancing equity and inclusiveness. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the NTP-2012. The Policy also recognizes the predominant role of the private sector in this field and the consequent policy imperative of ensuring continued viability of service providers in a competitive environment. Pursuant to NTP-2012, these principles would guide decisions needed to strike a balance between the interests of users/ consumers, service providers and government revenue.

The objectives of the NTP-2012, inter-alia, include the following:

- Provide secure, affordable and high quality telecommunication services to all citizens.
- Strive to create **One Nation - One License** across services and service areas.
- Achieve **One Nation - Full Mobile Number Portability** and work towards **One Nation -Free Roaming.**
- Increase rural tele-density from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020.
- To recognize telecom, including broadband connectivity as a basic necessity like education and health and work towards **'Right to Broadband'.**
- Provide affordable and reliable broadband-on-demand by the year 2015 and to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand.
- Provide high speed and high quality broadband access to all village panchayats through a combination of technologies by the year 2014 and progressively to all villages and habitations by 2020.
- Recognize telecom as Infrastructure Sector to realize true potential of ICT for development
- Address the Right of Way (RoW) issues in setting up of telecom infrastructure.

- Mandate an ecosystem to ensure setting up of a common platform for interconnection of various networks for providing non-exclusive and non-discriminatory access.
- Enhanced and continued adoption of green policy in telecom and incentivize use of renewable resources for sustainability.
- Achieve substantial transition to new Internet Protocol (IPv 6) in the country in a phased and time bound manner by 2020 and encourage an ecosystem for provision of a significantly large bouquet of services on IP platform.

Manufacturing of Telecom Equipment

With the advent of next-generation technologies and operators rolling out 3G and broadband wireless access services, the demand for telecom equipment has increased rapidly. In an attempt to capitalize on this opportunity, the government and policy makers are focusing on developing the domestic manufacturing industry. Promotion of Telecom Equipment Manufacturing has also been included in the objectives of NTP-2012.

With a view to increase share of domestically manufactured electronic products which includes telecom equipment also, the Government has laid down the policy for providing preference to domestically manufactured electronic products (including telecom equipment) in procurement. Department of Telecommunications has accordingly notified telecom products to be procured by all the Ministries or Departments (except the Ministry of Defence) of Government and the agencies under their administrative control and for all Government funded telecom projects. The notification proposes 50% to 100% preferential market access for domestically manufactured telecom equipment with minimum value addition of 25% to 65%. The import of Telecom equipments including mobile phones, parts and telecom cables during 2011-12 was Rs. 543146 million and during 2012-13 (upto September 2012) was Rs. 272235 million.

The Export of Telecom equipments including mobile phones, parts and telecom cables during 2011-12 was Rs. 201989 million and during 2012-13 (upto September, 2012) was Rs. 109266 million.

Indian Mobile Handsets Market

Acording to CMR's India Mobile Handsets Market Review, CY 2012, March 2013 release, India registered 221.6 million mobile handset shipments for CY (January-December) 2012. During the same period, 15.2 million smartphones were shipped in the country.

Table 1. India Mobile Handsets Market: CY 2012 versus CY 2011 (in terms of unit shipments)

Form Factor	Shipments (CY 2011)	Shipments (CY 2012)	Year-on-Year Growth, CY 2012 over CY 2011 (%)	Half Year-on-Half Year Growth, 2H 2012 over 1H 2012 (%)
Mobile Handsets	183.4	221.6	20.8%	16.4%
Featurephones	172.2	206.4	19.9%	11.3%
Smartphones	11.2	15.2	35.7%	75.2%

Key Growth Drivers for the Indian Telecom and Handset Market
We believe a number of factors have contributed to and will continue to drive growth in the Indian telecom and handset market, including the following:

- India"s economic growth has helped increase household incomes and consequently consumption, especially among young Indians who are increasingly investing in various entertainment and communication services.

India"s favourable demographics in the coming years will continue to add impetus to the growth of the telecom and handset markets.

- The growing need of high mobility and connectivity at affordable prices.

- In order to curtail their network deployment costs, many service providers are considering sharing both passive and active infrastructure with each other. Common infrastructure will improve coverage, reduce costs and enable operators to expand telecom services at affordable prices to customers.

- Low overall mobile penetration indicates a latent potential for growth in India. This is especially true for expansion opportunities in the rural and semi-rural markets, which currently have low teledensity. GoI telecom policies have emphasized the need for expanding telecom coverage to include rural areas and empowering rural Indians through access to mobile telephony.

- Besides the presence of major telecom handset manufacturers, including Nokia, Samsung, LG and Motorola, and leading global telecom service companies and infrastructure majors, such as Vodafone, Singapore Telecom, AT&T, Ericsson, Alcatel and Siemens, there is strong competition from growing domestic handset companies and Indian mobile operators. Furthermore, increased competition among service providers created as a result of India allowing an unlimited number of service providers in each service area has contributed to and will continue to drive the growth of the telecom sector in India.

- The delivery of value added services (“VAS”) has so far been based on SMS, Interactive Voice Response ("IVR") and Wireless Application Protocol ("WAP") platforms, delivering a range of applications across areas such as advertising, gaming, entertainment, travel, news and providing various support services. Going forward, the demand for more sophisticated and innovative e-mail and multimedia based services, as well as gaming and music related offerings is likely to fuel growth in VAS. We believe the advent of 3G will also add impetus to the growth of the VAS market due to 3G's faster network capabilities. Consequently, we believe mobile devices will also need to become more sophisticated.

- In 2008, India entered into 3G arena with the launch of 3G enabled mobile and data services by BSNL, subsequent to which MTNL launched its 3G services in Mumbai and Delhi. A nation wide auction of the 3G wireless spectrum was conducted by the TRAI in April 2010. The winning bids for 3G spectrum totalled Rs. 677.10 billion, against the government's original expectation of Rs. 350.00 billion.

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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 9 and "Industry Overview" on page 68.

Overview

BUSINESS OVERVIEW

Our Company was incorporated at Mumbai as "Prabhat Telecommunications (India) Private Limited" on 2nd April, 2007. The name of our Company was changed to Prabhat Telecoms (India) Private Limited with effect from 23rd May, 2007. We have been converted in to a Public Limited Company and consequently name was changed to "Prabhat Telecoms (India) Limited" on 22nd 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 94 of this Draft 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 with 20 Sub distributors and 3500 retail sales points. We sell our CDMA product to 11000 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 portal.

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 Promoters Mr. Vishwamani Tiwari and Mrs. Prabha Tiwari have 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.

Our Company comprises of various divisions, each handling independently into Research & Development, Sales & Distribution and Multi-Branded Retail. The company is now dealing in a variety of telecom products and gadgets like mobile handsets, mobile accessories for hi-end phones, tabs, etc. The turnover of the Company for the year ended on 31st March, 2013 is Rs. 21,396.42 Lacs.

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.

The company started its own organized retail store chain to promote its own branded product along with other leading branded devices under the Brand "Mobile Plus". Currently the company is operating about 33 shops, out of which 22 shops are being operated on "Shop-in-Shop" in pursuant to an agreement with Loop Mobile, 10 shops are being operated along with franchisees and one (1) shop is completely owned and controlled by the Company.

Our Competitive Strengths

Experience of our Promoter

Our Promoters comes with engineering backgrounds and well versed in distribution of telecom equipments. Our Promoters possess more than 12 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.

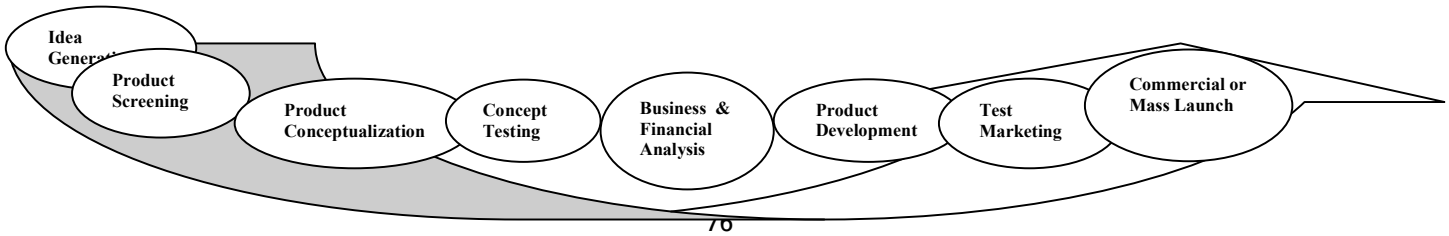
Manufacturing

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 operate our retail store chain to promote our own branded product along with other leading branded devices under the Brand "Mobile Plus". A neighborhood store, which caters to the customers' demands and offers products and services. The chain is a value based preposition to the end customer making available all leading

brands of mobile phones, their accessories, DTH set top boxes, recharges, entertainment and related products at MOBILE PLUS store.

Currently the company is operating about 33 shops, out of which 22 shops are being operated on "Shop-in-Shop" in pursuant to an agreement with Loop Mobile. The chain has setup Shop In Shop (SIS) concept stores in 22 Loop Mobile Galleries in prominent areas of Mumbai to start with. In addition to that we have ten (10) franchisees in Maharashtra and one Company owned Company Operated (COCO) Store at Malad, Mumbai.

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

Sr. No.	Model Name	Model Number	Brand	Description
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
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

OTHER UTILITIES

Our Company's assembly unit is located at Bhiwandi (Maharashtra), where the utilities like power and manpower are easily available. The registered and corporate office is located at 402, 4th Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai 400 066. The company operated retail store is located at Malad (West) Mumbai.

Manpower

The details of existing manpower employed are as under:

Sr. No.	Category	No. of employees
1.	Administration	13
2	Accounts & Finance	6
3.	Company operated store	2
4.	Retail Shops (Shop in shop with Loop Mobile)-On Probation	22
5.	Informaton Technology	6
6.	Sales	17
	TOTAL	**66**

Major Customers

Our customer base are 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
- Nouveau Multimedia Limited

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 31st March, 2013 our company has entered into total agreements with 30 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

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

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 work 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 not own any intellectual property, however our Company has filed below mentioned applications for registration of following Trademarks under the below mentioned classed before the Trade Marks Registry:

Sr. No	Particulars of Trademark	Class No.	Application Date
1.	iDemand	09	10th January, 2012
2.	'P' Logo	09	12th January, 2012
3.	Mobile Plus	35	2nd December, 2011
4.	Mipow	09	15th July, 2011
5.	PLATINUM (Label)	17	1st August, 2013
6.	KID PLAY (Label)	09 & 28	1st 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 1st July, 2011

Our Properties

Our Registered 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.	Unit No. 402, 4th Floor, Western Edge - 1, Western Express Highway , Borivali (East), Mumbai – 400066	Owned	18/04/2011	N.A.
2.	Flat 2, Adibaba Apartment Condoniam, 16th Road, Khar (West), Mumbai – 400052	Owned	05/10/2011	N.A.
3.	Flat 2, Adibaba Apartment Condoniam, 16th Road, Khar (West), Mumbai – 400052	Owned	24/11/2009	N.A.
4.	Land in Special Economic Zone at Roorkee, Uttarakhand	Owned (Not Registered)	N.A.	N.A.
5.	Shop 40 (o) Natraj Market, S.V. Road, Malad (West), Mumbai-400 064	Leased	01/01/2013	31/12/2015

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.

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.	Policy schedule for Burglary (Floater) Insurance	The New India Assurance Company Limited	111800461 30100000183	Stock of Mobiles & IT's Accessories and telecommunications instruments	27,500	500	27th June, 2013 to 26th June, 2014
2.	Policy schedule for Burglary (Single Location) Insurance	The New India Assurance Company Limited	111800461 30100000182	Stock of Mobile Phones, Accessories and Telecom Items	63750	1500	27th June, 2013 to 26th June, 2014
3.	Standard Fire and Special Perils Policy	The New India Assurance Company Limited	111800461 30100000533	Stock and Stock in process	195000	1500	28th June, 2013 to 27th June, 2014

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 Specific Regulations

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 electro-magnetic 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 1st 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, GoI, issued a directive (No. 20-40/2006-BS-III(Pt.)/(Vol. I) dated 6th 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.

Labour Laws

The Factories Act, 1948

The Factories Act, 1948 is a social Legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This Legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

The Factories Act, 1948 ("Factories Act") defines a 'factory' to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is Less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains List of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (the "IDA") was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. The IDA distinguishes between (i) employees who are 'workmen' and (ii) employees who are not 'workmen'. Workmen have been provided 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 IDA 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.

Shops and Establishment Act

Under various State laws dealing with shops and establishments, any shop or commercial establishment has to obtain a certificate of registration from the supervising inspector and also has to comply with certain rules laid down in the act governing that particular State. These rules and regulations regulate the opening and closing hours of shops and commercial establishments, daily and weekly work hours, closing dates and holidays, health and safety of persons working in shops and commercial establishments, payment of wages and maintenance of records and registers by the employers, among others.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPFA also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1961 (**"the POG Act"**) provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement. The rule of '5 years continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Under the POG Act, an employer is obliged for a maximum gratuity payout of Rs. 10, 00,000 for an employee. The POG Act also requires the employer to obtain and maintain an insurance policy for the employer's obligation towards payment of gratuity.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

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

Child Labour (Prohibition and Regulation) Act, 1986

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act the employment of child labour in the building and construction industry is prohibited.

Criminal laws

Negotiable Instruments Act, 1881

In India, the laws governing monetary instruments such as cheques are contained in the Negotiable Instruments Act, 1881, which is largely a codification of the English Law on the subject. To ensure prompt remedy against defaulters and to ensure credibility of the holders of the negotiable instrument a criminal remedy of penalty was inserted in Negotiable Instruments Act, 1881 in form of the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment), 1988 which were further modified by the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid. Section 138 of the Act, creates statutory offence in the matter of dishonour of cheques on the ground of insufficiency of funds in the account maintained by a person with the banker which is punishable with imprisonment for a term which may extend to two year, or with fine which may extend to twice the amount of the cheque, or with both.

Business laws

Indian Contract Act 1872

Indian Contract Act 1872 is the main source of law regulating contracts in Indian law, as subsequently amended. The Indian Contract Act 1872 sections 1-75 came into force on 1 September 1872. It applies to the whole of India except the state of Jammu and Kashmir. It is not a complete and exhaustive law on all types of contracts. It determines the circumstances in which promise made by the parties to a contract shall be legally binding on them. Each contract creates some right and duties upon the contracting parties. Indian contract deals with the enforcement of these rights and duties upon the parties. As per the provisions of the Indian Contract Act all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. The parties to a contract must either perform or offer to perform their respective promises unless such performance is dispensed with or excused under the provisions of the Act or of any other law. Promises bind the representative of the promisers in case of death of such promisers before performance, unless a contrary intention appears from the contract. When a contract has been broken the party who suffers by such breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the

usual course of things from such breach or which the parties knew, when they made the contract, to be likely to result from the breach of it. Under the Act it is also provided that when a contract has been broken, if a sum is named in the contract as the amount to be paid in case of such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss is proved to have been caused thereby, to receive from the party who has broken the contract reasonable compensation not exceeding the amount so named or, as the case may be, the penalty stipulated for. Even a person who rightfully rescinds a contract is entitled to a compensation for any damage which he has sustained for a non-fulfillment of the contract. The Indian Contract Act also lays down provisions of indemnity, guarantee, bailment and agency. Provisions relating to sale of goods and partnership which were originally in the act are now subject matter of separate enactments viz., the Sale of Goods Act and the Indian Partnership Act.

Sale of Goods Act, 1930

Sale of Goods Act is one of very old mercantile law. Sale of Goods is one of the special types of Contract. Initially, this was part of Indian Contract Act itself in chapter VII (sections 76 to 123). Later these sections in Contract Act were deleted, and separate Sale of Goods Act was passed in 1930. The Sale of Goods Act is complimentary to Contract Act. Basic provisions of Contract Act apply to contract of Sale of Goods also. Basic requirements of contract i.e. offer and acceptance, legally enforceable agreement, mutual consent, parties competent to contract, free consent, lawful object, consideration etc. apply to contract of Sale of Goods also.

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930. It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price and provides that there may be a contract of sale between part owner and another and that the contract of sale may be absolute or conditional. According to the provisions of this act, a contract of sale is made by an offer to buy or sell the goods for a price and the acceptance of such offer. The act further provides that the contract may provide for the immediate delivery of the goods or immediate payment of the price or both or for the delivery or payment by installments or that the delivery or payment or both shall be postponed. Provisions are made in this Act for existing or future goods, perishable goods, ascertainment of price, conditions and warranties, effects of the contract, delivery to career, duties of seller and buyer, buyers right of examining the goods, liability of buyer for neglecting or refusing the delivery of goods, rights of unpaid seller, suits for breach of the contract, sale, etc.

Tax Related Legislations

Value Added Tax, 2005

Value Added Tax (**"VAT"**) is charged on sale of goods in the States under the law enacted by each State in respect thereof. VAT is however, not chargeable on the value of services which do not involve a transfer of goods. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff 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.

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 31st October of each assessment year.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. 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.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 ("**COPRA**") aims at providing better protection to the interests of consumers and for that purpose makes provisions for the establishment of authorities for the settlement of consumer disputes. The COPRA provides a mechanism for the consumer to file a complaint against a trader or service provider in cases of unfair trade practices, restrictive trade practices, defects in goods, deficiency in services, price charged being unlawful and goods being hazardous to life and safety when used. The COPRA provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non compliance of the orders of these authorities attracts criminal penalties.

Intellectual Property Laws

Intellectual Property Rights

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for the protection of patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the above domestic legislations India is a party to several international treatise related to intellectual property including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the International Convention for the Protection of Literary and Artistic Works signed at Berne in 1886 (the Universal Copyright Convention of 1952), the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995 (the TRIPS Agreement).

Trade Marks Act, 1999

The Indian Law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing Legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A mark may consist of a word or invented word, signature, device, Letter, numeral, brand, heading, Label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

The Patents Act, 1970

The Patents Act, 1970 ("Patents Act") is the primary legislation governing patent protection in India. In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent. The Patents Act deems that computer programmes per se are not 'inventions' and are therefore not entitled to patent protection.

Property related laws

Registration Act, 1908

The Registration Act, 1908 (the "Registration Act") details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, inter alia, any non testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration.

Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received 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 of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

Indian Stamp Act, 1899

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Indian Stamp Act, 1899 (the "Stamp Act") provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

Regulations Regarding Foreign Trade

Customs Act, 1962

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any Company requiring to import or export any goods is required to get itself registered and obtain an Importer Exporter Code (IEC) number.

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/ divisions/ units/factories.

FEMA Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA, and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the FIPB is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA,

has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for foreign direct investment ("FDI") under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

OUR HISTORY AND CORPORATE STRUCTURE

HISTORY & BACKGROUND

Our Company was originally incorporated at Mumbai as "Prabhat Telecommunication Private Limited" on 2nd 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 23rd 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 22nd 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 and Mrs. Prabha Tiwari. Our Promoters have 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.

For further details of our Company's activities, services and the growth of our Company, please refer to the chapters titled "Business Overview" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 74 and 136 respectively, of the Draft Prospectus respectively.

The Registered office and Corporate office of our Company is situated at Unit No. 402, 4th Floor, Western Edge -1, Western Express Highway, Borivali (East), Mumbai 400 066;

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, 4th Floor, Western Edge- 1, Western Express Highway, Borivali (East), Mumbai – 400066	18/10/2011	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
19th 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.
23rd April, 2007	Change in the name of the Company from Prabhat Telecommunication Private Limited to Prabhat Telecoms (India) Private Limited

DATE	AMENDMENT
28th 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.
22nd 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.
10th 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.
05th 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.
08th 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.
18th 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

HOLDING COMPANY OF OUR COMPANY

Our Company has no holding company as on the date of filing of the Draft Prospectus.

SUBSIDIARY OF OUR COMPANY

There is no subsidiary of our Company as on the date of filing of the Draft Prospectus.

SHAREHOLDERS AGREEMENTS

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

FINANCIAL PARTNER

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

FRANCHISEES

The Company has 10 franchisees for distribution of its products.

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 Draft Prospectus.

NUMBER OF SHAREHOLDERS

Our Company has Seven (7) shareholders on date of the Draft 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 twelve (12) Directors. Our Company currently has six (6) Directors on Board. The following table sets forth current details regarding our Board of Directors:

Sr. No.	Name, Fathers' Name, Age, Nationality, Tenure, Address, Occupation & DIN	Status of Directorship in our Company	Other Directorships
1.	**Mr. Vishwamani Tiwari** *S/o Matamani Tiwari* ***Age :***39 years ***Nationality*** : Indian ***Tenure:*** 3 Years ***Address:*** 2, Geetanjali Apts., Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E) Mumbai - 400097 ***Occupation***: Business ***DIN***: 01932624	Managing Director	1. Vee Three Informatics Limited 2. Prabhat Natural Energy Private Limited
2.	**Mrs. Prabha Tiwari** *D/o Krishna Govind Pillai* ***Age***: 36 years ***Nationality*** :Indian ***Tenure:*** Retire by Rotation ***Address:*** Flat No. C/603, 6th Floor, Bldg. No. C 603, Mangalam Apt., Thakur Complex, Kandivali (E) Mumbai - 400101 ***Occupation***: Business ***DIN***: 01932651	Non-Executive Non Independent Director	1. Vee Three Informatics Limited
3.	**Mr. Parag Rameshchandra Malde** *S/o Ramesh Malde* ***Age***: 34 years ***Nationality*** :Indian ***Tenure:*** 3 Years ***Address:*** 1/2, Prabha Kunj, S. V. Road, Malad (West) Mumbai - 400064 ***Occupation***: Business ***DIN***: 05354513	Whole Time Director	1. Vee Three Informatics Limited
4.	**Mr. Vaibhav Shastri** *S/o Sunil Shastri* **Age** : 37 years ***Nationality***: Indian ***Tenure:*** Retire by Rotation ***Address***: C-302 A, Sushant Lok Phase I, Gurga on - 122002, Haryana ***Occupation***: Business ***DIN***: 02136309	Non-Executive Independent Director	Nil
5.	**Mr. Deepak Kumar Jain**	Non-Executive	1. Drav Advisory And

Sr. No.	Name, Fathers' Name, Age, Nationality, Tenure, Address, Occupation & DIN	Status of Directorship in our Company	Other Directorships
	S/o Paras Jain Chadra ***Age***: 32 years ***Nationality*** :Indian ***Tenure:*** Retire by Rotation ***Address:*** Flat No. B-1607, Rna Royale Park, M G Road, Kandivali West, Mumbai - 400067 ***Occupation***: Business ***DIN***: 03562383	Independent Director	Investments Private Limited 2. Drav Multitrading Private Limited
6.	**Mr. Atul Dattatray Bhatkhalkar** *S/o Dattatray Sakharam Bhatkhalkar* ***Age***: 48 years ***Nationality*** :Indian ***Tenure:*** Retire by Rotation ***Address:*** B - 7,1/12, Dudha Sagar Soc., Shiva Road, Aarey Cheknaka, Goregoan East, Mumbai- 400065 ***Occupation***: Business ***DIN***: 06518965	Non-Executive Independent Director	Nil

Note:

As on the date of the Draft 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 Draft 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 39 years, is the Promoter and Managing Director of our Company. He holds the degree in Bachelors of Engineering (Mechanical) from Mumbai University. He is responsible for the management of the administration, legal and financial functions of the Company. He overseas for evolving business and developing growth strategies for our Company.

Mrs. Prabha Tiwari, aged 36 years, Non Independent and Non –executive Director of our Company. She holds the degree in Bachelors of Engineering (Electronic and Telecom) from Mumbai University.

Mr. Parag Rameshchandra Malde, aged 34 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.

Mr. Vaibhav Shastri, aged 37 years, Independent and Non –executive Director of our Company. He is having 13 years of experience in sales and marketing across India. He has done PGDBA in Marketing and Finance.

Mr. Deepak Kumar Jain, aged 32 years, Independent and Non –executive Director of our Company. He is chartered accountant by profession. He has experience in matters related to taxation, finance, debt syndication, restructuring of loans etc. As a chartered accountant he brings value addition to the company.

Mr. Atul Dattatray Bhatkhalkar, aged 48 years, Independent and Non –executive Director of our Company. He has done his graduation in commerce and active in public welfare affairs and social services.

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 Draft 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

Mr. Vishwamani Tiwari and Mrs. Prabha Tiwari are related to each other i.e. Mrs. Prabha Tiwari is wife of Mr. Vishwamani Tiwari. Except this no other directors are related to each other.

BORROWING POWERS OF THE DIRECTORS

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on 27th April, 2013 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 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.

COMPENSATION TO MANAGING DIRECTOR AND WHOLE TIME DIRECTOR

We have not entered into any service agreement with our Managing Director and Whole Time Director, however, the terms of their appointment are approved by the shareholders of the Company as follows:-

1. Remuneration to Executive Directors:-

Name	Mr. Vishwamani Tiwari
Designation	Managing Director
Period	Three (3) years
Date of Appointment	With effect from 1st April, 2013, Resolution passed at Board meeting held on 1st April, 2013 & at Extra Ordinary General Meeting held on 27th April, 2013
Remuneration	**a) Remuneration** • **Basic** - Rs. 1,48,750/- p.m. (Rupees One Lac Forty Eight Thousand Seven Hundred Fifty Only) • **Medical Allowance** – 1,250/- p.m. (Rupees One Thousand Two Hundred Fifty only) With such annual increments / increases as may be

	decided by the Remuneration Committee from time to time. **b) Perquisites** • Car with driver for his official and limited private use. **c) Valuation of perquisites** 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.
Remuneration paid in FY 31st March, 2013	Rs. 18.00 Lacs

Name	Mr. Parag Rameshchandra Malde
Designation	Whole Time Director
Period	Three (3) years with effect from 1st April, 2013
Date of Appointment	With effect from 1st April, 2013, Resolution passed at Board meeting held on 01st April, 2013 & at Extra Ordinary General Meeting held on 27th April, 2013
Remuneration	**a) Remuneration** • **Basic** - Rs. 41,967/- p.m. (Rupees Forty One Thousand Nine Hundred Sixty Seven Only). • **House Rent Allowance** - 50% of Basic Salary. • **Conveyance Allowance** – Rs. 800/- p.m. (Rupees Eight Hundred only). • **Medical Allowance** – 1,250/- p.m. (Rupees One Thousand Two Hundred Fifty only) With such annual increments / increases as may be decided by the Remuneration Committee from time to time.
Remuneration paid in FY 31st March, 2013	Rs.1.95 Lacs

2. Remuneration to Non-Executive Directors:

Our Independent Directors are entitled to sitting fee of Rs. 2000/- for every board meeting.

The above said remuneration and perquisites are subject to the ceiling laid down in section 198 and 309 and Schedule XIII of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time. In case of payment of remuneration in excess of the prescribed limits, recovery of the excess amount may be waived by the board of directors upon the recommendation of the Remuneration Committee and with the approval of the Central Government.

Except as stated in this Draft Prospectus, no amount or benefit has been paid by our Company within the two preceding years or is intended to be paid or given by our Company to any of our Company's officers including our Directors and key management personnel.

Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our directors and our key management personnel, are entitled to any benefits upon termination of employment.

SHAREHOLDING OF DIRECTORS IN OUR COMPANY

Our Articles of Association do not require our Directors to hold any qualification shares. However share holding of our Directors is hereunder provided as on date:

Sr. No.	Name of Directors	No. of Equity shares	% to pre-issue shares
1.	Mr. Vishwamani Tiwari	47,36,855	59.28
2.	Mrs. Prabha Tiwari	14,57,945	18.25
3.	Mr. Parag Rameshchandra Malde	1,70,000	2.13

INTEREST OF DIRECTORS

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meeting of the board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them to the extent of any dividends payable to them and other distributions in respect of the said equity shares. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

None of the relatives of the directors except Ms. Jyoti Malde, sister of Mr. Parag Rameshchandra Malde receives consultancy fees from the Company amounting to Rs. 25,000/- per month. However, even before the appointment of Mr. Parag Rameshchandra Malde as a director, the Company has entered into a contract with Ms. Jyoti Malde in October 2012 for providing legal consultancy to the Company, which is valid for a period of 3 years.

Except if stated under the heading 'Related Party Transaction' under the section titled "Financial Information" on page 135 in this Draft Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

INTEREST AS TO PROPERTY

Our Directors do not have any interest in any property acquired by our Company within 2 years from the date of this Prospectus, or proposed to be acquired by our Company.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The following changes have taken place in the Board of Directors of our Company during the last three years:

Sr. No.	Name of Directors	Date of Change	Reason
1.	Mrs. Kalpana Mathur	31st March, 2011	Resignation
2.	Mrs. Prabha Tiwari	1st January, 2013	Resignation
3.	Mr. Parag Rameshchandra Malde	1st January, 2013	Appointment
4.	Mrs. Prabha Tiwari	21st February, 2013	Appointment
5.	Mr. Deepak Kumar Jain	21st February, 2013	Appointment
6.	Mr. Atul Bhatkhalkar	9th March, 2013	Appointment
7.	Mr. Vaibhav Shastri	29th March, 2013	Appointment

None of our Director has been selected as Director or member of senior management pursuant to any agreement or understanding with major shareholders, customers or others.

Except as stated in the Draft Prospectus, none of our Directors have entered into any service contracts which would entitle them for any benefits upon termination of employment.

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 have a Board constituted in compliance with the Companies Act and the Listing Agreement 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 six (6) Directors. We have two (2) executive non independent directors, one (1) non executive non independent director and Three (3) non-executive independent directors. The constitution of our Board is in compliance with the requirements of Clause 52 of the Listing Agreement.

Composition of the Board of Directors

Sr. No.	Name of Director	Designation	Status (Promoter/Independent)
1.	Mr. Vishwamani Tiwari	Chairman & Managing Director	Promoter
2.	Mrs. Prabha Tiwari	Non Executive Director	Promoter
3.	Mr. Parag Malde	Whole Time Director	Non Independent Director
4.	Mr. Vaibhav Shastri	Non Executive Director	Independent Director
5.	Mr. Deepak Kumar Jain	Non Executive Director	Independent Director
6.	Mr. Atul Bhatkhalkar	Non Executive Director	Independent Director

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

A) Audit Committee
B) Shareholders/Investors Grievance Committee
C) Remuneration Committee

A. AUDIT COMMITTEE

Our Company has constituted an audit committee ***("Audit Committee")***, as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement to be entered with Stock Exchange, vide resolution passed in the meeting of the Board of Directors held on 1st April, 2013.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises following three (3) directors. Mr. Deepak Kumar Jain is the Chairman of the Audit Committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Deepak Kumar Jain	Chairman	Independent Director
2.	Mr. Atul Bhatkhalkar	Member	Independent Director
3.	Mr. Vaibhav Shastri	Member	Independent Director

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 Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

(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 issue (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 utilization 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. 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.

13. Discussion with internal auditors any significant findings and follow up there on.

14. 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.

15. 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.
16. 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.

17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.

18. 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.

19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

20. Mandatorily reviews the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted y management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

21. Review the Financial Statements of its Subsidiary company, if any.

22. Review the composition of the Board of Directors of its Subsidiary company, if any.

23. Review the use/application of funds raised through an issue (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.

B. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Our Company has constituted a shareholder / investors grievance committee ***("Shareholders / Investors Grievance Committee")*** to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 1st April, 2013. The committee currently comprises of three (3) Directors. Mr. Atul Bhatkhalkar is the Chairman of the Shareholders/ Investors Grievance committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Atul Bhatkhalkar	Chairman	Independent Director
2.	Mr. Deepak Kumar Jain	Member	Independent Director
3.	Mr. Vaibhav Shastri	Member	Independent Director

Role of shareholders/investors grievance committee

The Shareholders / Investors Grievance Committee of our Board look into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

C. REMUNERATION COMMITTEE

The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 1st April, 2013. The committee currently comprises of three (3) Directors. Mr. Vaibhav Shastri is the Chairman of the Remuneration committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Vaibhav Shastri	Chairman	Independent Director
2.	Mr. Deepak Kumar Jain	Member	Independent Director
3.	Mr. Atul Bhatkhalkar	Member	Independent Director

Functions of Remuneration Committee:

1. To recommend to the Board, the remuneration of Managing / Whole-time / Executive Directors, including all elements of remuneration (i.e. salary, benefits, bonus, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc;

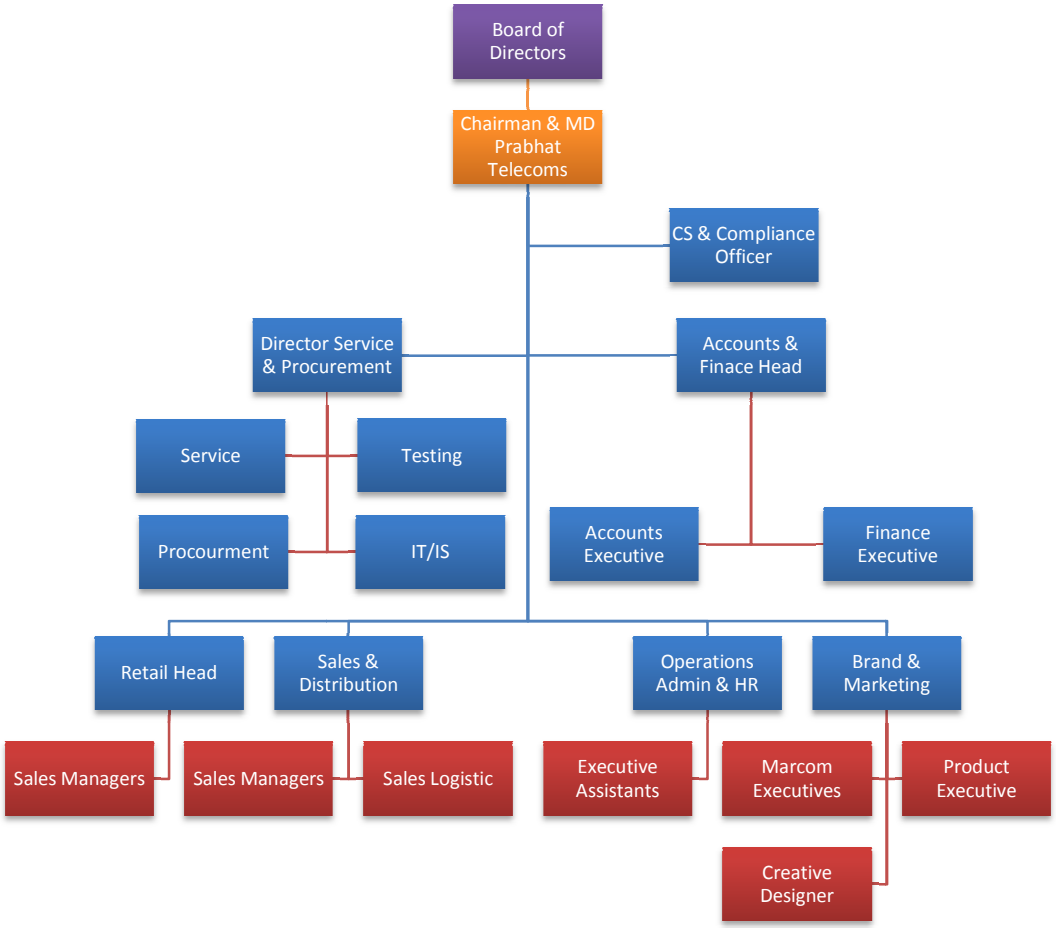
2. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration for Company's Managing / Whole-time / Executive Directors.

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, 1992 after listing of our Company's shares on the Stock Exchange. Our Company Secretary and Compliance Officer, Ms. Yojana Pednekar is 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.

ORGANISATION STRUCTURE

Our Organization structure of the Company is as follows –



KEY MANAGERIAL PERSONNEL

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

The following key personnel assist the management of our Company:

Name	Date of Joining	Age	Designation	Qualification	Experience (In Years)	Annual Compensation (In Rs.)
Mr. Kumar Umang	20th May, 2013	30	Accounts & Finance Head	B.Sc., ACA	5	7,80,000
Ms. Yojana Pednekar	29th April, 2013	29	Company Secretary & Compliance Officer	B.Com, ACS	2	3,00,000

Name	Date of Joining	Age	Designation	Qualification	Experience (In Years)	Annual Compensation (In Rs.)
Mr. Vishal Srivastav	01st June, 2013	44	Senior Vice President Sale & Distribution	B.Com (Hons), Post Graduation in Advertising & Marketing Management, Post Graduation in Sales Management	23	18,00,000
Ms. Bhakti Anand	16th January, 2013	35	Senior Manager-Admin & HR	B.A. in Literature	17	7,20,000
Mr. Anand Shukla	15th April, 2013	30	Manager-Brand & Marketing	B.Com	11	7,00,000

1. All the key managerial personnel mentioned above are permanent employees of our Company and none of them are related to each other or to any Director of our Company.

2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.

3. Our Company does not have a performance linked bonus or a profit sharing plans with the key management personnel.

4. No non-salary-related payments or benefits have been made to our key management personnel

Shareholding of Key Managerial Personnel

The Key Managerial Personnel of our Company do not hold any shares in our company as on the date of this Draft Prospectus.

Changes in the Key Managerial Personnel during last three years:

Following have been the changes in the key managerial personnel during the last three years:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Reasons
1.	Sanjog Naik	Retail – Head	19th November, 2009	31st October, 2011	Resignation
2.	Anil Tiwari	Sales & Distribution Head	17th Dec 2012	May 31st , 2013	Resignation
3.	Vishal Shrivastav	Sr. Vice President Sales & Distribution Head	1st June 2013	-	Appointment
4.	Ranjit Choudhary	Retail – Head	1st Oct 2011	31st Dec 2012	Resignation
5.	Amit Singh	Head HR & Admin	8th June 2010	-	Appointment
6.	Pratishtha Nigam	Executive HR & Admin	4th June 2012	22nd November 2012	Resignation
7.	Bhakti Anand	Sr. Manager HR & Admin	22nd November 2012	-	Appointment
8.	Anand Shukla	Brand & Marketing	15th April 2013	-	Appointment

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Reasons
		- Head			
9.	Surya Pandey	CFO –Accounts	7th April 2011	28th July 2012	Resignation
10.	Kumar Umang	Head – Accounts	20th May 2013	-	Appointment
11	Diwakar Sahasrabudhe	Manager- Finance	01st Jan 2013	-	Appointment

ESOP/ESPS Scheme to Employees

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or benefit to our officers

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment/ engagement and the dividend, if any, that may have been declared on the Equity Shares held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Draft Prospectus with BSE.

None of the key management personnel have been paid any consideration of any nature from our Company, other than their basic remuneration.

OUR PROMOTERS

OUR PROMOTERS

The Promoters of our Company are:

1. Mr. Vishwamani Tiwari
2. Mrs. Prabha Tiwari

DETAILS OF OUR PROMOTERS ARE AS UNDER

1. Mr. Vishwamani Tiwari

	Mr. Vishwamani Tiwari, aged 39 years, is the Promoter and Managing Director of our Company. He holds the degree in Bachelors of Engineering (Mechanical) from Mumbai University. He is responsible for the management of the administration, legal and financial functions of the Company. He overseas for evolving business and developing growth strategies for our Company.

Identification

Name	**Mr. Vishwamani Tiwari**
Director Identification Number	01932624
Permanent Account Number	ABWPT2569G
Passport No.	G8370297
Voter ID	ITD2452233
Driving License	MH0220110069509
Bank Account Details	ICICI Bank Ltd, Branch- Thakur Complex, Kandivali Bank A/c. No. :- 122101500596

2. Mrs. Prabha Tiwari

	Mrs. Prabha Tiwari, aged 36 years, Non Independent and Non – executive Director of our Company. She holds the degree in Bachelors of Engineering (Electronic and Telecom) from Mumbai University.

Identification

Name	**Mrs. Prabha Tiwari**
Director Identification Number	01932651
Permanent Account Number	AHOPP6303Q
Passport No.	B5198495
Voter ID	ITD2452225
Driving License	MH02972447
Bank Account Details	ICICI Bank Ltd, Branch- Thakur Complex, Kandivali Bank A/c. No. :- 122101500596

OTHER UNDERTAKINGS AND CONFIRMATIONS

Our Company undertakes that the details of Permanent Account Number, bank account number and passport number of the Promoters will be submitted to the SME platform of BSE Exchange, where the securities of our Company are proposed to be listed at the time of submission of Draft Prospectus.

COMMON PURSUITS OF OUR PROMOTERS

There are no common pursuits between our Company and Promoters.

INTEREST OF THE PROMOTERS

Interest in the promotion of our Company

Our Promoters may be deemed to be interested in the promotion of the Issuer 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 Director 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 97 of this Draft prospectus.

Interest in the property of our Company

Our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

Interest as Member of our Company

As on the date of this Draft Prospectus, our Promoters together hold 61,94,800 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 Promoters in our Company and benefits as provided in the section titled '*Terms of appointment and compensation of our Directors*' on page 99, our Promoters does not hold any other interest in our Company.

Also see "Our Management-Interest of Directors" on page 101 of Draft 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 the 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. 97, 118 and 37 respectively of this Draft Prospectus. Further as on the date of the Draft Prospectus, there is no bonus or profit sharing plan for our Promoters.

CONFIRMATIONS

For details on litigations and disputes pending against the Promoters and defaults made by them, please refer to the section titled *"Outstanding Litigation and Material Developments"* on page 141 of the Promoters. 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.

RELATED PARTY TRANSACTIONS

Except as disclosed in the section titled *"Related Party Transactions"* beginning on page 135, our Company has not entered into any related party transactions with our Promoters.

OUR PROMOTER GROUP / GROUP COMPANIES / ENITITIES

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	Mrs. Prabha Tiwari
Spouse	Mrs. Prabha Tiwari	Mr. Vishwamani Tiwari
Father	Mr. Matamani Tiwari	Mr. Govind Krishnan Pillai
Mother	Mrs. Shivdevi Tiwari	Mrs. Gauri Kutty Amma Parameswaran Pillai
Brother	Mr. Chandramani Tiwari	NA
Brother's wife	Mrs. Saritadevi Tiwari	NA
Sister	Mrs. Renu Pathak	NA
Sister's Husband	Mr. Brijesh Pathak	NA
Son	Ankush Tiwari and Parth Tiwari	Ankush Tiwari and Parth Tiwari
Daughter	Khusboo Tiwari	Khusboo Tiwari
Spouse's father	Mr. Govind Krishnan Pillai	Mr. Matamani Tiwari
Spouse's mother	Mrs. Gauri Kutty Amma Parameswaran Pillai	Mrs. Shivdevi Tiwari
Spouse's brother	NA	Mr. Chandramani Tiwari
Spouse's sister	NA	Mrs. Renu Pathak

PROMOTER GROUP COMPANIES AND ENTITIES

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs, partnership firms and other entities, that form part of our Promoter Group are as follows:

LISTED COMPANIES WITHIN OUR PROMOTER GROUP

There is no listed Company in our Promoter Group.

UNLISTED COMPANIES WITHIN OUR PROMOTER GROUP

1. Vee Three Informatics Limited
2. Prabhat Natural Energy Private Limited

PROPRIETARY CONCERNS WITHIN OUR PROMOTER GROUP

3. Prabhat Enterprises
4. Prabhat Media Entertainment

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 3rd 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	Mrs. Prabha Tiwari	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	No. of 12% Non Cumulative Convertible Redeemable Preference Shares	% of Share Holding
1.	Mr. Vishwamani Tiwari	11,36,425	0.00	48.06
2.	Mrs. Prabha Tiwari	5,85,000	0.00	24.74
3.	Mr. Chandramani Matamani Tiwari	4,52,425	0.00	19.13
4.	Mr. Basantraj Meghraj Sethia	485	0.00	0.02
5.	Mr. Vishal Wadkar	665	0.00	0.02

Sr. No.	Name of the Shareholders	No. of Equity Shares	No. of 12% Non Cumulative Convertible Redeemable Preference Shares	% of Share Holding
6.	United Systems	1,00,000	15,000	4.86
7.	Mr. Parag Malde	10,000	0.00	0.42
8.	Mr. Surya Pandey	10,000	0.00	0.42
9.	Mr. Bipin Verma	5,000	0.00	0.21
10.	Rexol Eco Fuels (P.) Ltd.	0.00	20,000	0.85
11.	Om Enterprises	0.00	30,000	1.27
	TOTAL	**23,00,000**	**65,000**	**100.00**

Financial Performance:

(Rs. in Lakhs)

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011	Year Ended 31/03/2010
Equity share capital	230.00	5.00	5.00
Reserves (excluding revaluation reserves)	957.52	23.31	0.00
Net worth	1185.64	27.18	3.31
Preference Share	6.50	0.00	0.00
Total Income	9851.15	11868.47	237.98
PAT/Loss	45.71	26.42	(3.11)
EPS	7.56	52.85	(6.22)
NAV (Per Equity Shares)	51.55	5.44	0.66
Face Value (Per Equity Shares)	10.00	10.00	10.00

2. Prabhat Natural Energy Private Limited -

The Company was incorporated as Prabhat Natural Energy Private Limited under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated 12th September, 2012 issued by the Registrar of Companies, Mumbai, Maharashtra with registration number 235635.

The Corporate Identification Number of our Company is U11100MH2012PTC235635. 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 bottling and distribution of LPG cylinders.

Main Objects of Prabhat Natural Energy Private Limited

To carry on the business of casing, driller, dismantler, manufacturer, importer, exporter, surveyor, traders, prospecting and boring for extracting, pumping, drawing, transporting, refining and dealing in natural resources, gases, petroleum and other mineral oils and fuels and all kind of petroleum products and by-products and to construct, lay down and maintain pipelines, pumping stations and other appliances for the transportation of natural gases, Liquefied Petroleum Gases (LPG), Compressed Natural Gases (CNG), other petroleum products; and manufacture, buy, sell, let on hire, and deal in empty cylinders, stoves, engines, and other apparatus and conveniences which may seem calculated, directly or indirectly, to promote the consumption of gas; and to own, franchise, operate, lease, sub-lease, retail outlets from time to time.

To carry on the business of commissioning, distributing, establishing, generating, manufacturing, managing, running supplying, setting up, operating and maintaining in India or abroad the business of based on fossile fuels,

renewable energy i.e Biomass Energy, Wind Energy, Solar Energy, Geothermal Energy, Hydroelectric Energy, steam, for evacuation, transmission, distribution, trading or supply of power through establishing or using stations, tie-lines, sub-stations and transmission or distribution lines in any manner including build, own and transfer (BOT), and/or build, own and operate (BOO) and/or build, own, lease and transfer (BOLT) and/or build, own, operate and transfer (BOOT) basis or otherwise ,and to acquire in any manner power transmission systems/networks, power systems, generation stations, tie-lines, substations and transmission or distribution systems from State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, Central or State Government Undertakings, Licensees, other local authorities or statutory bodies, other captive or independent power producers and Distributors.

Board of Directors
Currently, the Board of Directors of Prabhat Natural Energy Private Limited consists of:

Sr. No	Name of the Directors	Designation
1	Mr. Vishwamani Tiwari	Director
2	Mr. Ranjit Choudhary	Director

Capital Structure

The Authorized Share Capital of the Company is Rs. 10,00,000/- (Rupees Ten Lakhs only) divided into 100,000 (One Lakh) Equity Shares of Rs.10/- (Rupees Ten) each.

Shareholding Pattern

Current shareholding pattern of Prabhat Natural Energy Private Limited is as follows:-

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Share Holding
1.	Mr. Vishwamani Tiwari	60,000	60.00
2.	Mr. Ranjit Choudhary	40,000	40.00
	TOTAL	1,00,000	100.00

Financial Performance:

Fiscal 2012-13 being the first year of operations, financial performance is not depicted.

3. **Prabhat Enterprises** – Mr. Vishwamani Tiwari is proprietor of Prabhat Enterprises.

4. **Prabhat Media Entertainment -** Mr. Vishwamani Tiwari is proprietor of Prabhat Media Entertainment.

Declarations

None of the above mentioned Group Companies / entities are restrained by any SEBI order. None of the Group Companies has ever become defunct.

None of the above mentioned Group Companies / entities is listed on any Stock Exchange and has not made any public or rights issue in the preceding three years.

None of the Group Companies /entities has become a Sick Industrial Company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985

None of the Promoter Group Companies has been struck off from the Registrar of Companies

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

Litigations against Group Companies / entities -

Except as mentioned in the chapter on 'Outstanding Litigation and Material Developments' on page 141, there are no other litigations against our Group Companies / entities or filed by them.

Companies / Ventures with which the Promoters have disassociated themselves in the last three years -

Mr. Vishwamani Tiwari has resigned as a Director from Sethia Infrastructure Private Limited with effect from 8th January, 2010. Other than the above, there are no other companies / ventures with which the Promoters have disassociated themselves in the last three years.

Undertaking / Confirmation

Our Promoters and Group Companies confirm that they have not been declared as Wilful Defaulters by RBI or any other Government Authority and there have been no violations of Securities Laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoters or Promoter Group Companies or persons in control of the Promoters has been prohibited from accessing the capital market under any order or direction passed by SEBI or any Authority or refused listing of any of the securities issued by such entity by any Stock Exchange in India or abroad. None of the Promoters is or has 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 SEBI

Common Pursuit / 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. Currently, we do not have any non-compete agreement/arrangement with any of the Group Entities and absence of such non-compete agreement/ arrangement may result in the situation of potential conflict of interest in future.

Interest of Group Companies in our Company -

In the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Prospectus with SEBI

Our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 years before the date of this Draft Prospectus.

RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 16 of restated financial statement under the section titled "*Financial Information*" on page 135, of the Draft 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 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.

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

SECTION V - FINANCIAL INFORMATION

Financial Information of Our Company

Auditors' Report

To,
The Board of Directors,
Prabhat Telecoms (India) Limited
Unit no. 402, 4th 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. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on 26th 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 31st March, 2009, 2010, 2011, 2012 was conducted by M/s. M.M. Kamat & Co., Chartered Accountants Audit for the year ended 31st March, 2013 was conducted by M/s Rajeev Sood & Co., Chartered Accountants and accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for these years is based solely on the report submitted by them.

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. Ramanand & 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 ended March 31, 2009, 2010, 2011, 2012 and 2013 (Annexure 1);

b. the attached Statement of Profits and Losses, as Restated for the year ended March 31, 2009, 2010, 2011, 2012 and 2013 (Annexure 2);

c. the attached Statement of Cash Flows, as Restated for the year ended March 31, 2009, 2010, 2011, 2012 and 2013 (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 ended March 31, 2009, 2010, 2011, 2012 and 2013 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, 2009, 2010, 2011, 2012 and 2013 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 ended March 31, 2009, 2010, 2011, 2012 and 2013 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 ended March 31, 2009, 2010, 2011, 2012 and 2013 are as set out in Annexure 3 after making such material adjustments and regroupings;

- Adjustments for any material amounts in the respective financial years 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 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, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the year ended on March 31, 2009, 2010, 2011, 2012 2013 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at 31st March, 2013 as set out in **Annexure 7** to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 8** to this report.
5. Statement of Details of Secured Loans as at March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 9** to this report.
6. Statement of Details of Unsecured Loans as at March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 10** to this report.
7. Statement of Details of Sundry Debtors as at March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 11** to this report.

8. Statement of Details of Deposits, Loans & Advances of the Company for the year ended on March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 12** to this report.
9. Statement of Details of Current Liabilities & Provisions of the Company for the year ended on March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 13** to this report.
10. Statement of Details of Other Income of the Company for the year ended on March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 14** to this report.
11. Statement of Details of contingent Liabilities of the Company for the year ended on March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 15** to this report.
12. Statement of Details of Related Party Transactions of the Company for the year ended on March 31, 2009, 2010, 2011, 2012 and 2013 as set out in **Annexure 16** to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 16 of this report have been prepared in accordance with Part II of Schedule II to the Act, the 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 Ramanand & Associates.
Chartered Accountants
Firm Registration No.-117776W
Sd/-
Ramanand Gupta
Partner
Membership No. 103975

Place: Mumbai
Date: 10th August, 2013

ANNEXURE-01

STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Assets					
Fixed Assets-Gross Block	1,354.06	1,296.76	294.23	133.79	12.02
Less: Depreciation	109.26	153.84	34.05	10.07	3.31
Net Block	1,244.80	1,142.92	260.18	123.72	8.71
Capital Work in Progress	-	-	-	-	-
Total (A)	**1,244.80**	**1,142.92**	**260.18**	**123.72**	**8.71**
Investments					
Investment in Fixed Deposits	-	-	-	1.00	-
Total Investments (B)	**-**	**-**	**-**	**1.00**	**-**
Current Assets, Loans and Advances					
Inventories	2,356.20	1,855.60	1,767.36	546.50	974.40
Receivables	6,732.79	6,437.42	5,405.35	513.37	232.78
Cash & Bank Balances	22.50	20.96	22.30	19.01	58.64
Loans & Advances	1,496.82	501.43	687.47	339.04	138.23
Other Assets (Advance Tax, TDS etc.)	0.51	0.99	35.37	35.02	16.11
Total Current Assets (C)	10,608.82	8,816.40	7,917.85	1,452.94	1,420.16
Total Assets (D) = (A) + (B) + (C)	**11,853.62**	**9,959.32**	**8,178.03**	**1,577.66**	**1,428.87**
Liabilities & Provisions					
Loan Funds :					
Secured Loans	2,427.35	2,021.74	632.82	196.37	6.18
Unsecured Loans	689.68	361.88	-	140.54	50.24
Share Application Money pending allotment	-	15.25	477.00	-	-
Deferred tax liability	88.02	12.45	10.45	1.58	-
Current Liabilities & Provisions:					
Current Liabilities	5,063.95	4,427.75	5,473.36	853.02	1,185.60
Provisions	261.19	106.07	124.87	51.30	29.25
Total Liabilities & Provisions (E)	**8,530.19**	**6,945.14**	**6,718.50**	**1,242.81**	**1,271.27**
Net Worth (D) - (E)	**3,323.43**	**3,014.18**	**1,459.53**	**334.85**	**157.60**
Represented By:					
Share Capital	799.00	461.75	249.90	110.30	106.00
Reserves & Surplus	2,524.43	2,552.65	1,209.90	224.87	51.96

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Less: Revaluation Reserve	-	-	-	-	-
Less: Preliminary / Miscellaneous Expenses to the extent not written off	-	0.22	0.27	0.32	0.36
Total Net Worth	**3,323.43**	**3,014.18**	**1,459.53**	**334.85**	**157.60**

ANNEXURE-02

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Income					
Sales	21,396.42	19,593.75	15,045.65	14,387.26	4,831.80
Other Income	145.63	91.82	67.36	252.69	111.70
Increase in stock in trade	500.60	88.25	1,220.86	-	861.45
Total	**22,042.65**	**19,773.82**	**16,333.87**	**14,639.95**	**5,804.95**
Expenditure					
Purchases & Direct Expenses	20,753.46	18,941.80	15,798.72	13,859.28	5,632.65
Decrease in Stock in Trade	-	-	-	427.90	-
Other Administrative & Selling Expenses	254.90	168.77	118.86	85.04	51.09
Employees Costs	68.40	61.82	103.35	87.01	30.31
Preliminary Expenses Written Off	0.22	0.04	0.04	0.04	0.04
Total	**21,076.98**	**19,172.43**	**16,020.97**	**14,459.27**	**5,714.09**
Profit before Depreciation, Interest and Tax	**965.67**	**601.39**	**312.90**	**180.68**	**90.86**
Depreciation	51.20	119.79	23.98	6.76	2.26
Profit before Interest & Tax	**914.47**	**481.60**	**288.92**	**173.92**	**88.60**
Interest & Finance Charges	363.64	222.90	73.62	30.57	17.17
Net Profit before Tax	**550.83**	**258.70**	**215.30**	**143.35**	**71.43**
Less: Provision for Taxes	197.94	77.13	71.13	45.91	25.00
Net Profit After Tax & Before Extraordinary Items	**352.89**	**181.57**	**144.17**	**97.44**	**46.43**
Extra Ordinary Items (Net of Tax)	-	-	-	-	-
Net Profit	**352.89**	**181.57**	**144.17**	**97.44**	**46.43**

ANNEXURE-03

STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax	550.83	258.70	215.30	143.35	71.43

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Adjustment for:					
Add: Depreciation	(44.58)	119.79	23.98	6.76	2.26
Add: Preliminary Expenses written off	0.22	0.04	0.04	0.04	0.04
Add: Interest & Finance Charges	363.64	222.90	73.62	20.80	14.58
Less : Interest Income	(23.92)	(18.81)	(4.86)	(0.90)	(0.08)
Operating Profit before Working capital changes	846.19	582.62	308.08	170.05	88.23
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(295.37)	(1,032.07)	(4,891.98)	(280.59)	(208.95)
Decrease (Increase) in Stock in Trade	(500.60)	(88.24)	(1,220.86)	427.90	(861.45)
Decrease (Increase) in Loans & Advances	(995.39)	186.04	(348.43)	(200.81)	(124.22)
Increase (Decrease) in Current Liabilities	636.20	(1,045.61)	4,620.34	(332.58)	1,172.65
Net Changes in Working Capital	(1,155.16)	(1,979.88)	(1,840.93)	(386.08)	(21.97)
Cash Generated from Operations	(308.97)	(1,397.26)	(1,532.85)	(216.03)	66.26
Taxes	0.52	72.93	0.36	47.42	14.25
Net Cash Flow from Operating Activities (A)	**(309.49)**	**(1,470.19)**	**(1,533.21)**	**(263.45)**	**52.01**
CASH FLOW FROM INVESTING ACTIVITIES					
Sale /(Purchase) of Fixed Assets	(57.30)	(1,002.53)	(160.44)	(121.77)	(2.02)
Sale /(Purchase) of Investments	-	-	1.00	(1.00)	-
Interest received	23.92	18.81	4.86	0.90	0.08
Net Cash Flow from Investing Activities (B)	**(33.38)**	**(983.72)**	**(154.58)**	**(121.87)**	**(1.94)**
CASH FLOW FROM FINANCING ACTIVITIES					
Issue of share capital and Proceeds / (Refund) from Share Application Money	1.26	942.25	1,474.98	86.00	105.00
Interest & Finance Charges	(363.64)	(222.90)	(73.62)	(20.80)	(14.58)
Increase / (Repayment) of Secured Loans	405.61	1,388.92	436.45	190.19	(41.38)
Increase / (Repayment) of Unsecured Loans	327.80	361.88	(140.54)	90.30	(40.87)
Dividend Paid (Incl. Dividend Distribution Tax)	(26.62)	(17.54)	(6.23)	-	-
Net Cash Flow from Financing Activities (C)	**344.41**	**2,452.61**	**1,691.04**	**345.69**	**8.17**
Net Increase / (Decrease) in Cash & Cash Equivalents	**1.54**	**(1.30)**	**3.25**	**(39.63)**	**58.24**
Cash and cash equivalents at the beginning of the year / Period	**20.96**	**22.26**	**19.01**	**58.64**	**0.40**
Cash and cash equivalents at the end of the year/ Period	**22.50**	**20.96**	**22.26**	**19.01**	**58.64**

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 ended 31st March 2009, 31st March 2010, 31st March, 2011, 31st March 2012 and 31st March, 2013 has been extracted by the management of the Company from the audited financial statements of the company for the year ended 31st March 2008, 31st March 2009, 31st March 2010, 31st March, 2011, 31st March 2012 and 31st March, 2013.

b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act, 1956 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.

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.

ii. Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

iii. 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 with in 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 cover d 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.

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	**March, 31st**	**March, 31st**	**March, 31st**	**March, 31st**	**March, 31st**
	2013	**2012**	**2011**	**2010**	**2009**
Profit after tax as per Audited	352.89		144.17	97.44	46.43

Financial Year ended	March, 31st	March, 31st	March, 31st	March, 31st	March, 31st
	2013	2012	2011	2010	2009
Statement of Account(A)		181.57			
Adjustments*	-	-	-	-	-
Profit after tax as per Restated Profit & Loss(A)	352.89	181.57	144.17	97.44	46.43

**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 2nd April, 2007 and name of company has been changed to Prabhat Telecoms (India) Private Limited on 23rd May, 2007. The company has been converted from Private Limited to Public Limited Company on 22nd April, 2013.

2. Contingent liabilities

The details of Contingent Liabilities are provided in Annexure 15.

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:

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
On account of Difference between book and Tax Depreciation	88.02	12.45	10.45	1.58	-
On Account of timing difference in recognition of expenditures	-	-	-		-
Deferred Tax Liability / (Asset)	**88.02**	**12.45**	**10.45**	**1.58**	**-**

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 16.

10. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

Annexure- 05

STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Securities Premium Brought forward	2,132.24	940.10	81.70	-	-
Add: Premium on issue of equity shares during the year	8.25	1,192.14	858.40	81.70	-
Less: Utilized for Bonus Issue	329.00	-	-	-	-
Securities premium Carried Forward (A)	1,811.49	2,132.24	940.10	81.70	-
Profit / (Loss) Brought Forward	420.42	269.79	143.16	51.95	5.52
Add: Profit / (Loss) for the Year	352.89	181.57	144.17	97.44	46.43
Less: Dividend and Dividend Distribution Tax	60.36	30.94	17.54	6.23	-
Profit / (Loss) Carried Forward (B)	712.95	420.42	269.79	143.16	51.95
Reserves & Surplus (A+B)	**2,524.44**	**2,552.66**	**1,209.89**	**224.86**	**51.95**

Annexure- 06

STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lacs, except per share data)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Net Worth (A)	3,323.43	3,014.18	1,459.53	334.85	157.60
Net Profit after Tax (B)	352.89	181.57	144.17	97.44	46.43
No. of Shares outstanding at the end [F.V Rs.10] (C)	79,90,000	46,17,500	24,99,000	11,03,000	10,60,000
Weighted average number of shares outstanding [F.V Rs.10](D)	45,29,416	25,11,157	13,04,436	10,60,118	1,72,685
Bonus Shares [E]	32,90,000	32,90,000	32,90,000	22,48,600	5,19,500
Weighted average number of shares Post Bonus [F.V Rs.10] (F)	78,19,416	58,01,157	45,94,436	33,08,718	6,92,185
Earnings per Share (EPS) (B / F) (Rs.)	4.51	3.13	3.14	2.94	6.71
Return on Net Worth (B / A)	10.62%	6.02%	9.88%	29.10%	29.46%
Net Assets Value per Share (A / F)	42.50	51.96	31.77	10.12	22.77

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)

Particulars	Pre-issue as at 31.03.2013	Post Issue *
Borrowing		
Short - Term Debt	1,985.53	
Long - Term Debt	914.89	
Total Debt	2,900.42	
Shareholders' Funds		
Share Capital		
- Equity	799.00	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	2,524.43	
Less: Miscellaneous Expenditure not written off	-	
Total Shareholders Funds	3,323.43	
Long - Term Debt / Shareholders Fund	0.28	
Short - Term Debt / Shareholders Fund	0.60	

* 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	31.03.2013	31.03.12	31.03.11	31.03.10	31.03.09
Profit before tax as per Restated P/L	550.83	258.70	215.30	143.35	71.43
Applicable Corporate Tax Rate	32.45%	32.45%	33.22%	33.99%	30.90%
Tax at Notional Rate	178.74	83.95	71.52	48.72	22.07
Adjustments					
Difference between Tax Depreciation and Book Depreciation	81.40	41.01	26.83	1.23	(0.37)
Exempted Income	-	-	-	2.50	-
Disallowance	(2.53)	(2.71)	-	(5.00)	-
Items Chargeable at special rates	-	-	-	-	-
Other Items	95.78	(14.24)	-	-	-
Set off of Business Losses / Unabsorbed Depreciation	-	-	-	-	-
Net Adjustments	**174.65**	**24.06**	**26.83**	**(1.27)**	**(0.37)**
Tax Saving thereon	56.67	7.81	8.91	(0.43)	(0.11)
Tax Saving to the the extent of Tax at Notional Rate	56.67	7.81	8.91	(0.43)	(0.11)
Tax Payable [A]	122.07	76.14	62.61	49.16	22.19
Tax Payable on items chargeable at special rates [B]	-	-	-	-	-
Total Tax Payable [C=A+B]	122.07	76.14	62.61	49.16	22.19
Tax Rebates [D]	-	-	-	-	-
Net Tax Payable [E=C-D]	**122.07**	**76.14**	**62.61**	**49.16**	**22.19**

Annexure – 09

STATEMENT OF DETAILS OF SECURED LOANS

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Working Capital Loan from State bank of Hyderabad	-	-	-	-	6.18
Bank of Baroda-cash credit account	-	-	526.11	196.37	-
Loans against fixed deposit with Bank	84.58	-	106.71	-	-
From Financial institution	-	493.94	-	-	-
Term loans form HDFC Bank	450.00	18.59	-	-	-
HDFC Working Capital Loan	50.00				
Vehicle Loans	9.82	-	-	-	-
State Bank of Bikaner & Jaipur cash credit accounts	1,817.65	1,429.63	-	-	-
Other Loans and Advances	15.30	79.59	-	-	-
Total	**2,427.35**	**2,021.75**	**632.82**	**196.37**	**6.18**

Terms of Secured Loans as on 31.03.2013

Loan against fixed deposits:

Lien mark on bank fixed deposits

Term and Working Capital Loans From HDFC Bank:

Primary Security
Hypothecation of stocks & book debts on pari passu basis.

Security Collateral
Equitable mortgage of property :- 402, 4th Floor, Western Edge-1, Western Express Highway, Above Metro Mall, Borivali (E) -400066 (Exclusive for HDFC Bank).

Vehicle Loans:

Secured against hypothecation of vehicles

State Bank of Bikaner & Jaipur Cash Credit Accounts:

Primary Security
First Pari passu charge over entire realizable value of

1. 6, Ground Floor, Pratmesh Avenue, Datta Mandir Road, Malad (East), Mumbai (in the name of Shri V. M. Tiwari)
2. 501, Adibaba Apartment Condoniam, 16th Road, Khar (West), Mumbai (in the name of Prabhat Telecoms (India) Pvt Ltd)
3. Bldg No. 1, 736/1, Indian Complex, Survey No. 11/6, Hissa No. 6, Mankoli Naka, Dapode Village, Bhiwandi, District Thane - 421302 (in the name of Prabhat Telecoms (India) Pvt Ltd)
4. No. 44, Plot No. 9, CTS Mo. 433/9 (part 0, Marol Co-operative Industrial Limited, Mathuradas Vasangi Road, Marol, Andheri East, Mumbai (in the name of M/s Supremo)
5. A-101, Atlanta CHS Limited, Ever Shine Nagar, Malad (West), Mumbai (in the name of Shri V. M. Tiwari & Smt Prabha V. Tiwari)
6. Flat No. 603, 6th Floor, C Wing, Mangalam Aptt Co-op Housing Society Ltd, Survey No. 63/8 Thakur Complex, Kandivali (E), Mumbai (in the name of Smt Prabha V. Tiwari)
7. Flat No. 612, 6th Floor, C Wing, "Bhoomi Valley" CTS No. 874/C-12 of Village Poiser, Thankur Complex, Kandivali (E), Mumbai (in the name of Shri Vishwamani Tiwari)

Security Collateral
Second pari passu charge of remaining realisable value of Commercial Office No. 402, Western Edge- I, Kanakia Spaces, Off W. E Highway, Borivali (East), Mumbai (in the name of Prabhat Telecoms (India) Pvt Ltd

Annexure – 10

STATEMENT OF DETAILS OF UNSECURED LOANS

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Unsecured Loans					
From Promoter/Group Companies and Shareholders	18.00	6.75	-	-	-
From Others	671.68	355.13	-	140.54	50.23

Terms of Unsecured Loan as on 31st March, 2013:

From Promoter/Group Companies and Shareholders: Rs. 18.00 Lacs (Interest Free, repayable on demand)

From Others: Rs. 475.00 Lacs (Interest Free, repayable on demand) and Rs. 196.68 Lacs at an interest rate of 10.75 % per annum and repayable in two years from the date of disbursements.

Annexure – 11

STATEMENT OF DETAILS OF SUNDRY DEBTORS

(Rs. In Lacs)

Particulars	**31.03.13**	**31.03.12**	**31.03.11**	**31.03.10**	**31.03.09**
(A) Unsecured, Considered good outstanding for a period less than six months					
Others	4,787.46	4,855.93	5,073.17	380.30	232.78
Amount due from Promoter/Group Companies and Directors	1,346.41	18.78	12.67	31.06	-
(B)Unsecured, Considered good outstanding for a period more than six months					
Others	598.92	1,562.71	319.51	102.01	-
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-
Total	**6,732.79**	**6,437.42**	**5,405.35**	**513.37**	**232.78**

Annexure – 12

STATEMENT OF DETAILS OF DEPOSITS, LOANS AND ADVANCES

(Rs. In Lacs)

Particulars	**31.03.13**	**31.03.12**	**31.03.11**	**31.03.10**	**31.03.09**
Loans and advances to related parties	500.00	0.89			
Security Deposits	19.37	35.28	246.90	14.01	52.99
Amount Recoverable in cash and Kind	385.40	292.73	440.57	325.03	85.24
Advances with banks and others	592.05	172.53			
Total	**1,496.82**	**501.43**	**687.47**	**339.04**	**138.23**

Annexure – 13

STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS

(Rs. In Lacs)

Particulars	**31.03.13**	**31.03.12**	**31.03.11**	**31.03.10**	**31.03.09**
Current Liabilities					
Sundry Creditors					
Amount due to Promoter Group and Directors	86.77	2,196.78	3,973.77	23.15	-
Others	4,758.66	2,196.20	1,273.33	774.52	1,177.61

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Outstanding liability for expenses					
Amount due to Promoter Group and Directors	-	-	-	-	-
Others	-	-	41.04	48.94	7.99
Other Outstanding liabilities					
Advance / Deposits Received	180.43	17.39	102.18	-	-
Others	38.09	17.38	83.04	6.41	-
Sub Total (A)	**5,063.95**	**4,427.75**	**5,473.36**	**853.02**	**1,185.60**
Provisions					
Provision for Income Tax	194.23	75.13	107.32	45.07	28.25
Provision for FBT	-	-	-	-	1.00
Proposed Dividend	51.94	26.62	15.00	5.30	-
Dividend Distribution Tax	12.74	4.31	2.55	0.93	-
Sub Total (B)	258.91	106.06	124.87	51.30	29.25
Total (A+B)	**5,322.86**	**4,533.81**	**5,598.23**	**904.32**	**1,214.85**

Annexure – 14

STATEMENT OF DETAILS OF OTHER INCOME

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Interest Income	23.93	18.81	4.87	0.90	0.08
Other Non Operative Income	-	0.36	8.88	37.26	107.21
Depreciation Added Back	95.78	-	-	-	-
Exchange Gain	0.07	14.69	8.87	-	-
Rent Recd	25.70	13.94	6.63	-	-
Misc. Income	0.15	44.02	38.11	214.53	4.41
Total	**145.63**	**91.82**	**67.36**	**252.69**	**111.70**

Annexure – 15

STATEMENT OF DETAILS OF CONTINGENT LIABILITIES

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Vat Liability Subject to Non submission of Declaration & certificate	-	19.41	120.63	-	-

Annexure-16

STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
REVENUE ITEMS :					
Purchase of Goods	1884.00	1731.44	10266.29	35.86	-
Sale of Goods	4472.00	2107.14	3.62	77.88	-
Service Charges	21.80	-	-	15.73	-
Remuneration to Promoters & Directors	20.94	18.00	12.00	3.60	8.40
Total	**6398.74**	**3856.58**	**10281.91**	**133.07**	**8.40**
NON-REVENUE ITEMS :					
Loan Taken	579.11	86.29	220.49	123.83	-
Loan Given	500.00	56.33	13.2	-	-
Loan Repaid	568.23	121.59	204.92	128.37	-
Loan Received Back	0.00	61.95	6.70	-	-
Total	**1647.34**	**326.16**	**445.31**	**252.20**	**-**

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited restated financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2009, 2010, 2011, 2012 and 2013 in the chapter titled "Financial Information" on page 118 of the Draft Prospectus. The following discussion relates to our Company and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.

OVERVIEW OF THE BUSINESS

THE INDUSTRY OVERVIEW

INDUSTRY OVERVIEW

OVERVIEW OF THE INDIAN ECONOMY

The Indian economy remained resilient despite a slowdown in the third quarter of 2012-2013 amid a weaker global economy. During this period, India's GDP grew 4.5% as compared to 6.0% during the third quarter of 2011 (*Source: RBI: Macroeconomic and Monetary Developments in 2012-2013*). Indian GDP growth continues to remain above the global average. The IMF forecasts global growth to remain steady at 3.3% in 2013 before improving to 4.0% in 2014 (*Source: RBI: Macroeconomic and Monetary Developments in 2012-2013*).

OVERVIEW ON INDIA TELECOM INDUSTRY

Telecommunications has evolved as a basic infrastructure like electricity, roads, water etc. and has also emerged as one of the critical components of economic growth required for overall socio economic development of the country. The Indian telecom sector has registered a phenomenal growth during the past few years and has become second largest telephone network in the world, only after China. A series of reform measures by the Government, the wireless technology and active participation by private sector played an important role in the exponential growth of telecom sector in the country. National Telecom Policy-2012 (NTP-2012) has been announced during the current year with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country.

BUSINESS OVERVIEW

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 with 20 Sub distributors and 3500 retail sales points. We sell our CDMA product to 11000 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 portal.

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 Promoters Mr. Vishwamani Tiwari and Mrs. Prabha Tiwari have 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.

The company started its own organized retail store chain to promote its own branded product along with other leading branded devices under the Brand "Mobile Plus". Currently the company is operating about 33 shops, out of which 22 shops are being operated on "Shop-in-Shop" in pursuant to an agreement with Loop Mobile, 10 shops are being operated along with franchisees and one (1) shop is completely owned and controlled by the Company.

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors amongst others:

- Brand Image
- Technology Changes
- Increasing Mobile Users
- Behavior and Buying Pattern of Indian Consumer
- Competition and price undercutting from existing and new entrants
- Logistics and Supply chain management

DISCUSSION ON THE RESULTS OF OPERATIONS

The following discussion on the financial operations and performance is based on our restated financial statements for the FY 2008-2009, 2009-10, 2010-2011, 2011-2012 and 2012-2013. The same should be read in conjunction with the restated audited financial results of our Company for the years ended March 31, 2009, 2010, 2011, 2012 and 2013.

Analysis on Results of Operation

Considering the various Key factors affecting our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes to accounts, accounting policies and auditor's report as appearing in this Draft Prospectus.

(Rs. In Lacs)

Particulars	**31.03.13**	**31.03.12**	**31.03.11**	**31.03.10**
Sales & Receipts	22,042.65	19,773.82	16,333.87	14,639.95
Increase/ (Decrease) (%)	*11.47*	*21.06*	*11.57*	-
Cost of Goods Sold	20,252.86	18,853.55	14,577.86	14,287.18
Increase/ (Decrease) (%)	*7.42*	*29.33*	*2.03*	-

Particulars	31.03.13	31.03.12	31.03.11	31.03.10
Employees Costs	68.40	61.82	103.35	87.01
Increase/ (Decrease) (%)	*10.64*	*(40.18)*	*18.78*	-
Other Administrative & Selling Expenses	254.90	168.77	118.86	85.04
Increase/ (Decrease) (%)	*51.03*	*41.99*	*39.77*	-
Profit before Depreciation, Interest and Tax	965.67	601.39	312.9	180.68
Depreciation	51.20	119.79	23.98	6.76
Profit before Interest & Tax	914.47	481.60	288.92	173.92
Interest & Finance Charges	363.64	222.90	73.62	30.57
Net Profit before Tax	550.83	258.70	215.30	143.35
Net Profit after Tax	352.89	181.57	144.17	97.44
Increase/ (Decrease) (%)	*94.35*	*25.94*	*47.96*	-

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2013 WITH FINANCIAL YEAR ENDED 31st MARCH, 2012

Sales & Receipts: Our turnover for the financial year ended 31st March, 2013 was at Rs. 22,042.65 Lacs as against the total of Rs. 19,773.82 Lacs for the fiscal 2012 with an increase of 11.47% and such increase was attributed to rise in sales of our products.

Expenditure: Cost of Goods sold registered increase of 7.42% at Rs 20,252.86 Lacs for fiscal year 2013 as compared to 18,853.55 Lacs for fiscal year 2012.The administrative and selling expenses have registered increase of 51.03% at Rs.254.90 Lacs in fiscal 2013 as compared to Rs. 168.77 Lacs for the fiscal 2012 and the Personnel Expenses have registered increase of 10.64% at Rs. 68.40 Lacs in fiscal 2013 as compared to Rs. 61.82 Lacs in fiscal 2012. The expenses have increased in symmetry of rise of operations.

Profits after Taxes (PAT): PAT of Company has recorded a jump of 94.35% at Rs. 352.89 Lacs for fiscal 2013 as against Rs. 181.57 Lacs for fiscal 2012 due to higher base of revenue.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2012 WITH FINANCIAL YEAR ENDED 31st MARCH, 2011

Sales & Receipts: Our turnover for the financial year ended 31st March, 2012 was at Rs. 19,773.82 Lacs as against the total of Rs. 16,333.87 Lacs for the fiscal 2011 with an increase of 21.06% and such increase was attributed to rise in sales of our products.

Expenditure: Cost of Goods sold shown an increase of 29.33% at Rs 18,853.55 Lacs for fiscal year 2012 as compared to 14,577.86 Lacs for fiscal year 2011.The administrative and selling expenses have registered increase of 41.99% at Rs.168.77 Lacs in fiscal 2012 as compared to Rs. 118.86 Lacs for the fiscal 2011 and the Personnel Expenses have registered decline of 40.18% at Rs. 61.82 Lacs in fiscal 2012 as compared to Rs. 103.35 Lacs in fiscal 2011.

Profits after Taxes (PAT): PAT of Company has recorded a jump of 25.94% at Rs. 181.57 Lacs for fiscal 2012 as against Rs. 144.17 Lacs for fiscal 2011 due to higher base of revenue.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2011 WITH FINANCIAL YEAR ENDED 31st MARCH, 2010

Sales & Receipts: Our turnover for the financial year ended 31st March, 2011 was at Rs. 16,333.87 Lacs as against the total of Rs. 14,639.95 Lacs for the fiscal 2010 with an increase of 11.57% and such increase was attributed to

rise in sales of our products.

Expenditure: Cost of Goods sold registered an increase of 2.03% at Rs 14,577.86 Lacs for fiscal year 2011 as compared to 14,287.18 Lacs for fiscal year 2010.The administrative and selling expenses have registered increase of 39.77% at Rs.118.86 Lacs in fiscal 2011 as compared to Rs. 85.04 Lacs for the fiscal 2010 and the Personnel Expenses have registered increase of 18.78% at Rs. 103.35 Lacs in fiscal 2011 as compared to Rs. 87.01 Lacs in fiscal 2010.

Profits after Taxes (PAT): PAT of Company has recorded a increase of 47.96% at Rs. 144.17 Lacs for fiscal 2011 as against Rs. 97.44 Lacs for fiscal 2010 due to higher base of revenue.

Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:

1. **Unusual or infrequent events or transactions**
   Except as described in this Draft Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

2. **Significant economic changes**
   Our Company's operations are dependent on the general economic conditions and any changes in economic conditions may have an adverse impact on the entire industry and consequently on our operations.

3. **Known trends or uncertainties**
   Except as described in "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Results of Operations" and in the Draft Prospectus, our Company believes there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

4. **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 able to pass on the increase in prices of the product to the customers in full and this can be offset through cost reduction.

5. **The extent to which material increase in net sales or revenues are due to increased sales volume, introduction of new products or services or increased sales prices.**
   The increase in revenues is by and large linked to increases in volume of all the activities, distribution network and innovations carried out by the Company.

6. **New Products or business segments**
   As per our current business plan, other than as described in "Our Business" in this Draft Prospectus, our Company is not planning to introduce any new products or business segments.

7. **Business segment in which our Company operates**
   The Company operates in single segment i.e. design, import and distribution of mobile handsets, wireless dongles, tablets etc.

8. **Seasonality of business**
   Our business & level of operations are not seasonal in nature. Our business depends upon the market condition.

9. Dependence on single or few clients

Our Company's operations are not dependent on a particular client or group of clients, however major clientele details are as below:

Sr. No.	Name of clients	% of Sales for the financial year ended on 31st March, 2013
1.	Tata Teleservices Limited	16.43%
2.	The Mobile Store Limited	12.04%
3.	Nouveau Multimedia Limited	11.95%
4.	Armaani Enterprise	10.48%
5.	Balajee Enterprise	9.90%
	Total	**60.80%**

10. 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 herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.

I. CASES 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.

Criminal Cases

Our Company appointed one Shri. Vipin Kumar, partner M/s. United Distributors as distributor for dealing in our brand of Mobile Handsets through his Tata Indicom outlet. Shri Vipin Kumar requested our Company to take back the Mobiles and refund his money as wanted to discontinue his business. After negotiation between parties it was mutually agreed that an amount of Rs.1,63,334.85/- will be refunded by us. Shri Vipin Kumar was requested to submit Form 38 of Sales Tax and other required Documents to process payments, Shri Vipin Kumar failed and neglected to do so and the payment could not be processed. Shri Vipin Kumar filed a criminal Complaint u/s 420 and 406 IPC before Chief Judicial Magistrate IV, Meerut.

On the contrary, we filed an Application in Allahabad High Court to Quash the Complaint Case and Order summoning. The matter was referred to Mediation, but failed, now is pending in the Court.

II. CASES FILED AGAINST OUR COMPANY

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.

Criminal Proceedings

a. M/s. Micromax Informatics Ltd. has filed criminal complaint before Tis Hazari Courts, New Delhi u/s 138 of Negotiable Instruments Act, 1881 against the Company and its directors viz Kalpana Ajay Mathur, Vishwamani Tiwari and Prabha Tiwari for dishonor of cheques. The matter is still pending and the parties desire to settle their dispute through Mediation involving a sum of Rs. 4,08,00,000/-

b. Our Company was appointed as distributor for Maharashtra & Gujarat by M/s. Xcite Communications Pvt.

Ltd. There has been criminal complaint filed u/s 190 of the Code of Criminal Procedure for the offences committed u/s 138 read with sections 141, 142 of Negotiable Instruments Act, 1881 and u/s 420 of Indian Penal Code by M/s. Xcite Communications Pvt. Ltd. against the Company and Shri V M Tiwari, Director of the Company. The matter is still pending. Involving an amount of Rs. 70,00,000/- principal amount and Interest Rs. 22,50,000/-

III. INDIRECT TAX PROCEEDINGS INVOLVING OUR COMPANY

NIL

IV. LITIGATIONS INVOLVING OUR PROMOTER

(i) Proceedings of Civil nature

(a) By the promoters

NIL

(b) Against the promoters

NIL

(ii) Proceedings of a Criminal nature-

(a) By the promoters

NIL

(b) Against the promoters

NIL

V. LITIGATIONS INVOLVING DIRECTORS OF OUR COMPANY

(i) Proceedings of Civil nature

(a) By the Directors of our Company

NIL

(b) Against the Directors of our Company

NIL

(ii) Proceedings of a Criminal nature-

(a) By the Directors of our Company

NIL

(b) Against the Directors of our Company

NIL

VI. LITIGATION INVOLVING THE GROUP COMPANIES

(i) Proceedings of Civil nature

(a) Cases filed against the Group entities

NIL

(b) Cases filed by the Group entities

NIL

(ii) Proceedings of Criminal Nature

(a) Cases filed against the group entities

NIL

(b) Cases filed by the Group entities

a. 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 lakhs.

b. A Criminal Complaint being case No. 348/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

VII. PENALTIES IMPOSED IN PAST CASES IN THE LAST FIVE YEARS

NIL

VIII. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

[●]

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Draft Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months.

GOVERNMENT & OTHER APPROVALS

Except for pending approvals mentioned under this heading, our Company has received all the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. Further, except as mentioned herein below, our Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in the *Section titled "Objects of the Issue" beginning on page 49 of the Draft Prospectus*. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Validity
Constitutional Registration				
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
Taxation Registration				
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 Sales Tax Registration & Turnover (Maharashtra) (Certificate of Registration)	27290609385C	Sales Tax Officer (Mazgaon, Mumbai)	One time Registration
7.	Maharashtra Value Added Tax (Certificate of Registration)	27290609385V	Sales Tax Officer (Mazgaon, Mumbai)	One time Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Validity
Constitutional Registration				
8.	Central Sales Tax Registration & Turnover (Andhra Pradesh) (Certificate of Registration)	28601260075	Central sales Tax Officer,Andhra Pradesh	One time Registration
9.	Value Added Tax Registration Certificate (Andhra Pradesh) (Certificate of Registration)	28601260075	Commercial Tax Officer, VAT Registering Authority, General Bazaar Circle, Secunderabad Division.	One time Registration
10.	Karnataka Value Added Tax (Certificate of Registration)	2944057816	Department of Commercial Tax, Bagalkot, Karnataka)	One time Registration
11.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Karnataka)	2944057816	Department of Commercial Tax, Bagalkot, Karnataka)	One time Registration
12.	Uttarakhand Value Added Tax (Certificate of Registration)	05011695606	Department of Commercial Tax (Roorkee)	One time Registration
13.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Uttarakhand)	05011695606	Department of Commercial Tax (Roorkee)	One time Registration
14.	Certificate of Registration & Allotment of TIN (Uttar Pradesh)	09650008532	Department of Commercial Taxes, Government of Uttar Pradesh	One time Registration
15.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Uttar Pradesh)	09650008532	Department of Commercial Taxes, Government of Uttar Pradesh	One time Registration
16.	Central Sales Tax Registration Certificate, (Goa)	30750106671	Commercial Tax Officer, Panaji Ward	One time Registration
17.	Central Sales Tax (Registration & Turnover) (Certificate of Registration) (Gujrat)	24574502630	Commercial Tax Officer, Ahmedabad, Gujrat	One time Registration
18.	Commercial Tax Department (Madhya Pradesh)	23519000768	Commercial Tax Officer, Bhopal	One time Registration
19.	Central Sales Tax Registration (Rajasthan) (Certificate of Registration)	08121613160	Commercial Tax Officer, Jaipur	One time Registration
20.	Value Added Tax (Rajasthan) (Certificate of Registration)	08121613160	Commercial Tax Officer, Jaipur	One time Registration
21.	Value Added Tax (Delhi) (Certificate of Registration)	07830356539	Commercial Tax Officer, Delhi	One time Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Validity
Constitutional Registration				
22.	Certificate of Registration & Allotment of TIN	19661056586	Commercial Tax Officer, West Bengal	One time Registration
23.	Shops and Commercial Establishment Registration (Registered Office)	760245079	Sr. Inspector, Shops & Establishments	One time Registration
24.	Shops and Commercial Establishment Registration (Mobile Shop)	760308380	Sr. Inspector, Shops & Establishments	One time Registration
Other Approvals				
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, Government of India	One time Registration

PENDING GOVERNMENT APPROVALS

Sr. No.	Particulars	Date of Application	Authority
1.	Application of Trade Mark Registration for following Logo/Word Mark – 1. MIPOW –Make it Different 2. Mobile Plus 3. iDemand 4. P Logo 5. PLATINUM (Label) 6. KID PLAY (Label)	 1. 15th July, 2011 2. 2nd December, 2011 3. 10th January, 2012 4. 12th January, 2012 5. 1st August, 2013 6. 1st August, 2013	The Registrar of Trade Marks, The Trade Marks Registry, Mumbai
2.	Application for Design COMPUTER TABLET(Design)	2nd August, 2013	The Controller of Designs, The Design Office, Mumbai
2.	Employees State Insurance Corporation	16th August, 2013	Regional Office Maharashtra, Employee State Insurance Corporation
3.	Employees Provident Fund Association. (Allotment of code number)	16th August, 2013	Regional Provident Fund Commissioner, Employees' Provident Fund Association

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The shareholders of Prabhat Telecoms (India) Limited had approved the present Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of our Company held on, 27th April, 2013.

Our Board has approved this Draft Prospectus at its meeting held on 16th August, 2013.

We have received approval from BSE vide letter dated [●] 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

The Company, its Promoters, its Directors or any of the Company's Associates or Group Companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

PROHIBITION BY RBI

Our Company, our Promoters, Promoting Companies, their relatives, Group Concerns and Associate Companies have not been detained as willful defaulters by the RBI or any other government authorities.

ELIGIBILITY FOR THE ISSUE

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M) (2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital exceeds ten crores rupees but do not exceed twenty five crores rupees shall issue its specified securities in accordance with provisions of chapter XB Issue of specified securities by small and medium enterprises] of ICDR regulations. (In this case being the "SME Platform of BSE").

We confirm that:
a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to "General Information – Underwriting" on page 33 of this Draft Prospectus.

b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottees in the Issue 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 becomes liable to repay it, then our 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.

c) 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.

d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issue.
For further details of the arrangement of market making please refer to "General Information - Details of the Market Making Arrangements for this Issue" on page 34 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue 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 Issue.

BSE ELIGIBILITY NORMS: (www. http://www.bsesme.com/aboutpublicissue.aspx)

1. Net Tangible assets of at least Rs. 1 crore as per the latest audited financial results

Our Company has Net Tangible Assets of Rs. 6366.79 Lacs, which is in excess of Rs. 1 Crore as per the latest audited annual financial results. Our Net Tangible Assets for the year ended 31st March, 2013 are disclosed as under:

(Rs. Lacs)

Particulars	**31.03.2013**
Fixed Assets- Net Block (Tangible)	1171.13
Current Assets, Loans and Advances:	
Inventories	2,356.20
Receivables	6,732.79
Cash & Bank Balances	22.50
Loans & Advances	1,496.82
Other Assets	0.51
Total Assets (A)	**11779.95**
Less: Current Liabilities & Provisions:	
Current Liabilities	5,063.95
Provisions	261.19
Deferred tax liability	88.02
Total Current Liabilities & Provisions (B)	**5413.16**
Net Tangible Assets (A-B)	**6366.79**

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. 1 crore as per the latest audited financial results

Our Company satisfies the above criteria. Our Net Worth as per the restated audited annual financial statements for the year ended 31st March, 2013 is as under:

(Rs. Lacs)

Particulars	**31.03.2013**
Share Capital	799.00
Add: Reserves & Surplus	2524.43
Less: Preliminary Expenses to the extent written off	-

Particulars	31.03.2013
Net Worth	3323.43

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 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. 3 Crores.

Our Company has distributable profits in terms of sec. 205 of Companies Act, 1956, as detailed below:

(Rs. In Lacs)

Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Net Profit	352.89	181.57	144.17	97.44	46.43

In addition to that we have a net worth of Rs. 3323.43 Lacs as on 31st March, 2013

4. Other Requirements

i. The post-issue paid up capital of the company shall be at least* Rs. *1 crore.
As on the date of Draft Prospectus i.e. 16th August, 2013, Our Company has a paid up capital in Rs. 799.00 Lacs, which is in excess of Rs. 1 crore, and the Post Issue Capital shall also be in excess of Rs. 1 crore.

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 functional website i.e. "www.prabhattelecoms.com"

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.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, GUINESS MERCHANT BANKERS PRIVATE 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 ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, GUINESS CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED, A DUE DILIGENCE CERTIFICATE DATED 16TH AUGUST, 2013 WHICH READS 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 ISSUE;

2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN 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 ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER

CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE

8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

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 AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY

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 ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS, AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR.

17) THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE

PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

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 ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE 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.-NOTED

(4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.-NOTED

(5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO 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. – NOT APPLICABLE

(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.

(7) WE CONFIRM THAT THE ISSUER 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

DISCLAIMER CLAUSE OF BSE

BSE Limited ("BSE") has given vide its letter dated [●], 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 AND THE LEAD MANAGER

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

For details regarding the track record of the Lead Manager to the Issue, please refer to the website of the Lead Manager: www.16anna.com

CAUTION

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated 11th July, 2013, the Underwriting Agreement 11th July, 2013 entered into among the Underwriters and our Company and the Market Making Agreement dated 11th July, 2013 entered into among the Lead Manager, Market Maker and our Company.

All information shall be made available by us and the Lead Manager 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 or elsewhere.

Note:

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, 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 the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai 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. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been

any 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.

DISCLAIMER CLAUSE UNDER RULE 144A OF THE U.S. SECURITIES ACT

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction 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 Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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 Securities and Exchange Board of India, SEBI Bhavan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at 100, Everest, Marine Drive, Mumbai – 400 002

LISTING

Application shall be made to BSE Limited for obtaining permission for listing of the Equity Shares being offered and sold in the SME Platform of BSE. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

The BSE has given its approval for listing our shares vide its letter dated [●]. If the permission to deal in and for an official quotation of the Equity Shares is not granted by the SME Platform of BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate of 15% *per annum* on application money, as prescribed under Section 73 of the Companies Act. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer and the Statutory Auditors and (b) the Lead Manager, Market Makers, Underwriters, Bankers to the Issue, Registrar to the Issue, the Legal Advisors to the Issue, 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 Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s Ramanand & Associates, Chartered Accountants, the Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated 10th August, 2013 on restated financial statements and M/s Rajeev Sood & Co., Chartered Accountants, have agreed to provide their written consent to the include their

report on statement of funds deployed dated 12th August, 2013 and statement of tax benefits dated 12th August, 2013 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Draft Prospectus.

EXPERT OPINION

The Company has not obtained any opinions from an expert as per the Companies Act.

PUBLIC ISSUE EXPENSES

The Management estimates an expense or Rs. 101.84 Lacs towards Issue expense. The expenses of this Issue include, among others, underwriting and management fees, market making fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

No.	Particulars	Amount (Rs. In Lacs)
1.	Issue 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.	72.00
2.	Printing & Stationery, Distribution, Postage, etc	8.00
3.	Advertisement & Marketing Expenses	8.00
4.	Regulatory & other expenses	10.00
5.	Miscellaneous Expenses	3.84
Total		**101.84**

DETAILS OF FEES PAYABLE

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Issue 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.	72.00	70.70	2.71
Printing & Stationery, Distribution, Postage, etc	8.00	7.86	0.30
Advertisement & Marketing Expenses	8.00	7.86	0.30
Regulatory & other expenses	10.00	9.82	0.38
Miscellaneous Expenses	3.84	3.77	0.14
Total	**101.84**	**100.00**	**3.83**

FEES PAYABLE TO LEAD MANAGER TO THE ISSUE

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company 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 ISSUE

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as 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 Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue 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 Issue price and the amount underwritten in the manner mentioned on page 33 of this Draft Prospectus.

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.

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 37 of this Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

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 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 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 Draft 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 Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue 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 Issue, namely, Cameo Corporate Services Limited, will handle investor's grievances pertaining to the Issue. 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 Issue 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:

Sr. No.	Nature of Complaint	Time Table
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 Issue	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 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 Ms. Yojana Pednekar as Company Secretary and Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Yojana Pednekar
Company Secretary & Compliance Officer,
Unit No. 402, 4th Floor, Western Edge -1,
Western Express Highway,
Borivali (East), Mumbai 400 066
Tel: 91-22- 40676000
Fax: 91-11-40676042
Website: www.prabhattelecoms.com
E-Mail: investors@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

Our Company has not capitalized any reserve during last five (5) years except the fact that we have allotted 3290000 Equity Shares as bonus in the ratio of 7:10 to our existing Equity shareholders pursuant to a Board resolution dated 16th March, 2013 by capitalization of free reserves.

REVALUATION OF ASSETS DURING THE LAST FIVE (5) YEARS

Our Company has not revalued its assets during the last five (5) years.

SECTION VII

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft 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 Issue. 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 Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to the section titled *"Main Provisions of the Articles of Association of the Company"* on page 181 of this Draft Prospectus.

AUTHORITY FOR THE PRESENT ISSUE

The Issue has been authorized by a resolution of the Board passed at their meeting held on 1st April, 2013 subject to the approval of shareholders through a special resolution to be passed pursuant to section 81 (1A) of the Companies Act. The shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on 27th April, 2013.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of this Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note **("CAN")** and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, SME platform of BSE, ROC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the shareholders at their discretion 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 dividends in cash and as per provisions of the Companies Act, 1956. For further details, please refer to the section titled *"Dividend Policy"* on page 118 of this Draft Prospectus.

FACE VALUE AND ISSUE PRICE

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Draft Prospectus at the price of Rs. 80/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled *"Basis of Issue Price"* on page 57 of this Draft Prospectus. At any

given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive 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;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

MINIMUM APPLICATION VALUE; MARKET LOT AND TRADING LOT

As per the provisions of the Depositories Act, 1996, the shares of a body corporate can be in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

The investors have an option either to receive the security certificate or to hold the securities with depository.

The trading of the Equity Shares will happen in the minimum contract size of 1600 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 1600 Equity Share subject to a minimum allotment of 1600 Equity Shares to the successful applicants.

MINIMUM NUMBER OF ALLOTTEES

The minimum number of Allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective Allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of Issue.

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 109A of the Companies Act, 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 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh

nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in 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.

MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level.

This Issue is 100% underwritten. 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 73 of the COMPANIES Act, 1956.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The trading of the Equity Shares will happen in the minimum contract size of 1600 shares. 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 SME platform of BSE.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES AND ON THEIR CONSOLIDATION OR SPLITTING

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer to the section titled *"Main Provisions of the Articles of Association of the company"* on Page 181 of this Draft Prospectus.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM

Allotment of Equity Shares in the Issue will be made only in dematerialized form.

MIGRATION TO MAIN BOARD

Our Company may migrate to the main board of BSE from SME platform of BSE 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 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 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), we 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, we 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 though this Issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME platform for a minimum period of three years from the date of listing of shares offered though this Draft Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please refer to *"General Information - Details of the Market Making Arrangements for this Issue"* on page 34 of this Draft Prospectus.

NEW FINANCIAL INSTRUMENTS

The Issuer Company is not issuing any new financial instruments through this Issue.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

(i) The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and

(ii) The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra, India.

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 Regulations 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.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter X-B of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, An issuer whose post-issue face value capital exceeds ten crores rupees but do not exceed twenty five crores rupees shall 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). For further details regarding the salient features and terms of such an Issue please refer the section titled "*Terms of the Issue*" and "*Issue Procedure*" on page 159 and 165 of this Draft Prospectus.

Following is the Issue structure:

Public Issue of 33,24,800 equity shares of Rs. 10/- each (the "Equity Shares") for cash at a price of Rs. 80/- per Equity Share aggregating to Rs. 2659.84 Lacs ("the Issue") by Prabhat Telecoms (India) Limited ("PTIL" or the "Company" or the "Issuer").

The Issue comprises reservation of 1,68,000 Equity Shares for subscription by the designated Market Maker ("the Market Maker Reservation Portion") and Net Issue to Public of 31,56,800 Equity Shares ("the Net Issue").

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	31,56,800 Equity Shares	1,68,000 Equity Shares
Percentage of Issue Size available for allocation	94.95 % of the Issue size	5.05 % of the Issue size
Basis of Allotment	Proportionate subject to minimum allotment of 1600 Equity Shares and further allotment in multiples of 1600 Equity Shares each. For further details please refer to the section titled *"Issue Procedure - Basis of Allotment"* on page 170 of this Draft Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	**For QIB and NII:** Such number of Equity Shares in multiples of 1600 Equity Shares such that the Application Value exceeds Rs. 2,00,000/- **For Retail Individuals:** 1,600 Equity Shares	1,68,000 Equity Shares
Maximum Application Size	***For QIB and NII:*** Such number of equity shares in multiples of 1600 Equity Shares such that the Application Size does not exceed 31,56,800 Shares. ***For Retail Individuals:*** Such number of Equity Shares in	1,68,000 Equity Shares

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
	multiples of 1600 Equity Shares such that the Application Value does not exceed Rs. 2,00,000/-.	
Mode of Allotment	Dematerialized Form Only	Dematerialized Form Only
Trading Lot	1600 Equity Shares	1600 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

*50 % of the shares offered are reserved for applications below Rs. 2 Lacs and the balance for higher amount applications.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

1. The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and

2. The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

ISSUE OPENING DATE	**[●]**
ISSUE CLOSING DATE	**[●]**

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

FIXED PRICE ISSUE PROCEDURE

The Issue is being made under Regulation 106(M) (2) 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 Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. 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 will have the option of getting the allotment of specified securities either in physical form or in dematerialization form as the issue size is less than Rupees ten Crores as per Section 68B of the Companies Act, 1956.

APPLICATION FORM

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

WHO CAN APPLY?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- 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;
- 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;
- 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;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;

- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- 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;
- Insurance funds set up and managed by army, navy or air force of the Union of India

As per the existing regulations, OCBs cannot participate in this Issue.

The information below is given for the benefit of the applicants. Our Company and the Lead Manager do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Lead Manager is 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 the number of Equity Shares applied for does not exceed the limits prescribed under laws or regulations.

PARTICIPATION BY ASSOCIATES OF LM

The LM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the LM may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. www.bseindia.com

OPTION TO SUBSCRIBE IN THE ISSUE

a. Allotment in this Issue will be only in dematerialization form.
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.

APPLICATION BY MUTUAL FUNDS

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

In case of a Mutual Fund, a separate 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.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued there under.

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.

Subscription by Non Resident Indian and Foreign Institutional Investors (NRIs/FIIs)

Under the extant Consolidated FDI Policy, FDI in Indian companies carrying on business in Multi brand retail is prohibited. Therefore, foreign investment in the Multi brand retail is prohibited under the automatic route. As per the existing policy of the Government of India, OCBs cannot participate in this Issue. Non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions are also not eligible to invest in this Issue.

In this regard, it is pertinent to note that the corollary changes to the foreign exchange control regulations promulgated by the Reserve Bank of India under the Foreign Investment Management Act, 1999 have not been notified.

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.

The above information is given for the benefit of the Investors. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

APPLICATIONS BY SEBI REGISTERED VENTURE CAPITAL FUNDS

As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds:

- The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund;. Further, Venture Capital Funds can invest only up to 33.33% of the funds available for investment by way of subscription to an Initial Public Offer.

APPLICATIONS 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.

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.* 26th 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/pension funds, subject to applicable laws, with minimum corpus of Rs. 2,500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

APPLICATION UNDER POWER OF ATTORNEY

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores 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 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a). With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along 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 reasons thereof.

(b). With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

(c). With respect to applications made by provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form . Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form , subject to such terms and conditions that our Company , the lead manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft 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.

MAXIMUM AND MINIMUM APPLICATION SIZE

(a) For Retail Individual Applicants

The Application must be for a minimum of 8,000 Equity Shares and in multiples of 1,600 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

(b) 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. 200,000 and in multiples of 1,600 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 this Draft Prospectus.

INFORMATION FOR THE APPLICANTS:

a) Our Company will file the Prospectus with the RoC at least 3 (three) working days before the Issue Opening Date.
b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.
c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the registered office of the LM.
d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
e) Applications made in the Name of Minors and/or their nominees shall not be accepted.
f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

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. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai.

APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS

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.

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, the Registrar to the Issue 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 Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form. These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE Limited (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 8,000 equity shares the allotment will be made as follows:

a) Each successful applicant shall be allotted 1,600 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 1,600 equity shares, the number in excess of the multiple of 1,600 would be rounded off to the higher multiple of 1,600 if that number is 800 or higher. If that number is lower than 800, it would be rounded off to the lower multiple of 1,600. 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 1,600 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 Draft Prospectus.

6. The above proportionate allotment of shares in an Issue 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 retail 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.

'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 Issue 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.

REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire Issue Price of Rs. 80/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of: "PTIL –Public Issue - R".

2. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.

3. On the Designated Date and no later than 12 working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

PAYMENT BY STOCK INVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

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 (as defined herein below) 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.

Don'ts:

- 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 Bankers of the Issue.
- 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 Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications

ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

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.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

PERMANENT ACCOUNT NUMBER OR PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number **("PAN")** to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based only on technical grounds.

GROUNDS FOR REJECTIONS

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

• Amount paid does not tally with the amount payable for the highest value of Equity Shares 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 8000;
• Category not ticked;
• Multiple Applications as defined in this Draft 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;
• 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 where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
• Applications by OCBs;
• Applications by US persons other than in reliance on Regulations or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
• Applications not duly signed;
• Applications by any persons outside India;
• 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 5.00 pm on the Issue Closing Date;

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, which is reproduced below:
"Any person who:
(a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
(b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

SIGNING OF UNDERWRITING AGREEMENT

Vide an Underwriting agreement dated 11th July, 2013 this issue 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 56 and Section 60 of the Companies Act.

PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue 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.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

The Company will issue 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 12 working days of the Issue Closing Date.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within two 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 Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 12 working days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

PAYMENT OF REFUND

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds
The payment of refund, if any, would be done through various modes as given hereunder:

1) ***ECS*** *(Electronic Clearing System)* – Payment of refund would be done through ECS for applicants having an account at any of the centers where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2) ***Direct Credit*** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3) ***RTGS*** *(Real Time Gross Settlement)* – Applicants having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds 10.00 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4) ***NEFT*** *(National Electronic Fund Transfer)* – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5) **For all other applicants**, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:
1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Issue Closing Date would be ensured; and
3) The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) working days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;

2) 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 within 12 (twelve) working days of closure of the Issue;

3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;

4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time; and

6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.

7) The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act;

2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;

3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and

4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

1. The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and

2. The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:
(a) Agreement dated 31st July, 2013 between NSDL, the Company and the Registrar to the Issue;
(b) Agreement dated 26th June, 2013 between CDSL, the Company and the Registrar to the Issue;
The Company's shares bear an ISIN No. INE171P01019
• An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
• The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
• Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
• Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
• If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
• The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
• Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
• The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

COMMUNICATIONS

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue 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 Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

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.

ASBA PROCESS

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant (**"ASBA Account"**) is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application

Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue. The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

SECTION VIII

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or Debentures and / or on their consolidation /splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized / defined terms herein have the same meaning given to them in the Articles of Association.

Table A' to apply	1.	Subject as hereinafter provided, the regulations contained in Table 'A' in the Schedule I of the Act, shall apply except so far as they have been specifically excluded or modified by/or under 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 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 Rs. 5,00,000/- (five lakh).
Increase of Capital by the Company and how carried in to effect	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 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act 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.
Reduction of Capital	8.	The Company may (subject to the Provisions of Section 78, 80, 100 to 105 both inclusive, of the Act or any other applicable provisions of law for the time being in force) 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 94 of the Act, 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.

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 Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or country.

Shares to be numbered progressively and no share to be 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. (1) 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 :

a. 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.

b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

d. After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

(2) Notwithstanding anything contained in the sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof) in any manner whatsoever.

a. if a special resolution to that effect is passed by the Company in general meeting; or

b. where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by 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.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;

a. To extend the time within which the offer should be accepted; or

b. To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued 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:

a. 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
b. 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 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with 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 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 provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons whether (members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at a discount 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 Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or

not) the 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.

Limitation of time for issue of certificates 19. 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.

Issue of New Certificate in Place of One Defaced, lost or Destroyed 20. 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.2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or 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.

LIEN

Company to have lien on shares 39. The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any 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 respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such 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.

TRANSFER AND TRANSMISSION OF SHARES

Register of transfers

55. 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.

Instruments of transfer

56. The instrument of transfer shall be in common form and in writing and all provision of section 108 of the Act, and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

To be executed by transferor and transferee

57. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favour of a minor (except in cases when they are fully paid up).

Transfer books when closed

58. 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

59. Subject to the provisions of section 111A, these Articles and 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.

Nomination

60. 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.

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.

Notwithstanding anything contained in any other law for the time being in force or in any 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 manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the 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 the 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.

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.

Person entitled may receive dividend without being registered as a member

64. 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 receives and may give discharge for any dividends or other moneys payable in respect of the share.

Transfer to be presented with evidence of title

65. 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

66. 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

67. 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.

DEMATERIALISATION OF SECURITIES

Definitions

69. 1. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

Securities in depositories to be in fungible form

4. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

Rights of Depositories and beneficial owners

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.

(b) 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.

(c) 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.

Transfer of securities

7. Nothing contained in Section 108 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

8. 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 Depository

9. 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.

BORROWING POWERS

Power to borrow

71. The Board may, from time to time, at its discretion subject to the provisions of these Articles, Section 58A, 292, 293 and 372A of the Act 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 or sums of money for the purpose of the Company; by a 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

72. 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.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted to stock

78. The Company 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

79. 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 Summary

80. The company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in 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 determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared 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 Sections 159, 161 and 220 of the Act.

Extraordinary General Meeting

81. 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.

Omissions to given notice not to invalidate a resolution passed

86. 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.

Quorum of General Meeting

88. Five members present in person shall be quorum for a General Meeting.

A member may also be present at the General Meeting of the Company through electronic mode, subject to compliance with the Act and rules made

thereunder any Circulars and directions issued by the Ministry of Corporate Affairs in this respect. However, members present through electronic mode shall not be counted for the purpose of forming quorum

If quorum not present meeting to be dissolved or adjourned

90. 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

91. 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.

Chairman's casting vote

95. 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

96. 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

97. 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

98. 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

99. 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

100. No member shall be entitled to vote either personally or by proxy, at any 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

101. 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, save as provided in clause (b) of sub-section (2) of Section 87, 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

102. 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.

Proxy either for specified meeting or a period

108. 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.

109. A member present by proxy shall be entitled to vote only on a poll.

Deposit of instrument of appointment

110. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Time for objection of votes

113. 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

114. Notwithstanding any thing 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 :

i) Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.

ii) Postal ballot for giving assent or dissent, in writing by members; and

iii) 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 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.

DIRECTORS

117. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three nor more than twelve 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 subject to provisions of law.

Director's power to fill casual vacancies

125. Subject to the provisions of Section 262, 264 and 284(6) of the Act, 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

126. (1) Subject to the provisions of the Act, a Managing Director, or Managing Directors or Director who is/are 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.

(2) Subject to the provisions of the Act, a Director who is neither in the

whole-time employment nor a Managing Director, may be paid remuneration either.

(i) by way of monthly, quarterly or annual payment or

(ii) by way of commission if the Company by a special resolution authorised such payment.

(3) 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.

Vacation of office of director

129. (1) The office of a Director shall ipso facto be vacated if :

(a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification, if any necessary for his appointment; or

(b) he is found to be of unsound mind by a Court of competent jurisdiction; or

(c) he applies to be adjudicated an insolvent;

(d) or he is undischarged insolvent; or

(e) 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; or

(f) 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

(g) he absents from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or

(h) he or any firm of which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or

(i) he acts in contravention of Section 299 of the Act; or

(j) he has been removed from office in pursuance of Section 203 of the Act; or

(k) by notice in writing to the Company that he resigns his office;

or

(l) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate the office.

(2) Notwithstanding any matter or thing in sub-clauses (d), (e) and (j) of clause (1), the disqualification referred to in those sub-clauses shall not take effect :

(a) for thirty days from the date of adjudication sentence or order; or

(b) 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

(c) 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.

Disclosure of interest

131. 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 299(2) of the Act; 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

132. 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

133. 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

proceeding

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) a director in such company, and

(b) 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.

134. The Company shall keep a Register in accordance with Section 301(1)and shall within the time specified in section 301 (2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 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 125. The Register shall be kept at the office of the company and shall be open to inspection at such office, and extracts maybe taken therefrom 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 163 of the Act shall apply accordingly.

Retirement and rotation of directors

136. 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.

Filling up of vacancies at general meeting

139. Subject to Sections 258 and 259 of the Act, 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.

140. (a) If the place of the retiring Director is not so filled up and 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.

(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 to sub-section (2) of Section 263 of the Act is applicable to the case

Company may increase or reduce the number of directors.

141. Subject to Section 259 of the Act, the Company may, by ordinary 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 284 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.

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MANAGING DIRECTOR

Board may appoint Managing Director or Managing Directors.

145. 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 five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions of Article 140, 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.

Restriction on Management

146. The Board of Directors, subject to Section 292 of the Act, 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.

147. A Managing Director shall not while he continues to hold that office be subject to the retirement by rotation, in accordance with Article 129. 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.

Meetings of Directors

PROCEEDINGS OF THE BOARD OF DIRECTORS

148. The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet atleast once in every three months and atleast four such meetings shall be held in every year. The Directors may adjourn and

otherwise regulate their meetings as they think fit.

Notice of Meeting 149. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India; to every other Director.

Chairman 151. 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 it 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 some one of their member to be the Chairman of such meeting

Quorum 152. 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.

A director of a company may participate in a meeting of the Board/ Committee of directors under the provision of Companies Act, 1956 through electronic mode. For this purpose, the Company shall comply with the requirements and procedures laid down by the Circulars and directions issued by the Ministry of Corporate Affairs in this respect.

Minutes of proceedings of meeting of Board 159.

(1) 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.

(2) 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.

(3) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summery of the proceedings thereat.

(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.

(6) The minutes shall also contain.

(a) the names of the Directors present at the meeting; and

(b) 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.

(7) Nothing contained in sub-clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting :

(a) is, or could reasonably be regarded as defamatory of any person.

(b) is irrelevant or immaterial to the proceedings; or

(c) is detrimental to the 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.

(8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

MANAGEMENT

Management of the Company 162. 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 required

Local Management 163. 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. affairs 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.

(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

Sub-delegation

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 Irv 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

DIVIDENDS

Division of profits

167. 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

168. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed thee amount recommended by the Board, but the company in general meeting may declare a smaller dividend.

Dividend only to be paid out of profits

169. 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 Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;

(a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or 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 sub-section (2) of Section 205 of the Act, or against both.

Interim Dividend

170. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies.

Rights to dividend where shares transferred

176. A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.

Manner of paying dividend

177. 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 far any dividend lost to the member of 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.

Unpaid or unclaimed dividend

180. 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 "Prabhat Telecoms (India)Limited-Unpaid Dividend Account". Any money transferred to the unpaid dividend account of the Company which remains 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 sub section (1) of section 205C of the Act.

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

181. (I) 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 (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions

(II) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards -

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

182. A General Meeting may resolve that any surplus money arising from the

undistributed capital profits

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.

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.

ACCOUNTS

Directors to keep true accounts

184. (1) 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 209 of the Act, with respect to

(a) all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.

(b) all sales and purchases of goods by the Company.

(c) the Assets and liabilities of the Company.

(2) 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.

(3) 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.

(4) 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.

(5) 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

185. 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

186. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Account and Reports as are required by these Sections.

INDEMNITY AND RESPONSIBILITY

Person when to be indemnified by the company

199. Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any 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 633 of Act, in which relief is granted to him by the Court.

SECRECY

200. Every 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.

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 Draft 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 Draft Prospectus and have been delivered to the SME platform of BSE Limited and may be inspected at the Registered Office of the Company situated at Unit No. 402, 4th 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 Draft Prospectus until the date of closure of the subscription List.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated 11th July, 2013 between our Company and the Lead Manager to the Issue.
2. Memorandum of Understanding dated 23rd March, 2013 entered into with Cameo Corporate Services Limited to appointing them as the Registrar to the Issue.
3. Copy of tripartite agreement dated 31st July, 2013 between NSDL, our Company and Cameo Corporate Services Limited.
4. Copy of tripartite agreement dated 26th June, 2013 between CDSL, our Company and Cameo Corporate Services Limited.
5. Escrow Agreement dated [●] between our Company, Lead Manager, Escrow Collection Bank and the Registrar to the issue.
6. Market Making Agreement dated 11th July, 2013 between our Company, Lead Manager and Market Maker.
7. Underwriting Agreement dated 11th July, 2013 between our Company 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 1st April, 2013 approving the issue.
10. Copy of the resolution passed by the shareholders of our Company under section 81 (1A) at the Extra Ordinary General Meeting held on 27th April, 2013.
11. Copy of members resolution dated 27th April, 2013 appointing Mr. Vishwamani M. Tiwari as the Managing Director of our Company.
12. Copy of members resolution dated 27th April, 2013 appointing Mr. Parag Malde as the Whole-time Director of our Company.
13. Consents of the Directors, Company Secretary/Compliance Officer, Auditors, Lead Manager to the Issue, Underwriters, Market Makers, Bankers to the Issue, Legal Advisors to the Issue, and Registrars to the Issue, to include their names in the Draft Prospectus to act in their respective capacities.
14. Copies of Annual Reports of our Company for preceding five financial years i.e. for the financial years viz 2008-

9, 2009-10, 2010-11, 2011-12 and 2012-13

15. Audit report and restated financial information issued by our Peer Review Auditors i.e. M/s. Ramanand & Associates, Chartered Accountants, dated 10th August, 2013 included in the Draft Prospectus.

16. Letter dated 12th August, 2013 from the statutory Auditors of our Company, M/s. Rajeev Sood & Co., Chartered Accountants, detailing the tax benefits.

17. Copy of certificate from the statutory Auditors of our Company, M/s. Rajeev Sood & Co., Chartered Accountants, dated 12th August, 2013 regarding the sources and deployment of funds as on 31st July, 2013.

18. Board Resolution dated 16th August, 2013 for approval of Draft Prospectus.

19. Due Diligence Certificate dated 16th August, 2013 to be submitted to SEBI from Lead Manager viz. Guiness Corporate Advisors Private Limited along with the filing of the Prospectus.

20. Copy of approval from BSE vide letter dated [•] 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 Draft 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

All the relevant provisions of the Companies 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 Draft Prospectus is contrary to the provisions of the Companies 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 Draft Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Vishwamani Tiwari

Mrs. Prabha Tiwari

Mr. Parag Malde

Mr. Vaibhav Shastri

Mr. Deepak Kumar Jain

Mr. Atul Bhatkhalkar

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Yojana Pednekar

Date: 16th August, 2013
Place: Mumbai

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