



DRAFT RED HERRING PROSPECTUS

Please read section 60B of the Companies Act, 1956

The Draft Red Herring Prospectus will be updated on filing with the ROC

Book Building Issue

Dated January 5, 2011

POINT RED TELECOM LIMITED

(Our Company was originally incorporated as Point Red Telecom Private Limited on March 28, 2005 under the Companies Act, 1956. Our Company was converted into a public company on October 01, 2010 and consequently, the word "private" was deleted and its name was changed to Point Red Telecom Limited on October 01, 2010. For details of changes in the name and registered office of our Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 87 of this Draft Red Herring Prospectus).

Registered Office: #18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka.

Contact Person: SE Ashok Kumar, Compliance Officer

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PROMOTER OF OUR COMPANY: GEMINI COMMUNICATION LIMITED

PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") OF POINT RED TELECOM LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UP TO ₹ 10,200 LAKHS (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF [●] EQUITY SHARES ("THE NET ISSUE") AND A RESERVATION OF UP TO [●] EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) ("THE EMPLOYEE RESERVATION PORTION"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●]% AND [●]%, RESPECTIVELY OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

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

The Issue is being made under sub-regulation (2) (a) (i) and (2) (b) (i) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through the Book Building Process wherein at least 50% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, up to [●] Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price, provided that the value of allotment to a single Employee does not exceed ₹ 2,00,000.

Any Bidder (other than Anchor Investor) may participate in this Issue through an Application Supported by Blocked Amount ("ASBA") providing details of the bank account in which the Bid Amount will be blocked by the Self Certified Syndicate Bank ("SCSBs"). For further details refer to the section titled "Issue Procedure" on page 218 of this Draft Red Herring Prospectus.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (has been determined and justified by the BRLM and our Company as stated under the section titled "Basis For Issue Price" on page 39 should not be taken to be indicative of the market price of the Equity Shares after the listing. No assurance can be given regarding an active or sustained trading in the Equity Shares 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 high 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 Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section entitled "Risk Factors" on page xiii of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring 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 Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This Issue has been rated by [●] as [●] (pronounced [●]) indicating [●]. The IPO grade is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For details see the section titled "General Information" beginning on page 12 of this Draft Red Herring Prospectus.

LISTING AGREEMENT

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

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED

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Mumbai 400 021, India
Tel: (91 22) 3980 4380
Fax: (91 22) 3980 4315
E-mail: pointred.ipo@motilaloswal.com
Investor Grievance E-mail: moiapredressal@motilaloswal.com
Website: www.motilaloswal.com
Contact Person: Rupesh Khant
SEBI Registration No: INM000011005



KARVY COMPUTERSHARE PRIVATE LIMITED

Plot nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081, India
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Tel : +91 (40) 4465 5000
Fax: +91 (40) 2343 1551
Email: pointred.ipo@karvy.com
Contact Person: Mr. M Murali Krishna
Website: http://karisma.karvy.com
SEBI Registration No.: INR000000221

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON

[●]

BID/ISSUE CLOSES ON

[●]

- (1) Our Company may consider participation by Anchor Investors in accordance with applicable SEBI (ICDR) Regulations on the Anchor Investor Bid/Issue Date, i.e., one Working Day prior to the Bid/Issue Opening Date.
(2) Our Company may decide to close the Bidding/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

Term	Description
“Point Red”, “PTL”, “our Company”, “the Company”, “the Issuer Company”, “the Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Point Red Telecom Limited, a public limited company incorporated under the Companies Act, having its registered office at 18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka India.
Promoter	Gemini Communication Limited (“GCL”).
Our Promoter Group	Includes such persons and entities constituting our Promoter Group in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations, 2009 and disclosed in the section titled “Promoter and Group Companies” beginning on page 105 of this Draft Red Herring Prospectus.
“you”, “your” or “yours”	Prospective investors in this Issue.

COMPANY RELATED TERMS

Terms	Description
Articles / Articles of Association	The articles of association of our Company.
Auditors	The statutory auditors of our Company, M/s. P. Chandrasekar, Chartered Accountants
Board/Board of Directors	Board of Directors of our Company.
Director(s)	Director(s) of Point Red Telecom Limited, unless otherwise specified.
Equity Shares	Equity Shares of our Company of face value of ₹ 10 each unless otherwise specified in the context thereof.
Group Company(ies)	Companies, firms, ventures, etc. promoted by the promoter of the issuer, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act, 1956 or not. Unless the context otherwise specifies, includes those entities mentioned in the section, “Promoter and Group Companies” on page 105 of this Draft Red Herring Prospectus.
Memorandum /Memorandum of Association	The memorandum of association of our Company.
Registered Office of our Company	18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka India.
Subsidiary	The subsidiary of our Company namely, PR Wireless Tech Limited.

ISSUE RELATED TERMS

TERM	DESCRIPTION
Allot/Allotment/Allotted/ Allotment of Equity Shares	Unless the context otherwise requires, issue and allotment of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted.
Anchor Investor	A “Qualified Institutional Buyer”, applying under the Anchor Investor Portion with a minimum bid of ₹ 100 million.
Anchor Investor Confirmation of Allotment Note	Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares on the Anchor Investor Bidding Date.
Anchor Investor	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bidding

TERM	DESCRIPTION
Bid/Issue Date	by Anchor Investors shall open and allocation to Anchor Investors shall be completed.
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Issue Price will be decided by our Company in consultation with the BRLM.
Anchor Investor Portion	Up to 30% of the QIB portion which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
ASBA Account	An account maintained by the ASBA Bidders with the SCSB and specified in the ASBA Bid cum Application Form for blocking an amount mentioned in the ASBA Bid cum Application Form.
ASBA Bid cum Application Form or ASBA BCAF	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus.
ASBA Bidder	Any Bidder who intends to Bid/apply through ASBA.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid-cum-Application Forms or any previous ASBA Revision Form(s).
ASBA/ Applications Supported by Blocked Amount	An application whether physical or electronic used by ASBA Bidders to make a Bid authorizing an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB.
Bid	An indication to make an offer, during the Bid /Issue Period by a Bidder (and during the Anchor Investor Bid/ Issue Period by the Anchor Investors) to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form or the ASBA Bid-cum- Application Form as the case may be in case of ASBA Bidders, the amount mentioned in the ASBA Bid-cum- Application Form and payable by the Bidder (other than an Anchor Investors) on submission of the Bid for the Issue.
Bid/ Issue Closing Date	Except in relation to Anchor Investors, the date after which the members of the Syndicate and SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Kannada newspaper, each with wide circulation. The Company in consultation with the BRLM, may decide to close the Bidding/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.
Bid/ Issue Opening Date	Except in relation to Anchor Investors, the date on which the members of the Syndicate and SCSB shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Kannada newspaper, each with wide circulation.
Bidding/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form or the ASBA Bid cum-Application Form (in case of an ASBA Bidder).
Book Building Process / Method	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to this Issue, in this case being Motilal Oswal Investment Advisors Private Limited.

TERM	DESCRIPTION
CAN/ Confirmation of Allocation Note	Except in relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in accordance with the Book Building Process, including any revision thereof. In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders and Eligible Employees who are applying for a maximum bid amount not exceeding ₹ 2,00,000 are entitled to Bid at the Cut-off Price, for a bid amount not exceeding ₹ 2,00,000. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account as the case may be after the Prospectus is filed with the Registrar of Companies Karnataka, Bangalore, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchanges	[●]
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus dated January 5, 2011 filed with SEBI and issued in accordance with Section 60B of the Companies Act and the SEBI (ICDR) Regulations, which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue.
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 Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Eligible Employees	All or any of the following: i. A permanent and full-time employee, working and present in India or abroad, of our Company, the Subsidiary or our holding company as on the date of Red Herring Prospectus and who continues to be based, working and present in India and in employment of our Company until submission of the Bid cum Application Form; ii. a Director of our Company, whether a whole time Director or a part time Director, as on the date of the Red Herring Prospectus and based, present and working in India as on date of submission of the Bid cum Application Form and who continues to be in employment of our Company until submission of the Bid cum Application Form. It does not include the employees of the Promoter Group. Eligible employees will be allotted Equity Shares for an aggregate amount less than or equal to ₹ 200,000.
Employee Reservation Portion	The portion of the Issue, being up to [●] Equity Shares, available for allocation to Eligible Employees on a proportionate basis
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks, Syndicate Members and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders(excluding the ASBA Bidders) on the terms and condition

TERM	DESCRIPTION
	thereof.
Escrow Collection Bank(s) / Bankers to the Issue	The banks, which are clearing members and are registered with SEBI as Banker (s) to the Issue with whom the Escrow Account for the Issue will be opened, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	Public Issue of [●] Equity Shares of ₹ 10 each fully paid up at the Issue Price aggregating to ₹ 10,200 Lakhs.
Issue Agreement	Agreement dated December 11, 2010 entered into between our Company and the Book Running Lead Manager.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by our Company in consultation with the BRLM, on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that are available to our Company.
Listing Agreement	The Agreement proposed to be entered into by our Company with the Stock Exchanges upon listing of its Equity Shares.
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) i.e. upto [●] Equity Shares, available for allocation to Mutual Funds only, out of the QIB Portion, subject to valid bids being received from such Mutual Funds.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, aggregating to [●] Equity Shares subject to any addition of Equity Shares pursuant to any under subscription in the Employee Reservation Portion.
Net QIB Portion	The QIB Portion less number of the Equity Shares Allotted to the Anchor Investors.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000.
Non Institutional Portion	The portion of the Net Issue being not less than 15% of the Net Issue consisting of [●] Equity Shares of ₹ 10 each available for allocation to Non-Institutional Bidders.
Pay-in-Date	With respect to Anchor Investors, a date not later than two Working Days after the Bid/Issue Closing Date.
Pay-in-Period	The period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date; provided however, for Anchor Investors, the Pay-in-Period shall mean the period from the Anchor Investor Bid/Issue Opening Date until the Anchor Investor Bid/Issue Closing Date
Price Band	The price band of a minimum price ("Floor Price") of ₹ [●] and the maximum price ("Cap Price") of ₹ [●] and includes revisions thereof. The price band will be decided by our Company in consultation with the Book Running Lead Manager and advertised in an English newspaper, Hindi newspaper and Kannada newspaper, each with wide circulation at least two (2) Working Days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Karnataka, Bangalore in accordance with section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies pursuant to Section 73 of the Companies Act from the Escrow Account for this Issue on the Designated Date.
QIB Portion	The portion of the Net Issue being a minimum [●] Equity Shares, being 50% of the Net issue and includes the Anchor Investor Portion.

TERM	DESCRIPTION
Qualified Institutional Buyers or QIBs	(i) Mutual funds, venture capital funds, or foreign venture capital investors registered with the SEBI; (ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual; (iii) Public financial institutions as defined in Section 4A of the Companies Act; (iv) Scheduled commercial banks; (v) Multilateral and bilateral development financial institutions; (vi) State industrial development corporations; (vii) Insurance companies registered with the Insurance Regulatory and Development Authority; (viii) Provident funds with minimum corpus of ₹ 2,500 Lakhs; (ix) Pension funds with minimum corpus of ₹ 2,500 Lakhs; (x) National Investment Fund set up by resolution 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 the Department of Posts, India; and (xii) Insurance funds set up and managed by the army, navy, or air force of the Union of India.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies Karnataka, Bangalore at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies Karnataka, Bangalore, after pricing and allocation.
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Bidders shall be made.
Refund Bankers	[●]
Registrar/ Registrar to this Issue	Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs applying through their Karta and eligible NRIs) who have Bid for an amount less than or equal to ₹ 200,000 in any of the bidding options in this Net Issue.
Retail Portion	The portion of the Issue being not less than [●] Equity Shares of ₹ 10 each, being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the Board.
Stock Exchanges	The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	[●].
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members or an SCSB (only on demand) to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended) registered with SEBI.
Working Days	All days other than a Sunday and or a public holiday (except in reference to the Anchor Investor Bidding date, announcement of Price Band and Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business.

CONVENTIONAL/ GENERAL TERMS

Terms	Description
Act/ Companies Act/ the Act	The Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
ASBA	Application supported by blocked amount.
AY	Assessment Year.
BSE	Bombay Stock Exchange Limited.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identification Number.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996 as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
DIN	Directors Identification Number.
DIPP	Department of Industrial Policy & Promotion.
Directors or Board of Directors	Directors of our Company from time to time unless otherwise specified.
DP ID	Depository Participants Identity.
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996.
EPS	Earnings Per Share.
ESOP	Employee Stock Option Plan.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
Financial Year/ Fiscal/ FY	The twelve months ended March 31 of that particular year.
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992.
IT Act	The Income Tax Act, 1961, as amended from time to time except as stated otherwise.
NAV/ Net Asset Value	Net worth as at the end of the year divided by number of Equity Shares outstanding at the end of the year.
Net worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
RBI	The Reserve Bank of India.
ROC	Registrar of Companies Karnataka, Bangalore.
SEBI	Securities and Exchange Board of India.
SEBI (ICDR) Regulations/ SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time.
SICA	Sick Industrial Companies Act, 1985.

ABBREVIATION OF GENERAL TERMS

Terms	Description
A/C	Account.
APR	Annual Performance Report.
CAGR	Compounded Annual Growth Rate.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation.
EGM	Extraordinary General Meeting.
FBT	Fringe Benefit Tax.
FDI	Foreign Direct Investment.
FII	Foreign Institutional Investors.
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign venture capital Investor) Regulations, 2000.
GAAP	Generally Accepted Accounting Principles.
GDP	Gross Domestic Product.
Government/ GOI	The Government of India.
HNI	High Net-worth Individual.
HUF	Hindu Undivided Family.
NECS	National Electronic Clearing Services.
Non-Resident Indians	Non-Resident Indians, as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRE Account	Non Resident External Account.
NRI	Non Resident Indian.
NRO Account	Non Resident Ordinary Account.
NTD	New Taiwan Dollar.
OBR	Overseas Branch Registration
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEM (Deposit) Regulations, 2000 as amended from time to time.
ODI	Overseas Direct Investment.
p.a.	per annum.
P/E Ratio	Price/ Earning Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PBT	Profit Before Tax.
PIO	Persons of Indian Origin.
RBI	The Reserve Bank of India.
Rupees /INR/₹	Indian Rupees.
RoNW	Return on Networth.
RTGS	Real Time Gross Settlement.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
SLM	Straight Line Method.
Sq Ft	Square Feet.
Sq Mt	Square Meter.

Terms	Description
TAN	Tax Deduction Account Number.
UK	The United Kingdom of Great Britain and Northern Ireland.
US, USA	United States of America.
USD/US\$	United States Dollar.
WDV	Written Down Value.

INDUSTRY / BUSINESS RELATED TERMS

Terms	Description
AAA	Authentication, Authorisation, Accounting.
AAS	Application Access Server.
AES-CCM	Advanced Encryption Standard based on CCM mode.
ASN GW	Access Service Network Gateway.
ATE	Automated Test Equipment.
ARPU	Average Revenue Per User.
BSS	Business Support System.
BWA	Broadband Wireless Access.
CAPEX	Capital Expenditure.
CBS	Compact Base station.
CPE	Customer premises Equipment.
dBm	Power Ration in Decibels.
DHCP	Dynamic host configuration protocol.
DSL	Digital Subscriber line.
E1	2 MBPS Communication signal as per European digital transmission format.
EMC	Electromagnetic capability.
EN	European Standard.
eNodeB	eNodeB is a base station in LTE/LTE Advanced standard.
EPC	Evolved packet core.
Ethernet	Frame based computer networking technology.
EMS	Element Management System.
ETSI	European telecommunication standard Institute.
FCC	Federal Communications Commission.
FDD	Frequency Division Duplex.
FRU	Field Replaceable Unit.
GHz	Gigahertz.
IEC	International Electro-technical Commission.
IEEE	Institute of Electrical and Electronics engineers.
IP	Internet Protocol.
ISP	Internet Service Provider.
LOS	Line of Sight.
LTE	Long term evolution.
MBPS	Megabits per second.
MIMO	Multiple in Multiple out.
MicroRed NGN	MicroRed Next generation Network.
MHz	Megahertz.
OEM	Original equipment manufacturers.
OFDM	Orthogonal Frequency Division Multiplexing.
OFDMA	Orthogonal Frequency Division Multiple Access.
OPEX	Operating expenditure.
OSS	Operation Support System.
PCB	Printed Circuit Board.
PCMCIA	Personal Computer Memory Card International Association.
PoP	Point of Presence.
P2P	Point to Point.
P2MP	Point to Multi point.
PO	Purchase Order.

Terms	Description
LOS	Line of sight.
OFC	Optical Fibre cable.
QA	Quality Assurance.
QoS	Quality of Service.
QUADPLAY	Transmission of Data, Voice & Video coupled with Mobility.
R & D	Research and Development.
RF	Radio Frequency.
RMA	Return Material Authorisation.
SIP	Session initiation protocol.
SSID	Service Set Identifier.
SMT	Surface Mount technology.
STM	Synchronous transport module.
TDD	Time Division Duplex.
TDM	Time Division multiplexing
TKIP	Temporal key integrity protocol.
USB	Universal Service Bus.
VLAN	Virtual Local Area network.
VoIP	Voice over Internet protocol.
WEP	Wired Equivalent Privacy.
WiFi	Wireless Fidelity.
WiMAX	Worldwide interoperability of Microwave access.
WPC	Wireless Planning and Co-ordination wing.

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 116 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association” on page 256 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from our Company's restated standalone and restated consolidated financial statements prepared in accordance with Indian GAAP and the Companies Act and in accordance with SEBI (ICDR) Regulations, included in this DRHP.

Our fiscal commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal (e.g., fiscal 2010), are to the fiscal ended March 31 of a particular year. In this DRHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, International Financial Reporting Standards ("IFRS") and U.S. GAAP. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP restated summary statements (consolidated or standalone) included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Currency of Presentation

All references to 'Rupees', '₹' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "U.S.\$", "USD", "U.S. Dollar(s)" or "US Dollar(s)", if any, are to United States Dollars, the official currency of the United States of America. All references to "Euros" or "€", are to Euros, the official currency of the European Union participating in the Economic and Monetary Union. All references to "CHF" is to the official currency of the Switzerland. All references to "HK\$" is to the official currency of the Hong Kong. All references to "New Taiwan Dollar" or "NT\$" or "NTD" are to Taiwan Dollars, the official currency of Taiwan. All references to "Yen" are to Japanese Yen, the official currency of Japan. All numbers in this document have been prescribed in lakhs or in whole numbers where the numbers have been too small to present in lakhs.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US dollar could be exchanged. The row titled 'average' in the table below is the average of the daily rate for each day in the period.

Period	Period End	Period Average (in ₹)
Fiscal 2008	39.97	40.24
Fiscal 2009	50.95	45.91
Fiscal 2010	45.14	47.42

(Source: RBI Reference Rate)

Industry and Market Data

Unless stated otherwise, industry data used in this Draft Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes the industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our inability to enter into financing arrangement to meet short term and long term capital requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” beginning on pages xiii, 61 and 163 of this Draft Red Herring Prospectus, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the Book Running 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 Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the business, operations, financial condition and prospects could suffer and the market price of the Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only issues that our Company faces; additional risks and uncertainties not presently known to our Company or that it currently believes to be immaterial may also have a material adverse effect on our Company's business, results of operations and financial condition. To obtain a complete understanding, this section should be read in conjunction with the sections titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 61 and 163 of this Draft Red Herring Prospectus.

Prior to making an investment decision, prospective investors should carefully consider all the information contained in this Draft Red Herring Prospectus, including the financial statements included in this Draft Red Herring Prospectus starting from page 116. The financial data in this section is as per our Company's restated financial statements prepared in accordance with Indian GAAP.

Unless specified or otherwise stated in the relevant risk factors set forth below, our Company is not in a position to quantify the financial or other implications of any risks mentioned in this section.

Unless otherwise stated, the financial information of our Company used in this section is derived from our audited consolidated financial statements under Indian GAAP, as restated.

INTERNAL RISK FACTORS - RISKS RELATED TO OUR BUSINESS

- 1. There are legal proceedings currently outstanding against our Promoter and Managing Director which if determined adversely could have an effect on our reputation and business prospects.***

There are certain legal proceedings currently outstanding involving our Promoter and Managing Director. Our Promoter is involved in certain legal proceedings and claims in relation to certain civil, criminal and taxation matters incidental to its business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. A summary of these legal and other proceedings is given in the following table:

Types of proceedings	No. of cases/disputes	Approximate amount involved where quantifiable
Cases filed against our Company		
NIL		
Cases filed against our Managing Director		
Civil proceedings	1	₹ 1.18 lakhs
Cases filed by our Promoter		
Civil proceedings	2	₹ 2,502.77 lakhs
Criminal proceedings	1	Not quantifiable
Cases filed against our Promoter		
Civil cases	3	₹ 35.80 lakhs
Tax cases	1	₹ 53.79 lakhs
Total	8	

For further details on the outstanding litigations pertaining to our Directors and Promoter please refer to section titled "Outstanding Litigation and Material Developments," beginning on page 183 of this Draft Red Herring Prospectus.

- 2. Our teaming arrangements with our Promoter and supply of products to GCL account for 58.06 % of our total income in FY 2010 and 97.54 % of our order book as on October 31, 2010. Any decrease in the volume of business derived from our Promoter or a decrease in the prices at which we offer our services***

to our Promoter may adversely affect our operating income and profitability. Our business and growth prospects may decline if we cannot benefit from this relationship in the future.

We have derived 58.06 % of our total income in FY 2010 from our Promoter and 97.54% of our order book as on October 31, 2010 from our Promoter. As a result of significant reliance on our Promoter, any loss or significant decrease in the volume of business from our Promoter would have an adverse effect on our business, financial condition and cash flows.

We have access to networking and international experience of our Promoter and also utilize our Promoter's local knowledge and capabilities. Our future success is influenced, in part, by our continued relationship with our Promoter. We cannot assure you that our Promoter will continue to support us to the same extent and that we will be able to continue to avail of benefits from this relationship in the future. Further, we cannot assure you that we will continue to do business with our Promoter on the same terms or at all. Any continued business relationship may not be on terms commercially favourable to us. If we lose the current benefits of our relationship, our business and growth prospects may decline and our financial condition and results of operations may be adversely affected.

3. *There are certain audit qualifications in the notes to our auditor's report.*

Our statutory auditors have put qualification in their examination report on the Restated, financial information with respect to certain matters in the financial statements of fiscal 2010, 2009, 2008 and 2007, which may impact the financial statements, including carrying amounts of current assets and current liabilities and results of operation of our Company.

In their examination report dated November 29, 2010 on the Restated Consolidated Summary Statements and Restated Standalone Summary Statements, our statutory auditors have included a qualification in respect of qualification by the previous auditors. The statutory auditors have relied on the audited financial statements of the previous auditors in the report on the consolidated and standalone financial statements of our Company for the financial years ended 31st March 2009, 2008, 2007 and 2006. The audited financial statements of our Company for the financial years ended 31st March 2010, 2009, 2008, 2007 and 2006 were audited by other auditors and included a qualification with regards to pending confirmation of balances from sundry creditors, sundry debtors, loans & advances and deposits and other current assets. Our statutory auditors have qualified the examination report on the basis of the qualification considered in the audit report of our Company by the previous auditors. For more details, please refer to the section titled "Financial Information" beginning on page 116 of this Draft Red Herring Prospectus.

We cannot assure you that our auditors will not qualify their opinion on their audit report on the audited consolidated or standalone financial statements in the future. If such qualification is present in future Audit Reports, it may impact the financial statements, including carrying amounts of current assets and current liabilities and results of operation and price of Equity Shares of our Company.

4. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised, and may be subject to change based on various factors, some of which are beyond our control.*

Our funding requirements and the proposed deployment of the Net Proceeds are based on management estimates, current quotations from suppliers and our current business plan and have not been appraised by an independent entity. Furthermore, in the absence of such an independent appraisal, or the requirement for us to appoint a monitoring agency pursuant to the SEBI Regulations, the deployment of the net proceeds is at our discretion.

We may have to revise our expenditure and funding requirements as a result of variations in costs, estimates, quotations, exchange rates or other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at the discretion of our Board. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and may change due to such factors. Further, current quotations from suppliers are only valid for limited periods and there can be no assurance that we will be able to obtain new quotations from these or other suppliers on the same terms.

5. *We have not entered into any definitive agreements to utilize the Net Proceeds and the actual requirement of funds may vary thereby impacting the financial condition of our Company.*

We intend to use the Net Proceeds as set forth in the section entitled “Objects of the Issue” beginning on page 29 of this Draft Red Herring Prospectus. Pending utilization of the Net Proceeds, we intend to temporarily invest them in the manner described in section titled “Objects of the Issue – Interim Use of Proceeds” on page 37. Subject to complying with policies established by our Board, we will have significant flexibility in the manner in which we invest these proceeds for the short term.

We have not entered into any definitive agreements to utilize the Net Proceeds. In particular, we have not placed orders for any of the plant and machinery to be financed from the Net Proceeds. We have relied on third party quotations to calculate the expected amount of the Net Proceeds to be spent on plant and machinery. We cannot confirm when our orders will be placed and whether we will be able to purchase the equipment at the same price at which we obtained the quotations. Consequently, these estimates may be inaccurate and we may require additional funds to implement the objects of the Issue.

6. *Our Company is yet to receive certain statutory / regulatory licenses / clearances and approvals relating to the proposed factory/manufacturing unit at 18, Ext-Industrial Plot, (SFS), Baddi, District, Salan, Himachal Pradesh.*

Our Company has entered in to a memorandum of understanding dated December 11, 2010 for leasing the premises at 18, Ext-Industrial Plot,(SFS), Baddi, District, Salan, Himachal Pradesh from our Promoter upon receipt of approval from Himachal Pradesh State Industrial Corporation Limited. Setting up of a factory or manufacturing unit entails the requisite planning approvals to be obtained from the relevant authorities. We will also require certain approvals including the approvals listed below, for which we shall make the necessary applications at an appropriate time:

Sl. No.	Approval/License	Authority	Status
1.	Approval for lease	Himachal Pradesh State Industrial Corporation Limited	Will be applied in the due course
2.	Factory License	Inspector of Factories	Will be applied in the due course.
3.	Central Excise	Excise Department	Will be applied in the due course.
4.	Local VAT/Sales Tax	Sales Tax Department	Will be applied in the due course.
5.	Central Sales Tax	Sales Tax Department	Will be applied in the due course.
6.	Consent from Pollution Control Board.	Pollution Control Board	Will be applied in the due course.
7.	Contract Labour	Labour Commissioner	Will be applied in the due course.
8.	Power	Electricity Department	Will be applied in the due course.
9.	Service Tax	Central Excise Department	Will be applied in the due course.
10.	Consent to install DG Set	Electricity Department	Will be applied in the due course.
11.	Registration Certificate	Department of Industries, Himachal Pradesh.	Will be applied in the due course.

However failure by our Company to obtain the required approvals may result in the failure of our Company commencing manufacturing operations and may have a material adverse effect on our Company’s business, financial condition and results of operations. For further information, please refer to the section titled “Statutory Approvals and Licenses” on page 194 of this Draft Red Herring Prospectus.

7. *We utilize various properties on a leasehold basis and any termination of these leases and/or non-renewal could adversely affect our operations.*

We have entered into lease agreements for our various properties. Any change or non renewals/ termination of lease agreement may entail relocation of our business operations. For details on the properties please refer to the section titled “Business Overview” on page 61 of this Draft Red Herring Prospectus.

8. *Delay in raising funds from the IPO could adversely impact the implementation schedule and affect our ability to execute the expansion project within the given time frame, thus impeding our growth plans and profitability.*

The expansion of our proposed project is to be funded from the proceeds of the IPO and internal accruals. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion project within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

9. *We may be held liable for claims of or from customers on account of any deficiency in the services or manufacturing defects in the products supplied to our customers including penalty for delay in implementation of purchase orders with customers.*

Most of our contracts with customers contain service level or performance requirements. Failure to consistently meet service requirements of a client or errors made by our personnel in the course of providing services to our customers could disrupt the customer's business and result in a reduction of income or a claim for damages against us. In addition, a failure or inability to meet contractual requirements could adversely affect our goodwill and our ability to attract new clients.

We may be also exposed to warranty and other claims for manufacturing defects in the products supplied under certain customer purchase orders including warranty for any software provided by us to our customer. The quality-control procedures may fail to test for all possible conditions of use or identify all defects in the design, engineering or specifications of the products. Any such defects could require us to undertake service actions or product recalls. These actions could require our Company to expend considerable resources in correcting these problems and could adversely affect demand for the products. Any defects in our Company's products, or in after-sales services provided by our Company or third parties, could also result in customer claims for damages. Further, we do not have any defect liability insurance on the products to mitigate the said risk. As a result, our Company may face and be liable for warranty claims for components manufactured by it. In defending such claims, our Company could incur substantial costs and receive adverse publicity. Any such defects or claims could therefore have a material adverse effect on our Company's business, financial condition and results of operations.

Further, the purchase orders with our customers are generally time bound and contain provisions which may attract payment of penalty to the customer in the event there is a delay in delivery or services. Failure to adhere to contractually agreed timelines for reasons other than for force majeure events could make us liable to pay penalty and/or liquidated damages which may adversely affect our financial conditions and results of operation.

10. *Many of our purchase orders do not have a fixed term or are of short duration. If we are unable to renew or extend our purchase orders with our existing customers on terms acceptable to us or at all, our future financial condition and results of operations may be adversely affected.*

We do not have any long term contracts with our customers and our purchase orders are open ended. All customer purchase orders are on a non-exclusive basis and we cannot guarantee that they will continue to be our customers. There is no assurance that we will be able to maintain our existing business relationships with our customers. If we are unable to renew or extend our contracts with existing customers or if our customers seek to renegotiate the contracts on terms unfavorable to us as they expire, it may be difficult to find a suitable new customer with the requisite licenses, permits and infrastructure. This may have an adverse effect on our growth, financial condition and results of operations.

11. *In case of certain purchase orders, timely and successful implementation is dependent upon the performance of our sub-contractors. Delay or failure in delivery of our products on the part of a sub-contractor, may adversely affect our business, financial condition and results of operations.*

Contracts with our clients require us to supply our products in compliance with specific delivery schedules. We are dependent on the timely and successful implementation of our purchase orders by our sub-contractors. Failure to adhere to contractually agreed timelines by our sub-contractors will in turn affect our ability to adhere to our commitments to our customers and may have the following consequences:

- (a) delayed payment to us for our products;
- (b) liquidated damages may become payable by us;
- (c) performance guarantees may be invoked against us;
- (d) claims may be brought against us for losses suffered as a result of our non-performance;
- (e) our client(s) may terminate our contract(s); and
- (f) our reputation may be damaged.

12. Delays or defaults in customer payments could result in a reduction of our profits.

We may be subject to working capital shortages due to delays or defaults in payment by customers. If customers default in their payments to which we have devoted significant resources it could have a material adverse effect on our business, financial condition and results of operations.

13. We would be dependent on external suppliers for key raw materials and components. Any failure in timely procurement of quality raw materials/components may adversely affect our business and results of operation.

We are dependent on the external suppliers of key raw materials and components required for our manufacturing operations. The failure of our suppliers to deliver these raw materials or components in the necessary quantities or to adhere to delivery schedules or specified quality standards/technical specifications, could adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality. This may give rise to contractual penalties or liabilities, for failure to perform as per purchase orders, which may lead to a loss of customers and damage our reputation.

14. Our Company may not be in compliance with applicable RBI regulations for investment in wholly owned subsidiary.

Our Company had invested in the shares of PR Wireless Tech Limited, our wholly owned subsidiary on November 25, 2008. Pursuant to such investment, we have made delayed ODI filings with the RBI through the Authorized Dealer. Further our Company is required to file Annual Performance Report (APR) within 60 days from the date of expiry of statutory period within which annual accounts of Wholly Owned Subsidiary (WOS) are to be submitted in the country where it is situated in accordance with the regulations prescribed under FEMA. Our Company has delayed in making such filings.

Our Company may be subjected to queries and letters requesting for additional information or questioning us on the aforesaid transaction or initiating further action, including levy of penalties, in respect of the delay in filing aforementioned forms. If we are subject to any penalties or further questioning, this could have an adverse effect on our Company's results of operations.

15. Non availability of tax benefits at Farglory Free Trade Zone (FTZ), Taiwan in the future may adversely affect results of our operations

Our facilities at Taiwan is entitled to certain tax exemptions which includes exemptions from trade promotion services fees and port duties for goods shipped to the FTZ from outside the country; exemptions from customs clearances; business tax; tariff duties and commodity tax.

For more details on the direct benefits, please refer to the section titled "Statement of Tax Benefits" beginning on page 42 of this Draft Red Herring Prospectus. We currently take advantage of various income tax exemptions and deductions, which are applicable to companies located in FTZ. The loss or unavailability of these benefits would increase our income tax obligations and have a material adverse effect on our after tax profits and cash flow.

16. Non-availability of adequate labour, work stoppages and other labour problems in Taiwan could adversely affect our business.

Our business relies on a number of third-party companies involved in equipment manufacturing services and transportation services. We are dependent on skilled personnel of these sub-contractors to carry out our manufacturing operations in Taiwan. Although we maintain satisfactory relations with the sub-contractors and the contract workers and continue to engage them at rates which are acceptable to us, there can be no assurance

that we will be able to continue to engage them on reasonable terms in the future. Continuous access to skilled personnel is critical to our business. The failure or inability of these companies to provide the required services efficiently could disrupt our operations. Additionally, our operations may also be affected by circumstances beyond our control including work stoppages, labour disputes, shortage of qualified skilled labour and lack of adequate infrastructure services.

17. The product offerings may not be able to meet technology advancements, industry standards and customer preferences in the future. Potential delays in the launch of new products in the market and lower than anticipated market acceptance of new or existing products could cause our Company to lose market share and adversely affect our Company's results of operations.

Our Company's future success depends on its ability to develop products with features that keep abreast with or ahead of technological changes, respond to evolving client needs and maintain the time-to-market and market reputation. There can be no assurance that our Company will have the financial or other resources required to successfully and timely develop or market such products.

Due to the dynamic nature of the telecommunications market in which we operate, we need to continuously invest in research and development to develop new products and solutions for our customers. Further, some or all of such products may not provide adequate returns commensurate with our investments. Our products could also be rapidly rendered obsolete by the introduction of newer technologies based on more advanced mobile networks using broader bandwidths. Unexpected technical, operational, deployment, distribution or other problems could delay or prevent the timely introduction of new products, which could result in a loss of market opportunities. Our growth could also suffer if our products are not responsive to the needs of our customers, the technological advancements of mobile networks or the preferences of the subscribers.

Our Company operates in a highly competitive environment and the competitors could gain a significant advantage by introducing a new product in a particular segment before our Company does. The product offerings also may be rendered non-competitive or obsolete by competitors' superior offerings. If our Company is unable for any reason to continue to provide such products or if market acceptance of any of its new or existing products is lower than anticipated, our Company may lose market share and face a material adverse effect on its business, financial condition and results of operations.

18. Our Company concentrates substantially on 4G range of products to the exclusion of other telecom products in which our competitors deal, thereby restricting the potential to expand in to other products in the telecom space.

Our Company focuses on designing and developing 4G range of products as on date. If our Company does not bring out products that can cater to the entire gamut of telecommunication space, it may fail to withstand competition from its competitors offering the complete suite of products. This may adversely affect our market share and impede our growth prospects.

19. Some of our trademarks have not been registered. Consequently we may not be able to effectively protect our intellectual property.

We have filed two applications for registration of our trademark "PointRed" under classes 38 and 42 which are pending with the relevant authorities. Further, there is no assurance that the applications will be approved by the relevant authorities. In addition, our applications for the registration of such trademarks may be opposed by third parties. In the event we are not able to obtain registrations in respect of such trade mark applications, we may not be able to obtain statutory protections available under the Trade Marks Act, 1999, as otherwise available for registered trademarks. Consequently, we are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. Except as mentioned above, we have not applied for any other form of intellectual property protection.

For details on the trademark applications, please refer to the section titled "Business Overview" beginning on page 61 of this Draft Red Herring Prospectus.

20. 51% Equity Shares of our Company held by our Promoter are subject to pledge and in case the pledge is enforced, the shareholding of our Promoter will get reduced to that extent.

As on the date of the Draft Red Herring Prospectus, 51,66,861 Equity Shares of our Company held by our Promoter which forms 51% of the total pre-Issue paid-up equity capital of our Company, have been pledged in favour of lenders viz. Punjab National Bank (38,42,025 Equity Shares) and Central Bank of India (13,24,836 Equity Shares).

In case of non-fulfilment of financial obligations, stipulated under the relevant financing documents, lender shall have the right to sell/transfer the pledged shares without any notice to our Promoter and/or our Company taking significant control over us. Any such event, or the perception that such event may occur, may adversely affect the trading price of the Equity Shares and our business and prospects.

21. Significant fluctuations in exchange rates between the Rupee and foreign currencies may have an adverse effect on our results of operations.

While a substantial portion of our revenues will be denominated in Rupees, we may enter into certain contracts or purchase orders, the price of which could be denominated in foreign currencies. Our results of operations may be adversely affected if the Indian rupee fluctuates significantly against foreign currencies or if our hedging strategy is unsuccessful. To the extent that our income and expenditures are not denominated in Indian rupees, despite us entering into foreign exchange hedging contracts from time to time, exchange rate fluctuations could affect the amount of income and expenditure we recognise. In addition, the policies of the Reserve Bank of India may also change from time to time, which may limit our ability to hedge our foreign currency exposures adequately.

22. Our Promoter and Promoter Group will continue to control and exercise substantial influence over our Company.

Post this Issue and listing of the Equity Shares, our Promoter and Promoter Group will continue to hold [•] % of the paid-up capital of our Company. As a result, our Promoter will have the ability to exercise significant influence over the decisions of our Company, as they will be able to determine the outcome of most of the actions requiring the approval of the shareholders and/or our Board. The interests of our Promoter may conflict with the interests of our other investors and the investors may not agree with the manner in which they exercise their powers of management or voting rights.

23. We are subject to restrictive covenants in debt facilities provided to us by our lenders thereby restricting our ability to raise/deploy capital for our future expansion.

There are restrictive covenants in agreements we have entered into with lenders. Further, we may have restrictive covenants in the loans/ facilities which we may avail in future. These restrictive covenants may require us to obtain the lender's consent to effect any changes in our Company's capital structure, enter into any scheme of amalgamation/ reconstruction, implement any scheme of expansion or diversification or capital expenditure, effect any change in the constitution of our Company, enter into borrowing or non-borrowing arrangements either secured or unsecured with any other bank, financial institution etc., sell or dispose off or create security or encumbrances on the assets charged to bank, repay unsecured loans / deposits (if any) during the currency of bank finance, to declare dividend or pay dividend from profits which are not for current year, to invest by way of share capital or lend or advance funds or place deposit with or undertake guarantee obligation on behalf of any other concern. Failure to obtain such consents may interfere with our expansion plans.

24. The unsecured interest free loans taken by our Company from our Promoter are repayable within a period of 36 (thirty six) months from July 01, 2010.

As on September 30, 2010, an amount of ₹ 5,435.89 lakhs is outstanding as unsecured loans from our Promoter of our Company. These unsecured loans are repayable within a period of 36 months from July 01, 2010 to our Promoter, GCL. The repayment of such unsecured loan in any particular year, may severely affect the liquidity of our Company.

25. Our management team and other key personnel are critical to our continued success and the loss of any such personnel could harm our business.

Our future success substantially depends on the continued service and performance of the members of our management team and other key personnel. These personnel possess technical and business capabilities that are difficult to replace. If we lose the services of any of these or other key personnel, we may be unable to replace

them in a timely manner or at all, which may affect our ability to continue to manage and expand our business. Members of our management team are employed pursuant to customary employment agreements, which may not provide adequate incentive for them to remain with us or adequately protect us in the event of their departure or otherwise. Furthermore, we do not maintain any “key man” insurance for our key personnel. The loss of key members of our management team or other key personnel could have an adverse effect on our business, prospects, results of operations and financial condition.

26. Our business is dependent on securing orders from various telecom companies. We operate in a highly competitive environment and if we are not able to compete effectively, our income and profitability will be adversely affected.

Most of our customer orders are based on tenders. With the rise in competition, we may face the risk of being outbid by a competitor on the aspects of pricing and other terms of the tender. Hence, in such tenders there is limited scope for negotiations which may adversely affect our financial conditions and business operations. We may be unable to meet the pre-qualification requirements in order to bid for certain large tenders independently.

Further, some of our competitors have significant financial resources, marketing and other capabilities. Our competitors may be more efficient and may have lower costs such as cheaper access to skilled manpower, new and more competitive technology, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, thereby increasing their ability to address the needs of our target customers. The nature of the bidding process may cause us and our competitors to lower prices for the award of the contract so as to maintain respective market shares, which in turn could affect profitability. As a result of this competition, we face substantial margin pressure, which can have a material adverse effect on our business, prospects, financial condition and results of operations. There can be no assurance that we will be able to retain our customers in the face of increased competition.

27. Expansion of our manufacturing operations in Taiwan may be restricted under the FEMA Foreign Currency Account Regulations.

Our manufacturing operations are carried out from our branch office in Taiwan. The Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations 2000 (“Foreign Currency Account Regulations”) imposes certain limits on payments that maybe remitted to the branch of an Indian company outside India. Such payment restrictions may adversely affect the expansion of operations of the branch of our Company in Taiwan which may in turn affect our Company’s business and profitability.

28. We have incurred losses in the prior periods.

During the last three years, we incurred losses on a standalone basis and the details of such profit/loss after tax, as restated of our Company are as follows:

Profit/(Loss) After Tax (₹ in lakhs)		
FY 2010	FY 2009	FY 2008
(272.56)	(19.06)	72.14

We expect our expenditures to continue to increase in future periods and as such, if our income does not grow at a rate faster than these expected increases in our expenses, or if our operating expenses are higher than we anticipate, we may not be profitable in the future and we may incur additional losses. In addition, we have a limited operating history and may not be able to secure additional business or retain current business or add or maintain a sufficient level of new clients in the future.

29. Certain of our Promoter Group Companies have incurred losses in recent financial years.

Certain of our Promoter Group Companies have incurred losses in the last three financial years, as set forth in the table below:

Name of Promoter Group company	Profit/(Loss) After Tax (₹ in lakhs)		
	FY 2010	FY 2009	FY 2008
Gemini Trazee RFID Private Limited	(1.89)	(6.60)	101.22
Veeras Infotek Private Limited	74.28	3.38	(185.96)

For further details on these Promoter Group companies, please see the sections titled “Promoter and Group Companies” beginning on page 105 of this Draft Red Herring Prospectus.

30. If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.

We may from time to time, require certain approvals, licenses, registrations and permissions for undertaking our business for which we may be required to make applications in the future. We are into the business of manufacturing and importing various wireless and WiMAX products in to India for our customers. Currently, wireless and WiMAX products are supplied by us directly to our customers who have import licenses as per the regulations stipulated by the Wireless Planning & Co-ordination Wing under the Department of Telecommunication, Ministry of Communication & Information Technology. In the event of our Company importing such WiMAX products directly to our premises, we would be required to obtain such licenses.

With respect to selling of wireless products in India, our Company has obtained an Equipment Type Approval (ETA) Certificate No. ETA-069/2009-R dated April 09, 2009 from the office of Assistant Wireless Advisor, Department of Telecommunication (WPC Wing), Ministry of Communication & Information Technology for their equipment “MicroRed”. In the event of our Company proposing to manufacturing any other products which requires license, our Company may require to avail the license from the Department of Telecommunications.

Any change in policy of Government in this effect may have adverse impact on the earnings of our Company. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected.

31. If wireless and telecom service providers consolidate or merge with each other to any significant degree, our growth, revenue and ability to generate positive cash flows could be adversely affected. Further, any adverse developments with respect to governmental licensing of spectrum and changes in telecommunications regulations could materially and adversely affect our operating results and we cannot control that demand.

Significant consolidation among our existing or potential customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as they do their expansion plans. Our future results of operations could be negatively impacted if a significant number are eliminated from our ongoing contractual revenues and our growth prospects may be limited if such consolidations occur and eliminate what we currently believe to be potential markets for our services.

Other factors adversely affecting the demand for our products could include:

- (a) a deterioration in the financial condition of wireless communications service providers generally due to declining tariffs, media convergence or other factors;
- (b) a decrease in the ability and willingness of wireless communications service providers to maintain or increase capital expenditures;
- (c) a decrease in the growth rate of wireless communications generally or of a particular segment of the wireless communications sector;
- (d) a decrease in consumer demand for wireless communications services due to adverse general economic conditions or other factors;
- (e) adverse developments with respect to governmental licensing of spectrum and changes in telecommunications regulations;
- (f) mergers or consolidations among wireless service providers;
- (g) increased use of network sharing, roaming or resale arrangements by wireless service providers amongst themselves;
- (h) delays or changes in the deployment of 4G, WiMAX, LTE or other communications technologies;

- (i) technological changes; and
- (j) general economic conditions.

Our business and proposed capital expenditure plans are based on the premise that the subscriber base for wireless telecommunications services in India will grow at a rapid pace and that Indian wireless service providers will, to a certain degree, adopt the infrastructure sharing model. If the Indian wireless telecommunications services market does not grow or grows at a slower rate than we expect, or the behaviours of market players do not meet our current expectations, the demand for our services and our growth prospects will be adversely affected, which would have a material adverse effect on our business, results of operations and financial condition. In addition, the development and commercialization of new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks may significantly decrease demand for additional telecommunications infrastructure.

32. The international nature of our business exposes us to several risks, such as diverse and complex regulatory requirements and political and economic uncertainties.

We have operations in India, Taiwan and Hong Kong and we service clients across Africa, CIS countries, Middle East, Russia and Latin America. As a result, we are exposed to risks typically associated with conducting business internationally, many of which are beyond our control.

These risks include:

- i. social, political or regulatory developments that may result in an economic slowdown in any of these regions;
- ii. legal and contractual uncertainty due to the overlap of different legal regimes, and problems in asserting contractual or other rights, across international borders or due to other reasons;
- iii. potentially adverse tax consequences, such as scrutiny of transfer pricing arrangements by authorities in the countries in which we operate and increase of withholding and other taxes;
- iv. potential tariffs and other trade barriers;
- v. changes in regulatory requirements;
- vi. the burden and expense of complying with the laws and regulations of various jurisdictions; and
- vii. terrorist attacks and other acts of violence or war.

The occurrence of any of these events could have an adverse effect on our business, prospects, results of operations and financial condition.

33. Our Company had not complied with Section 383A of the Companies Act, 1956 regarding the appointment of whole time company secretary. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.

Our Company did not comply with Section 383(A) of the Companies Act, 1956 regarding the appointment of whole time Company Secretary for the period March 31, 2008 till September 09, 2010. Further, our Company appointed Mr. J. Chandramouli on September 10, 2010 as a full time Company Secretary.

34. Our Company does not have a track record for payment of dividend on Equity Shares.

Our Company has not declared or paid any cash dividends on the Equity Shares in the past. The amount of future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors including recommendation of our Board of Directors.

35. The insurance coverage taken by our Company may not be adequate to protect against certain business risks.

Our Company maintains standard fire and special perils policy. However, to the extent that any uninsured risks materialize or if it fails to effectively cover itself for any risks, it could be exposed to substantial costs and losses that would adversely affect results of operations. In addition, our Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that its insurers will not

disclaim coverage as to any claims. A successful assertion of one or more large claims against our Company that exceeds its available insurance coverage or that leads to adverse changes in its insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our Company's results of operations.

36. Our assets have been charged in favour of our lenders. Any breach of the loan agreements may result in alienation of such assets in favour of lenders.

We have availed of financial assistance and credit facilities from various banks and financial institutions. As security for such financial assistance and credit facilities, the lenders have created a charge on our assets. In this regard, our Promoter and one of our directors have furnished corporate guarantee and personal guarantee respectively in favour of the lenders.

Failure to repay the loans or adhere to the terms and conditions of the loan agreements, the lenders inter alia, have the right to dispose off the assets charged. Consequently, in the event we are in breach of the loan agreements, the ensuing rights available to the lenders may adversely affect our business and operation

37. Our Registered Office has been mortgaged to one of our lenders. Any breach or default in the terms of the financing arrangement may result in alienation of the mortgaged property.

Our Company has entered into a financing arrangement with State Bank of India, Mid Corporate Group, Chennai wherein our Company has mortgaged by way of deposit of title deeds the Registered Office which is situated at Khatha no. 183/163/18/11B, Roopena Agrahara village, Begur Hobli, Bangalore for availing loan facilities as a collateral security. Any default in repayment of the loans or breach of the terms and conditions of the financing arrangements, would entitle the bank to enforce such securities. Consequently, our Company's business and financial operations would be adversely affected

38. Our Company and our Promoter and one of our Group Company, operate from a common office in Bangalore, which could give rise to future conflicts

As on the date of the Draft Red Herring Prospectus, our Company, our Promoter's branch office and one of our Group Company namely Veeras Infotek Private Limited's branch office, operate from the Registered Office of our Company. Though, there is an inter-se agreement between the companies with regards to sharing of expenses and bifurcation of office space, this could give rise to future conflicts.

39. Increase in interest rates for loans availed by us from banks may adversely impact our results of operations.

The loans availed by us are subject to payment of interest. We are exposed to the risk of increase in interest rates by the banks for repayment of the loans availed by us. Any increase in expenses to be incurred by us while paying interest on the loans availed may have a material adverse effect on our business prospects, financial condition and result of operations.

40. Any inability to meet the working capital requirements may adversely affect our Company's growth and operations

Our working capital requirements have increased in recent years because we have undertaken an increasing number of large-scale projects and projects that have overlapping timeframes. We will need additional working capital to finance our future business plans and, in particular, for executing our outstanding Order Book as specified in the section titled "Business Overview" on page 61 of this Draft Red Herring Prospectus. Due to various factors, including certain extraneous factors such as changes in interest rates or otherwise, or borrowing or lending restrictions, we may not be able to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms. Any such situation would adversely affect our business and growth prospects.

41. Our Company has entered into and will enter into related party transactions

Our Company has entered into transactions with several related parties, including Promoter and Group Companies. There can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter

into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations. For more information on related party transactions, see the section titled "Related Party Transactions" on page 114 of the Draft Red Herring Prospectus.

External Risk Factors

42. Our growth is dependent on the Indian and global economy.

Our performance and the growth of our business are dependent on the performance of the Indian and global economy as well. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting food and agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. While recent governments have been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Any downturn in the macroeconomic environment in India could adversely affect our business, prospects, financial condition and results of operations.

43. Our Company is subject to various Indian taxes and it avails certain benefits offered by the Government of India.

Taxes and other levies imposed by the Government of India and/or the State Governments that may affect our industry include: income tax; customs duties; central and state sales tax and other levies; value added tax; entry tax; turnover tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

44. Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect our business and our profitability.

Certain events that are beyond our control, such acts of violence or war may adversely affect worldwide financial markets, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, our operations might be significantly affected.

45. Instability in financial markets could materially and adversely affect our results of operations and financial condition.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries.

A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

46. Our ability to raise foreign debt may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on

competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

47. Political, economic and social developments in India could adversely affect our business.

We derive virtually all of our revenues from India. Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. It is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

Risks in relation to the Equity Shares and this Issue

48. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity shares by our Promoter or other major shareholders may adversely affect the price of our Equity Shares.

Our Company may require further infusion of funds to meet its capital needs and future growth plans, which our Company may not be able to procure. Further, our Company may plan a capital restructuring in our Company, its Subsidiary or Group Companies. Any future equity offerings by our Company or its Promoter or major shareholders to raise capital for future growth or towards capital restructuring may lead to dilution of equity and in turn may affect the price of our Equity Shares.

49. There is no assurance that the Equity Shares pursuant to the IPO will be listed on the stock exchanges in a timely manner or at all at the stock exchange. After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. This may adversely affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares pursuant to the IPO will not be granted until after the Equity Shares have been issued and allotted. Such permission will require that all other relevant documents authorizing the issue of the Equity Shares to be submitted. There could be a failure or a delay in listing the Equity Shares on BSE and NSE. Any failure or delay in obtaining the approval would restrict the Investor's ability to dispose of their Equity Shares.

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- a) Volatility in the Indian and global securities market;
- b) Our results of operations and performance, in terms of market share;
- c) Performance of the Indian economy;
- d) Changes in Government policies;
- e) Changes in the estimates of our performance or recommendations by financial analysts;
- f) Significant developments in India's economic policies; and
- g) Significant developments in India's fiscal regulations

There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

50. There is no existing market for the Equity Shares and our Company does not know if one will develop to provide you with adequate liquidity.

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Indian Stock exchanges may not develop or be sustained after the Issue. 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 the operating results and volatility in the Indian Stock Exchanges and securities markets elsewhere in the world.

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

Future issue of Equity Shares /convertible instruments by our Company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur, may significantly affect trading price of the Equity Shares. Other than the lock-in of pre-issue capital as prescribed under SEBI (ICDR) Regulations or the Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, its shares.

Prominent Notes:

- i. The net worth of our Company as of March 31, 2010 and as of September 30, 2010 was ₹ 879.43 lakhs and ₹ 2,639.62 lakhs respectively based on restated standalone financial statements.
- ii. The net worth of our Company as of March 31, 2010 and as of September 30, 2010 was ₹ 3,335.37 lakhs and ₹ 5,151.03 lakhs based on restated consolidated financial statements.
- iii. Public Issue is of [●] Equity Shares of the face value ₹ 10 each at a price of ₹ [●] per Equity Share for cash at a premium aggregating ₹ 10,200 Lakhs.
- iv. As on the date of filing of this Draft Red Herring Prospectus, the average cost of acquisition of Equity Shares by the Promoter is as follows:

Name of the Promoter	Average cost of acquisition (₹)
Gemini Communication Limited	12.03

- v. The net asset value per Equity Share as on March 31, 2010 and as on September 30, 2010 was ₹ 8.68 and ₹ 26.05 respectively based on restated standalone financial statements of our Company.
- vi. The net asset value per Equity Share as on March 31, 2010 and as on September 30, 2010 was ₹ 32.92 and ₹ 50.84 respectively based on restated consolidated financial statements of our Company.
- vii. Investors may note that in case of over-subscription in the Net Issue, at least 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The QIB Portion includes the Anchor Investor Portion and our Company may consider participation by Anchor Investors in the Issue for up to [●] Equity Shares in accordance with the SEBI (ICDR) Regulations. For more information, see the section titled "Issue Structure" beginning on page 212 of this Draft Red Herring Prospectus.
- viii. Except as disclosed in this Draft Red Herring Prospectus, none of the Directors 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. Further, the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by them with any company in which they hold directorships or any partnership firm in which they are partners. For more information, see the chapter "Related Party Transactions" on page 114 of this Draft Red Herring Prospectus.
- ix. We have not changed the name of our Company except the deletion of word "Private" consequent to conversion from private limited into a public limited company with effect from October 01, 2010.
- x. Except as disclosed in this Draft Red Herring Prospectus, there has been no other financing arrangements whereby the Promoter, his relatives, promoter group, the directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal

course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI.

- xi. Investors may contact the BRLM or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue.
- xii. Except as disclosed in the DRHP none of the Group Companies have any interest in our Company. For further details please refer to the notes to the financial statements relating to related party transactions in the section titled “Related Party Transactions” on page 114 of this Draft Red Herring Prospectus.
- xiii. All information shall be made available by the BRLM and our Company to the public and investor at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- xiv. No part of the Issue proceeds will be paid as consideration to our Promoter, Promoter Group, Directors, key management employee, associate companies, or Group Companies.

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

Overview

Telecom Subscriber Growth

The number of telephone subscribers in India increased to 621.28 Million at the end of March 2010. The overall Teledensity in India has reached 52.74 as on March 31, 2010. During fiscal 2010, out of 621.28 million subscribers, rural subscribers base increased to 200.81 million (addition of 78.60 million subscriber as compared to fiscal 2009) while urban subscriber base increased to 420.47 million (addition of 112.04 million during fiscal 2009). The share of rural areas in total subscription has increased from 28.4% in fiscal 2009 to 32.3% in fiscal 2010. As of March 31, 2010, only 24.29% of Indians in rural areas have phone connection while in urban areas its 119.73%. (Source: TRAI)

Teledensity

Growth in overall teledensity is mainly attributable to the exponential growth of mobile services in both urban and rural areas. However, there continues to be a rural-urban divide in terms of number of mobile subscriber vis-à-vis population. Only 21 percent of Indians living in rural areas have access to mobile phone connections. There are still more than 500 million un-served population located mainly in rural areas with moderate to low capacity to pay for the telecom services. (Source: TRAI – Annual Report 2009 and The Indian Telecom Services Performance Indicators, July 22, 2010)

Further, increasing mobile penetration has had a cascading effect on the Indian telecom manufacturing sector. Demand for mobile handsets and telecom equipments has increased over the years. India ranks fourth in telecom equipment manufacturing in the Asia-Pacific region. India had a 6 percent share of the region's total telecom equipment production in 2009. (Source: www.pwc.com; WiMAX Forum – Mobile Broadband Outlook 2015)

Mobile Service Outlook

There is still a large section of Indian population not served by mobile services. The growth story of the mobile services is expected to continue for 3-5 years driven by high subscriber additions in mostly non-urban areas and multiple SIMs purchased by the existing subscribers in urban India. The majority of the next 500 million subscribers are expected to be added in the semi-urban and rural areas. The mobile subscriber base will cross 1 billion in 2014, growing at a CAGR of more than 9 percent (2010 to 2015). The mobile penetration in India is projected to cross 80 percent in next 4 years.

The urban mobile teledensity, which has already crossed 100 percent mark in 2010 as per TRAI will reach 125 percent by 2015, while the rural mobile density will increase more than three times the current level of 20 percent to reach approximately 63 percent by 2015. The market will begin to saturate in terms of subscriber numbers starting 2013.

Long Term Evolution (LTE) – Evolution

Long Term Evolution (LTE) initiated in 2004, the project focused on enhancing the Universal Terrestrial Radio Access (UTRA) and optimizing 3GPP's radio access architecture. Targets were to have average user throughput of three- to four-times the Release 6 HSDPA levels in the Downlink (100Mbps), and two to three times the HSUPA levels in the Uplink (50Mbps).

In 2007, the LTE of the 3rd generation radio access technology – “E UTRA” – progressed from the feasibility study stage to the first issue of approved Technical Specifications. By the end of 2008, the specifications were sufficiently stable for commercial implementation. LTE's E UTRA uses a number of defined channel bandwidths between 1.25 and 20 MHz (contrasted with UTRA's fixed 5 MHz channels).

LTE is the first technology designed explicitly for Next Generation Networking (NGN) and is set to become the de-facto NGN mobile access network standard. It takes advantage of NGN capabilities to provide an always-on mobile data experience comparable to wired networks.

- LTE supports peak data rates of more than 100 Mbps on the downlink when using 20 MHz channel bandwidth, two transmit antennas at the base station and two receive antennas at the User Equipment (UE). LTE also supports peak data rates of more than 50 Mbps on the uplink when using a 20 MHz channel bandwidth; and single transmit antennas at the UE and base station.
- LTE generates ten to twelve times the throughput on the downlink and eight to ten times the throughput on the uplink relative to 3GPP Release 6.
- LTE improves spectrum efficiency as defined relative to Release 6. The uplink and downlink capabilities are two to four times the spectral efficiency of High-Speed Packet Access (HSPA).
- LTE has flexible duplex methods. Both Frequency Division Duplex (FDD) and Time Division Duplex (TDD) are valid spectrum allocations and allow LTE to accommodate various channel bandwidths in the available spectrum.
- LTE interoperates with W-CDMA, GSM, and CDMA2000 systems. Multimode Ues will support handover to and from these other systems.
- Legacy technologies such as HSPA+ and Enhanced EDGE will continue to operate within the new network architecture. *(Source: White paper from the UMTS Forum – February 2009)*

WiMAX – a way forward in India

India is a huge market for broadband wireless services and offers immediate and enormous potential for growth. WiMAX is the only 4G broadband technology compatible with the 2.3 GHz BWA spectrum in India that today enjoys widespread global deployment along with a mature ecosystem of vendors, devices and applications. It offers Indian consumers both fixed and mobile high speed access to all internet services. WiMAX already powers a wide array of terminal devices today, from notebooks, dongles, CPEs, handhelds, and home/business VoIP gateways to the latest Smartphone's, personal hotspots, and machine to machine devices.

WiMAX technology is well suited for India in the 2.3 GHz band with 20 MHz per operator. WiMAX has a proven field performance with nearly 10 million devices deployed today. WiMAX also has very attractive equipment pricing today with continuing price reductions. The WiMAX ecosystem has a firm roadmap to continued Release 1 enhancements and significant performance increases with the next generation Release 2 technology, with only a minor investment to upgrade the infrastructure segment while fully supporting legacy terminals. WiMAX is the only choice today and the right choice for the future of Indian wireless broadband.

(Source: WiMAX Forum)

SUMMARY OF OUR BUSINESS

Overview

Our Company is the only Indian company manufacturing WiMAX equipments which are certified by WiMAX Forum. Our Company is principally engaged in designing, manufacturing and supplying of pre-WiMAX, mobile WiMAX, LTE and 4G (fourth generation) products to telecom operators worldwide. Being headquartered in Bangalore, India, provides us access to quality resources thus enabling innovation, productization and leadership.

We were incorporated in India in March 2005 and subsequently were acquired by GCL in June 2006. At the time of acquisition, our Company had TDM and back haul solutions under the brand name of “MicroRed”. It was based on proprietary and WiFi technology. Post acquisition, our Company designed, developed and commercialised MicroRed NGN, PointMAX (WiMAX) and PointLite (LTE/LTE Advanced) range of products.

Our Company has manufacturing facility in Tao Yuan, Taiwan and R&D facility in Bangalore India. By this, our Company leverages quality manufacturing from Taiwan and innovative product development in India. This enables us to have a significant techno-commercial advantage over our competitors.

Post acquisition of our Company by GCL, our Company has successfully commercialized its mobile WiMAX range of products. It continues to innovate and develop its WiMAX capabilities having an eye on the future technologies like WiMAX 2 and LTE/LTE Advanced. Our Company has already started investing in to these future technologies and is in an advanced stage of product roll out.

Our Company’s products are deployed across various global telecom operators such as BSNL, Tata Tele Services Ltd., Tata Communications Limited, Unwired Broadband, United Nations OPS etc. Our wholly owned subsidiary in Hong Kong, value adds to our global supply chain management. We have our sales and marketing team strategically posted in Delhi, Mumbai, Bangalore, Chennai and Taiwan to address the growing wireless broadband market. We market our products in Europe, South America and CIS countries through our partners and sales consultants

As on date, our Company has the distinction of having received the maximum number of products certified by the WiMAX Forum. Six of our products such as PointMAX 10000, Point MAX 2500, PointMAX 3000, PointMAX 3000V, PointMAX 3000VW and PointMAX 1100 are certified by WiMAX Forum. The certification received by our Company allows us to establish our product strength and deployment capabilities in the global market. It also gives our Company a substantial advantage over non-certified competitors and we intend to leverage our certified status to further improve our market share.

We are accredited by the International Organization for Standardization, with our quality management systems certified to ISO 9001:2000 standards.

Our Promoter, GCL, is one of the leading system/network integrators in India having a global presence. GCL has nationwide presence in over 194 locations and has deployed over 1800 field engineers at these locations. We leverage the recognition and position enjoyed by GCL by teaming up with GCL in various projects having specific qualification criteria, wherein we could capitalize the track record of GCL. As of October 31, 2010, our unexecuted order book stood at ₹ 30,360.03 lakhs.

For the financial year ended March 31, 2009 and 2010, we had consolidated total income of ₹ 4,015.64 lakhs and ₹ 9,837.32 lakhs respectively and a consolidated net profit, as restated, of ₹ 280.84 lakhs and ₹ 1,883.48 lakhs respectively. For the half year ended September 30, 2010, we had achieved a consolidated total income of ₹ 5,766.85 lakhs and net profit, as restated, of ₹ 1,815.66 lakhs.

Our Competitive Strengths

We believe that the following are our principal competitive strengths which have contributed to our current position in the industry:

i. Brand Equity and Quality of the products

Our brand “Pointred” known for consistent standardized quality offerings has a good brand recall being the market leader in India having deployed/deploying 3116 Mobile WiMAX base stations. PointRed products are developed in response to the growing demand of broadband globally. India, being a price sensitive market, demands from its OEMs, technically superior and cost competitive products. One of the largest spenders globally, India lays the foundation for using WiMAX as a technology tool to do away with the digital divide. Being the market leader, our Company intends to further strengthen its position in India and abroad.

Our brand accords us the opportunity to penetrate new markets, pre-qualify for bids and expand our services in new areas such as Middle East, Africa, Russia, CIS countries and Latin America. It also helps us in attracting and retaining skilled personnel. Additionally, it facilitates our operations in competitive markets where we are able to partner with other companies who are reputed in supporting and establishing large telecom networks.

Brand recognition combined with our technical competencies and ability to meet client requirements has won us repeat orders from our clients.

ii. Early Mover Advantage in Mobile WiMAX products

WiMAX Forum has been in existence from 2000. The initial industry expectations were to develop standards on fixed WiMAX to address the broadband wireless access space. Going forward, with mobility being the order of the day, a separate standard with IEEE 802.16e was ratified by the Forum in 2005. Our acquisition happened in June 2006 and we jumped in to band wagon of developing mobile WIMAX products thereby saving the cost of R&D on fixed WiMAX.

As early as 2007, our Company commercialized its first mobile WiMAX product family, PointMAX thereby being one of the first globally to achieve this feat. This gave our Company an advantage in positioning our products for the largest telecom company in India, BSNL in the year 2008. Further to this, we have become the market leader in Indian mobile WIMAX space.

iii. Technology risk mitigation

Our Company strategically designed its mobile WiMAX products which can be upgraded to 4G technologies such as WiMAX 2 and LTE/LTE Advanced. This is possible due to the common hardware platform developed by our Company. Our products are designed with a dependency on software rather than on hardware. This architecture enhances our Company’s ability to adapt to technological changes catering to market dynamics. Most of our investments, going forward on our R & D will be done on the next generation products.

iv. Proven Research and Development capabilities

We believe that we have expertise in developing complex and technologically superior products such as PointMAX, PointLite. For example, we believe we were one of first companies’ in India to have developed a complete Mobile WiMAX Suite.

On the outdoor WiFi standard, we have innovated a range of products that caters to enterprise and the telecom segment. These products are designed to carry bandwidth on a line of sight application for more than 24 km/hop. We have designed for the telecos a special TDM based back haul radios known as MicroRed NGN-E1 in the unlicensed band. These radios can give data rates from 1E1 to 8E1 in 1+0 and 1+1.

We have the R&D capability and experience to develop, manufacture and register telecom and communication products, thereby increasing efficiency of the network and making our products better suited to market requirements. As of October 31, 2010, we employed 9 personnel and specialists on permanent basis and 11 personnel and specialists on probation basis for our R&D activities.

v. Pan India presence of our Promoter

We benefit due to pan India presence of our Promoter, GCL. Our Company has been able to achieve a country wide foot print by leveraging the resources of our parent company, GCL. Currently, GCL has presence in 194 locations and has deployed over 1800 field engineers at these locations. We team up with GCL in various projects having specific qualification criteria, wherein we could capitalize the track record of GCL.

vi. Our proven track record and cost-effective products

Our Company's products are designed in accordance with international standards and compliances such as FCC, CE, ETSI etc. To address the Indian markets, our Company has been flexible enough to custom build products that meet local telecom regulatory requirements. Over the last five years of our existence we have proved our expertise to enhance our presence in the industry. PointRed products are modular and easy to operate with plug and play configuration. This reduces the time of deployment for the telecom service providers. PointRed's cost-effective R&D and manufacturing is a key ingredient in our success and is one of our main competitive strengths. Being a local design and development company, we are able to develop, customize and offer customers' most complex requirements in a faster turnaround time.

Majority of our products are manufactured at Tao Yuan, Taiwan. We believe that this, coupled with the process efficiencies which we have developed at our Tao Yuan facilities, contributes to our production cost advantage over those of our competitors.

vii. *Healthy Order Book*

Our Company has a healthy order book of ₹ 30,360.03 lakhs as of October 31, 2010.

viii. *Committed senior management team and a well-qualified workforce*

Our management team includes well-qualified senior executives, a majority of whom have worked with our Company for over three years. We believe our management team has a long-term vision and provides stability and continuity to our business. We also believe that the strength of our management team in our business divisions, such as R&D for product development, regulatory affairs for obtaining product registrations, manufacturing, and sales and marketing, and their understanding of the telecom market will enable our business to grow in a focused and constructive manner.

Business Strategy

Our business strategy is to be the global market leader in 4G technology within the next three years. This confidence stems from the fact that we are currently market leaders in India and with the product offering that we envisage bringing out over the next couple of years would enable us to achieve our objective. We intend to increase our market share in key emerging markets. Our business strategy is to provide complete turnkey solutions for the operators worldwide in order to help them achieve low total cost of ownership. Our business strategy focuses on the following elements:

i. *Leverage on strong industry dynamics*

The industry dynamics are pointing towards strong growth in telecom equipment products and Point Red is favourably positioned to take advantage of the upcoming opportunities.

The Indian telecom market has been growing at a CAGR of approximately 30 percent since 1995 with mobile services having grown at a CAGR of more than 117 percent during the period 1995-2009. As per TRAI, the telecom subscriber base is currently estimated to be around 670.60 million in August, 2010, second only to China. (*Source: WiMAX Forum- Mobile WiMAX Outlook 2015*)

The growth rate is in line with research firm Gartner's 2008 forecast that India's wireless subscriber base is set to exceed 737 million connections by 2012 growing at a CAGR of 21 per cent in the same period.

Further growth of the telecom industry is expected from the following:

- Telecom penetration in rural India - The growth in telecom services has been largely linked to urban areas and has not reached a majority of the rural population. The government is also promoting rural telephony by launching modified Universal Service Obligation Fund, which could be accessed by all operators including public and private telcos to create telephony infrastructure in villages. Measures from the government as well as private telcos have helped increase rural tele-density to almost 20%, an increase of over 100% compared to March 2009.

Our Company has a headstart with the roll out of the rural WiMAX network for BSNL. Most of the rural WiMAX network will be deployed by BSNL using the modified Universal Service Obligation Fund. We are well positioned to address this demand as we have successfully addressed in the past.

- Introduction of mobile broadband services – After the recently concluded auction of bandwidth for 3G /BWA services, India should soon see broadband service offerings on a larger scale from all the major telcos. Though 3G/BWA services are already offered by BSNL, the penetration is expected to increase multi-fold with the introduction of new innovative applications, decreasing prices of broadband / smart handsets / devices, enhanced user experience and high decibel marketing by the telcos. It is estimated that 3G / BWA subscriber base would reach 107 mn by 2015, growing at a CAGR of 190% between 2011 and 2015. (Source: *Mobile Broadband Outlook 2015*)

The products on WiMAX or LTE are standard based and any service provider would like to de-risk his investment on CAPEX by splitting the infrastructure needs amongst different OEMs. Being India based and having products already cleared by the Home Ministry, our Company has an advantage over competition to address the demands of the private operators.

The growth in subscribers, growth in per user traffic and introduction of new services is expected to drive growth in telecom equipment market across the entire network chain covering equipments to be deployed at core network, access network and customer premises.

ii. *Establish and expand our presence in key emerging markets*

We also plan to increase our presence in emerging markets, such as Middle East, Africa, BRIC nations, CIS countries, Latin America etc. Currently, the broadband connectivity in these markets is negligible when compared to the overall teledensity. We believe that demand for our products in these markets will continue to grow in accordance with the increased penetration of broadband. Increased sales in such countries would allow us to achieve economies of scale. We plan to expand our presence in these markets by increasing our portfolio of products and by increasing our customer base.

iii. *To continue our focus on Research & Development for Innovative Technology / Investment in new technology areas- increase in product range*

We invest in new and innovative technologies and track new business trends. We have aligned our existing areas of expertise and have created focused initiatives in pre-WiMAX, WiMAX, WiMAX 2, LTE/LTE Advanced. These initiatives allow us to establish leadership and deliver specialized services to our customers.

Our Company is planning to commercialize PointLite range of LTE/LTE Advanced products that will cater to the growing mobile wireless requirements. We intend to invest the substantial portion of the proceeds of the Issue in R& D and prototyping the new product range. By keeping ourselves updated with technology, we believe that our Company will determine the configuration of the future product range in 4G. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge.

iv. *Pursuing strategic partnerships, acquisitions and other inorganic initiatives*

Our Company being a new entrant in the telecom products space, our growth will be determined with our ability to churn out new exciting and innovative products that will cater to the future telecom infrastructure. If any strategic partnership, acquisition is in line with our vision and culture, our Company will actively pursue such opportunity. The future telecom infrastructure will be fast paced and core elements of the network will undergo rapid changes in the years to come. This will provide our Company with an opportunity to address a dynamic telecom market space. There are companies globally who have innovative products but unable to sell in the fast growing emerging markets. With our ability to market, we strongly believe that either partnering or by mergers and/or acquisitions, we will be able to address such opportunities.

v. *Maintain domestic leadership in WiMAX Products and become a leader in 4G space*

The Indian enterprise data market has been on a strong growth trajectory, led by increased need for enterprise connectivity from deeper IT penetration. With continued increase in connectivity requirements from enterprises, this demand is expected to be sustained in the future.

Our continued focus on research and development in bringing state of the art products to our customers will ensure our Company's domestic leadership. Our flexibility in adapting to the customization needs of the customer would aid in maintaining our domestic leadership in WiMAX products. The ability of our parent company in providing services for network roll-out in India would greatly enhance our chances of maintaining the leadership. As any network roll-out is a combination of both products and services, we value add to the customer not just by bringing quality products but also by providing efficient service.

Our Company has already invested substantial amount for research and development in order to accelerate our ongoing 4G product development program. We expect the early version of PointLite to be released during the fourth quarter of FY 2011. The manufacturing facility which we will be setting up from the proceeds of the Issue will be utilized for manufacturing mobile WiMAX and 4G equipments.

vi. Bid for larger projects

Our business is working capital intensive. We plan to invest ₹ 3,000.00 lakhs from the Net Proceeds of this Issue to expand our long-term working capital. We believe that increased long term working capital will improve our ability to bid for larger projects.

SUMMARY FINANCIAL INFORMATION

ANNEXURE I: STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

	Particulars	As at March 31,					As at September 30, 2010
		2006	2007	2008	2009	2010	
1	FIXED ASSETS:						
	Gross Block	0.12	7.31	208.00	361.16	522.30	963.97
	Less: Accumulated depreciation	0.12	0.34	2.26	9.41	23.01	82.45
	Net Block	-	6.97	205.74	351.75	499.29	881.52
	Capital work-in-progress including capital advances	-	-	111.43	-	-	-
	Total	-	6.97	317.17	351.75	499.29	881.52
2	CURRENT ASSETS, LOANS AND ADVANCES :						
	Inventories	1.82	42.27	55.57	94.82	281.02	348.05
	Sundry debtors	3.21	1,250.04	1,161.59	2,303.63	5,970.45	11,290.73
	Cash and bank balances	3.84	5.54	14.92	14.53	375.80	1,896.68
	Loans and advances	1.21	1.21	203.96	98.56	825.81	7,915.57
	Other Current Assets	-	3.15	6.19	24.16	384.69	520.08
	Total	10.08	1,302.21	1,442.23	2,535.70	7,837.77	21,971.11
3	LIABILITIES AND PROVISIONS :						
	Secured loans	-	-	-	-	1,516.61	9,324.63
	Unsecured loans	-	176.60	7.80	3.22	1,796.78	5,487.66
	Current liabilities and provisions	20.21	1,045.75	578.78	1,419.29	1,660.65	2,799.43
	Deferred tax liability (net)	-	0.05	1.78	13.04	27.65	89.89
	Total	20.21	1,222.40	588.36	1,435.55	5,001.69	17,701.61
4	SHAREHOLDERS' FUNDS (1 + 2 -3)	(10.13)	86.78	1,171.03	1,451.89	3,335.37	5,151.03
	NET WORTH REPRESENTED BY						
5	SHARE CAPITAL						
	Equity Share Capital	1.00	1.00	1,013.11	1,013.11	1,013.11	1,013.11
6	RESERVES AND SURPLUS	(11.13)	85.78	157.92	438.78	2,322.25	4,137.92
7	SHAREHOLDERS' FUNDS (5 + 6)	(10.13)	86.78	1,171.03	1,451.89	3,335.37	5,151.03

Note:

1. The above statement should be read with the significant accounting policies and notes to restated summary statements as appearing in Annexure IV.

2. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE II: STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
INCOME :						
Income from operations	9.38	1,994.12	2,073.50	3,861.42	9,836.40	5,715.85
Other income	0.31	12.89	2.41	154.22	0.92	51.00
Total	9.69	2,007.01	2,075.91	4,015.64	9,837.32	5,766.85
EXPENDITURE :						
Contract materials and supplies consumed	3.42	1,737.30	1,701.25	3,469.23	7,281.61	2,634.83
Personnel costs	3.85	65.40	94.99	106.67	144.55	158.13
Administrative and selling expenses	12.59	56.96	161.36	137.13	462.54	111.73
Finance charges	0.13	0.49	0.16	2.33	36.94	343.31
Depreciation	0.12	0.22	1.91	7.19	13.60	51.66
Total	20.12	1,860.37	1,959.67	3,722.55	7,939.23	3,299.66
Profit before tax	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Less: Provision for tax						
a) Current tax	-	49.21	41.85	-	-	589.29
b) Earlier years	-	-	-	-	-	-
c) Fringe benefit tax	0.70	0.47	0.50	0.99	-	-
d) Deferred tax	-	0.05	1.74	11.26	14.61	62.24
Total	0.70	49.73	44.09	12.25	14.61	651.53
Profit after tax, as restated	(11.13)	96.91	72.14	280.84	1,883.48	1,815.66
Add: Balance in profit and loss account brought forward, as restated	-	(11.13)	85.78	157.92	438.76	2,322.26
Amount available for appropriation	(11.13)	85.78	157.92	438.76	2,322.24	4,137.92
Balance carried forward to balance sheet	(11.13)	85.78	157.92	438.76	2,322.24	4,137.92

Note:

1. The above statement should be read with the significant accounting policies and notes to restated summary statements as appearing in Annexure IV.

2. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE III: STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
A) Cash flow from operating activities						
Net profit before tax, as restated	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Adjustments for:						
Depreciation	-	0.22	1.91	7.19	13.60	51.66
Interest and finance charges	0.13	0.49	0.16	2.33	36.94	343.31
Interest income	(0.31)	(12.81)	(0.41)	(0.20)	(0.12)	(13.47)
Operating profit before changes in working capital	(10.61)	134.54	117.90	302.41	1,948.50	2,848.69
Adjustments for:						
(Increase) / decrease in inventories	(1.82)	(40.45)	(13.29)	(39.25)	(186.20)	(67.03)
(Increase) / decrease in trade receivables	(3.21)	(1,246.83)	88.46	(1,142.04)	(3,666.82)	(5,320.28)
(Increase) / decrease in loans and advances	(1.21)	-	(202.75)	105.40	(727.25)	(6,154.61)
(Increase) / decrease in other current assets	-	(3.15)	(3.05)	(17.97)	(360.53)	(135.38)
Increase / (decrease) in trade payables and others	19.51	976.56	(459.66)	881.88	241.37	(547.19)
Cash outflow from operating activities	2.66	(179.33)	(472.39)	90.43	(2,750.93)	(9,375.80)
Adjustments for:						
Income tax paid/ (refunded)	-	(0.70)	(49.68)	(42.38)	-	169.30
Net cash flow from operating activities [A]	2.66	(180.03)	(522.07)	48.05	(2,750.93)	(9,206.50)
B) Cash flow from investing activities						
Purchase of fixed assets	-	(7.19)	(312.11)	(41.73)	(161.14)	(441.67)
Interest received	0.31	12.81	0.41	0.20	0.12	13.47
Net cash flow from investing activities [B]	0.31	5.62	(311.70)	(41.53)	(161.03)	(428.20)
C) Cash flow from financing activities:						
Proceeds from issue of share capital	1.00	-	1,012.11	-		
Term loans taken						4,000.00
Interest paid	(0.13)	(0.49)	(0.16)	(2.33)	(36.94)	(343.31)
Loans taken from holding, subsidiary and associate companies	-	176.60	-	-	1,793.56	3,711.32
Repayment of loans to holding, subsidiary and associate companies	-	-	(168.80)	(4.58)	-	(20.50)
Working Capital and Other Loans from Banks	-	-	-	-	1,516.61	4,623.15
Reduction in Working Capital and Other Loans from Banks	-	-	-	-	-	(815.09)
Net cash flow from financing activities [C]	0.87	176.11	843.15	(6.91)	3,273.23	11,155.57
Net Increase / (decrease) in cash and cash equivalents [A+B+C]	3.84	1.70	9.39	(0.39)	361.27	1,520.87
Cash and cash equivalents at the beginning of the year / period		3.84	5.54	14.92	14.53	375.80
Cash and cash equivalents at the end of the year / period	3.84	5.54	14.92	14.53	375.80	1,896.68

Note:

1. The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements as prescribed under by the Companies (Accounting Standards) Rules, 2006.
2. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years.

THE ISSUE

Fresh Issue	<input checked="" type="checkbox"/> Equity Shares
Of which:	
Public Issue Consists of :	
Employee Reservation Portion	Up to <input checked="" type="checkbox"/> Equity Shares
Net Issue to the Public	<input checked="" type="checkbox"/> Equity Shares
Of which:	
A) Qualified Institutional Buyers portion ¹	At least <input checked="" type="checkbox"/> Equity Shares
Of which:	
Reservation for Mutual Funds	<input checked="" type="checkbox"/> Equity Shares
Balance for all QIBs including Mutual Funds	<input checked="" type="checkbox"/> Equity Shares
B) Non Institutional portion ²	Not less than <input checked="" type="checkbox"/> Equity Shares available for allocation
C) Retail portion ²	Not less than <input checked="" type="checkbox"/> Equity Shares available for allocation
Equity Shares outstanding prior to the Issue	1,01,31,150 Equity Shares
Equity Shares outstanding after the Issue	<input checked="" type="checkbox"/> Equity Shares
Use of Proceeds of the Issue	For information, please refer to the section titled “Objects of the Issue” beginning on page 29 of this Draft Red Herring Prospectus

Note:

¹ Our Company may consider participation by Anchor Investors, who are all QIBs, for up to 30% of the QIB Portion consisting of up to ☒ Equity Shares, at the Anchor Investor Issue Price, in accordance with applicable SEBI (ICDR) Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., one Working Day prior to the Bid/Issue Opening Date. For further details, see the section titled “Issue Procedure – Bid by Anchor Investors” beginning on page 223 of this Draft Red Herring Prospectus.

² Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith.

The Public Issue has been authorized by our Board by their resolution dated October 06, 2010 and by the shareholders of our Company by their resolution dated October 06, 2010.

GENERAL INFORMATION

Our Company was originally incorporated as “Point Red Telecom Private Limited”, a private limited company under the provisions of the Companies Act, 1956, vide certificate of incorporation dated March 28, 2005 with CIN U72200DL2005PTC134422, issued by the Registrar of Companies at NCT of Delhi & Haryana. On August 22, 2008, our Company was allotted a new Corporate Identity Number, U72200KA2005PTC047544 upon its change of Registered Office to State of Karnataka. In June 2006, our Promoter, Gemini Communication Limited acquired 100% shares of our Company from its erstwhile shareholders.

Pursuant to a special resolution of the shareholders of our Company on August 09, 2010, our Company was converted into a public company, and the name of our Company was further changed to ‘Point Red Telecom Limited’ and consequent to such change of name, a fresh certificate of incorporation dated October 01, 2010 was issued by the Registrar of Companies, Karnataka and a new Corporate Identity Number, U72200KA2005PLC047544 was allotted to our Company.

For further details please refer to the section titled ‘History and Certain Corporate Matters’ on page 87 of this Draft Red Herring Prospectus.

Registered and Corporate Office of our Company

Point Red Telecom Limited

#18/11B Roopena Agrahara,
Begur Hobli, Hosur Main Road,
Bangalore- 560 068, Karnataka
India
Tel: (91 80) 2572 4853/54
Fax: (91 80) 2572 4856
Email: ipo@pointredtech.com
Website: www.pointredtech.com

Corporate Identification Number

U72200KA2005PLC047544

Address of the Registrar of Companies

E' WING, 2nd Floor
Kendriya Sadan
Koramangala,
Bangalore-560034
India

Board of Directors

Our Company’s Board of Directors comprises the following:

Name and Designation	DIN	Age (years)	Address
Mr. B. Sreekrishna Designation: Chairman and Managing Director	00496154	36	E-150, Amar Colony, Lajpat Nagar, New Delhi- 110004.
Mr. R. Vijaykumar Designation: Non-Executive Director	00158328	40	New No. 3, Old No. 56A, Dr. Ranga Road, Alwarpet, Chennai-600 018.
Mr. Hari Sethuraman Designation: Independent Director	00427835	39	D-2, Aashiana, #9 Venus colony, II cross street, Alwarpet, Chennai- 60 0018.

Name and Designation	DIN	Age (years)	Address
Mr. L. Sathyanarayan Designation: Independent Director	01966236	46	No-1, Srivari Apartments, Chittirai Street, Chinmayanagar, Chennai-600092.

For further details of the Directors, please see the section entitled “Our Management” on page 93 of this Draft Red Herring Prospectus.

Compliance Officer

Mr. SE Ashok Kumar
Compliance Officer
 #18/11B Roopena Agrahara,
 Begur Hobli, Hosur Main Road,
 Bangalore- 560 068, Karnataka
 India
 Tel: (91 80) 2572 4853/54
 Fax: (91 80) 2572 4856
 Email: ipo@pointredtech.com
 Website: www.pointredtech.com

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

For all Issue related queries and for redressal of complaints, investors may also write to the Book Running Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Manager, who shall respond to the same.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidder.

Auditors to our Company

M/s P. Chandrasekar,
 Chartered Accountants,
 S-616, Manipal Centre,
 #47, Dickenson Road,
 Bangalore – 560 042, India
 Tel: (91 80) 2558 5443
 Fax: (91 80) 2559 7494
 Email: partner@pchandrasekar.com

Bankers to our Company

State Bank of India
 Industrial Finance Branch,
 No.155, AnnaSalai,
 Chennai- 600 002
 Tel: (91 44) 2860 3180
 Fax: (91 44) 2886 0572;
 Email: sbi09930@sbi.co.in
 Website: www.sbi.co.in
 Contact Person: Mr. Ingersal

Punjab National Bank
 10, Raja Street,
 T Nagar,

Chennai - 600 017.
Tel: (91 44) 2433 6434/2434 2286/2432 3928/6572 0001
Fax: (91 44) 2434 1050
Email: bo0345@pnb.co.in
Website: www.pnbindia.com
Contact Person: P.S Subramanian

Central Bank of India

Corporate Finance Branch,
803, Anna Salai, Addison Buildings,
Chennai - 600 002.
Tel: (91 44) 2346 4261 – 263/266
Fax: (91 44) 2346 4264 - 265
Email: agmchen0878@centralbank.co.in
Contact Person: CA Naresh Kumar Dubey
Website: www.centralbankofindia.co.in

Book Running Lead Manager

MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED

113/114, Bajaj Bhawan, 11th Floor
Nariman Point,
Mumbai 400 021, India
Tel: (91 22) 3980 4380
Fax: (91 22) 3980 4315
E-mail: pointred.ipo@motilaloswal.com
Investor Grievance E-mail: moiaplredressal@motilaloswal.com
Contact Person: Rupesh Khant
Website: www.motilaloswal.com
SEBI Registration No: INM000011005

Legal Counsel to the Issue

ALMT Legal

#2, Lavelle Road,
Bangalore 560 001
Tel: (91 80) 4016 0000
Fax: (91 80) 4016 0001
Contact Person: Mr. S.R Arun/ Ms. Dhanya Menon

Registrar to the Issue

KARVY COMPUTERSHARE PRIVATE LIMITED

Plot nos.17-24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081.
India
Toll Free No.1-800-3454001
Tel : +91 (40) 4465 5000
Fax: +91 (40) 2343 1551
Email: pointred.ipo@karvy.com
Contact Person: Mr. M Murali Krishna
Website: <http://karisma.karvy.com>
SEBI Registration No.: INR000000221

Bankers to the Issue/Escrow Collection Bank

[•]

Refund Bankers to the Issue

[●]

Syndicate Members

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on website of SEBI at <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSBs collecting the ASBA bid cum Application Form, please refer to the SEBI website.

IPO Grading Agency

This Issue has been graded by [●] as [●], indicating [●]. The rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the ROC.

Experts

Our Company has not obtained any expert opinion as on the date of filing this Draft Red Herring Prospectus.

Statement of Responsibility of the Book Running Lead Manager for the Issue

Since Motilal Oswal Investment Advisors Private Limited is the sole BRLM for the Issue, the entire Issue related activities is handled by Motilal Oswal Investment Advisors Private Limited and the details of responsibility are as follows:

Sl. No	Activity
1.	Capital structuring with relative components and formalities.
2.	Due diligence of the Company's operations/ management/business plans/ legal etc. Drafting and design of the Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. Drafting of MD&A and Industry section of the Prospectus.
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, corporate films etc.
4.	Appointing Intermediaries and Agencies.
5.	International institutional marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none">• Preparing road show presentation and frequently asked questions;• Finalizing the list and division of investors for one to one meetings; and• Finalizing road show schedule and investor meeting schedules
6.	Domestic institutional marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none">• Finalizing the list and division of investors for one to one meetings; and• Finalizing road show schedule and investor meeting schedules
7.	Non-Institutional & Retail Marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none">• Formulating marketing strategies, preparation of publicity budget;• Finalizing Media and PR strategy;• Finalizing centres for holding conferences for brokers etc.;• Finalizing collection centres; and• Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material
8.	Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading.
9.	Finalization of Issue Price, in consultation with the Company.
10.	Managing the book, coordinating with Stock Exchanges, pricing and allocation to the QIB Bidders and post bidding activities including managing of Escrow Accounts, coordinating non-institutional allocation, intimating allocation and dispatching of refunds to the Bidders.
11.	The Post Issue activities for the Issue will involve essential follow up steps, which include the

Sl. No	Activity
	finalisation of basis of allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Escrow Collection Banks. (The BRLM shall be responsible for ensuring that these agencies favour their functions and enable it to discharge this responsibility through suitable agreements with our Company).

Monitoring Agency

There is no requirement to appoint a Monitoring Agency for the Issue as the Issue size is less than ₹ 500,00 lakhs (₹ 500 crore).

Appraising Agency

Our Company has not sought appraisal for any of its projects from any bank, financial institution or agency.

Credit Rating

As this is an issue of Equity Shares, credit rating is not required for the Issue.

Trustee

As this is an issue of Equity Shares, the appointment of a trustee is not required.

Book Building Process

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

- Our Company;
- The Book Running Lead Manager, in this case being Motilal Oswal Investment Advisors Private Limited;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks;
- Refund Bankers to the Issue and
- SCSBs

The Issue is being made under sub-regulation (2) (a) (i) and (2) (b) (i) of Regulation 26 of the SEBI (ICDR) Regulations, and through the Book Building Process, wherein at least 50% of the Net Issue shall be allocated on a proportionate basis to QIB Portion. Provided that, our Company may allocate up to 30% of the QIB portion to the Anchor Investors on discretionary basis ("Anchor Investor Portion"). At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only. If at least 50% of the Net Issue cannot be allocated to the QIBs then the entire application money will be refunded forthwith. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 100 million. Further, Anchor Investors shall pay the Bid Amount at the time of submission of the Bid cum Application Form to the Book Running Lead Manager.

In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation

on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

In accordance with the SEBI (ICDR) Regulations, QIBs bidding in the Net QIB Portion are not allowed to withdraw their Bids after the Bid/Issue Closing Date. For further details, please see the section entitled “Terms of the Issue” on page 209 of this Draft Red Herring Prospectus.

Our Company will comply with the SEBI (ICDR) Regulations and any other directions issued by SEBI in respect of the Issue. In this regard, our Company has appointed the BRLM to manage the Issue and procure subscriptions for the Issue.

The Book Building Process under the SEBI (ICDR) Regulations is subject to change from time to time. Investors are advised to make their own judgment about an investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following example is solely for the purpose of illustration and is not specific to the Issue; Anchor Investor do not form part of the Book Building Process.)

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below, the illustrative book would be as given below. A graphical representation of the consolidated demand and price would be made available at the NSE and BSE websites during the Bidding/Issue Period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

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

Steps to be taken by the Bidders for Bidding

- Check eligibility for making a Bid, see the section “Issue Procedure – Who Can Bid?” on page 220 of this Draft Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum- Application Form or the ASBA Bid-cum-Application Form, as the case may be;
- Ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid-cum-Application Form or the ASBA Bid-cum-Application Form. For further details, see the section “Issue Procedure – Permanent Account Number” beginning on page 243 of this Draft Red Herring Prospectus;
- Ensure that the Bid-cum-Application Form or the ASBA Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form or the ASBA Bid-cum-Application Form, as the case may be;
- Ensure the correctness of your Demographic Details (as defined in the section titled “Issue Procedure – Bidder’s PAN, Depository Account and Bank Account Details” on page 238), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
- Other than ASBA Bidders, Bids by QIBs, including Anchor Investors, must be submitted to the BRLM.

- Bids by ASBA Bidders will have to be submitted either in physical form to the Designated Branches of the SCSBs or through members of Syndicate or or in electronic form through the internet banking facility offered by an SCSB or members of Syndicate authorizing blocking of funds that are available in the bank account specified in the ASBA Bid-cum-Application Form used by ASBA Bidders. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission of their ASBA Bid-cum-Application Form.
- Syndicate / sub-syndicate members would be required to upload the bid and other relevant details of such ASBA Forms in the bidding platform provided by the stock exchanges and forward the same to the respective SCSBs. SCSBs shall carry out further action for such ASBA Forms such as signature verification, blocking of funds etc. and forward these forms to the registrar to the issue.
- SCSBs would be entitled to a selling commission for processing such ASBA Forms procured by Syndicate Members/ sub-syndicate members and submitted to SCSBs.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI (ICDR) Regulations, QIBs (other than Anchor Investors) shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date. Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/Issue Date.

Bid/Issue Programme

BID/ISSUE OPENS ON	[●]#
BID/ISSUE CLOSES ON	[●]##

#Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue date shall be one Working Day prior to Bid/ Issue Opening Date.

##Our Company may consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date.

Our Company may consider participation by the Anchor Investors for up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, subject to a minimum of two Anchor Investors in accordance with SEBI (ICDR) Regulations on the Anchor Investor Bidding Date. For details see the section titled “**Issue Procedure**” on page 218 of this Draft Red Herring Prospectus.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 A.M. and 3.00 P.M. (Indian Standard Time)** and uploaded until (i) 4.00 P.M. in case of Bids by QIBs bidding in the Net QIB Portion, Non-Institutional Bidders and Eligible Employees, where the Bid Amount is in excess of ₹ 200,000 and (ii) until 5.00 P.M in case of Bids by Retail Individual Bidders, where the Bid Amount is up to ₹ 200,000 which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Manager, to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders, except Anchor Investors, are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are

received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. If such Bids are not uploaded our Company, BRLM shall not be responsible. Bids by ASBA Bidders shall be uploaded by SCSBs and members of the Syndicate in the electronic system to be provided by the BSE and the NSE. Bids will only be accepted on Working Days i.e. any day other than Saturday, Sunday or public holiday on which commercial banks in Mumbai, India are open for business.

In order that the data captured by the brokers in the electronic book is accurate, the members of the Syndicate and the SCSBs may be permitted one additional day, post the Bid/Issue Closing Date, to amend some of the data fields entered by them in the electronic bidding system.

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

Our Company, in consultation with the BRLM, reserve the right to revise the Price Band during the Bidding /Issue Period in accordance with the SEBI (ICDR) Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least two Working Days before the Bid/ Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for at least three additional Working Days after revision of the Price Band, subject to the Bidding/Issue Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company confirms that they will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (In ₹ lakhs)
[●]	[●]	[●]

The above mentioned amount is indicative and will be finalized after determination of the Issue Price and finalization of the section titled “Basis of Allotment” as described in the section titled “Issue Procedure” on page 249 of this Draft Red Herring Prospectus.

In the opinion of our Board (based on certificates dated [●] given to them by the BRLM, and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement dated [●] has been accepted by the Board has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriters in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount in accordance with the Underwriting Agreement, except in cases where the allocation to QIBs is less than 50% of the Net Issue, in which case the entire subscription monies will be refunded.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is set forth below:

Sl. No.	Particulars	Aggregate Value at Face value	Aggregate Value at Issue Price
(A)	Authorised Share Capital:		
	2,55,00,000 Equity Shares of ₹ 10/- each	25,50,00,000	
(B)	Issued, Subscribed and Paid Up Equity Share Capital before the Issue		
	10,131,150 Equity Shares of ₹ 10/- each	10,13,11,500	
(C)	Present Issue in terms of this Draft Red Herring Prospectus		
	[●] Equity Shares of face value of ₹ 10 each of which ⁽²⁾	[●]	[●]
(D)	Employee Reservation up to [●] Equity Shares	[●]	[●]
(E)	Net Issue to the public of [●] Equity Shares	[●]	[●]
(F)	Issued, Subscribed and Paid Up Equity Share Capital after the Issue		
	[●] Equity Shares of ₹ 10 each fully paid up shares	[●]	[●]
(G)	Share Premium Account		
	Before the Issue	Nil	
	After the Issue	[●]	

(1) The present Issue has been authorized by the Board of Directors pursuant to a resolution passed at its meeting held on October 06, 2010 and by the shareholders of our Company pursuant to a resolution dated October 06, 2010 under Section 81(1A) of the Companies Act.

(2) Our Company may consider participation by Anchor Investors for up to [●] Equity Shares in accordance with applicable SEBI (ICDR) Regulations. For further details, please see the section "Issue Procedure – Bid by Anchor Investors" beginning on page 223 of this Draft Red Herring Prospectus. Allocation to QIBs (other than the Anchor Investor Portion) is proportionate as per the terms of the Red Herring Prospectus. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids. Further, attention of all QIBs bidding under the Net QIB Portion is specifically drawn to the following: QIBs will not be allowed to withdraw their Bid cum Application Forms after Bid/Issue Closing Date.

Details of increase in authorised share capital since incorporation

Date of Shareholders' meeting	AGM / EGM	Authorised Capital pursuant to change
Incorporation	-	₹ 1,00,000/- divided in to 10,000 Equity Shares of ₹ 10/- each.
March 21, 2008	EGM	Increase in authorized capital from ₹ 1,00,000/- to ₹10,14,00,000/- by an addition of 1,01,30,000 Equity shares of ₹10 each aggregating to ₹ 10,13,00,000/-.
August 09, 2010	EGM	Increase in authorized capital from ₹ 10,14,00,000/- to ₹ 25,50,00,000 by an

Date of Shareholders' meeting	AGM / EGM	Authorised Capital pursuant to change
		addition of 1,53,60,000 Equity shares of ₹ 10 each aggregating to ₹ 15,36,00,000/-.

Notes to Capital Structure

1. Share Capital History of our Company

The following is the history of the Equity Share capital and securities premium account of our Company:

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Cumulative no. of Equity Shares	Reasons for allotment	Cumulative Equity Share capital (₹)	Cumulative Securities Premium (₹)
March 28, 2005	10,000	10	10	Cash	10,000	Subscription to the Memorandum	1,00,000	Nil
March 31, 2008	1,01,21,100	10	10	Cash	1,01,31,100	Further Allotment to GCL	10,13,11,000	Nil
September 10, 2010	50	10	10	Cash	1,01,31,150	Further Allotment to Mr. R. Ramkumar, Mr. B. Sreekrishna, Mr. B. Srinivasan, Mr. Hari Sethuraman and Mr. L. Sathyanarayan jointly with GCL	10,13,11,500	Nil

2. History of the Equity Share Capital held by our Promoter

a) Details of the build up of Promoter's shareholding in our Company:

Date of Transfer/Allotment	No of Equity Shares	Nature of consideration	Reasons for Acquisition	Face Value	Acquisition Price	Cumulative No. of Equity Shares
June 20, 2006	9,999*	Cash	Transfer	10	2062.20	9,999
March 31, 2008	1,01,21,100**	Cash	Allotment	10	10	1,01,31,100

*On June 20, 2006, 10,000 Equity Shares were transferred to our Promoter. Out of which, one Equity Share is jointly held by Mr. R. Vijaykumar and our Promoter, GCL, with second holder being our Promoter GCL.

**On September 10, 2010, fifty Equity Shares of our Company were allotted to certain individuals with the second holder being our Promoter, GCL.

Pledge of Shares by our Promoter

Except as detailed herein, the Equity Shares held by our Promoter are not subject to any pledge:

Promoter	Pledgee	No. of Equity Shares	Nature of Pledge
GCL	Punjab National Bank	38,42,025	Collateral security
GCL	Central Bank of India	13,24,836	Collateral Security
Total		51,66,861	

b) Details of Promoters' contribution and Lock-in:

Our Promoter has by a written undertaking dated December 13, 2010, consented for [●] Equity Shares held by them, constituting 20% of the post-issue equity share capital of our Company to be considered as Promoter's contribution and locked-in for a period of three years from the date of Allotment. The details of the Equity Shares, which shall be locked-in for a period of three years from the date of Allotment are set forth in the table below:

Name of the Promoter	Date of Allotment/Transfer and made fully paid	Nature of Allotment (Bonus, Rights etc.)/Transfer	No. of Equity Shares	Face Value (₹)	Issue/Transfer Price (₹)	Nature of Consideration	% of Post Issue paid up capital	Lock in period (years) *
Gemini Communication Limited	June 20, 2006	Transfer	[●]	10	2,062.20	Cash	[●]	3 years
	March 31, 2008	Further Allotment	[●]	10	10.00	Cash	[●]	3 years

*Our Promoter shall contribute Equity Shares in the Issue constituting not less than 20% of the post-Issue shareholding, which shall be locked in for a period of three years from the date of Allotment in the Issue. The Equity Shares constituting Promoters' contribution shall be eligible in terms of the SEBI Regulations. As of the date of this Draft Red Herring Prospectus, our Promoter holds 1,01,31,099 Equity Shares which constitutes 100% of the pre-Issue paid-up equity share capital of our Company.

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this regard, our Company confirms that the Equity Shares being locked-in do not consist of:

- Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
- Equity Shares acquired by the Promoter during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- Equity Shares issued to the Promoter upon conversion of a partnership firm; and
- Equity Shares held by our Promoter pledged with any creditor.

The minimum Promoter 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 Regulations. The Promoter contribution constituting not less than 20% post-Issue paid-up equity share capital shall be locked-in for a period of three years from the date of Allotment in the Issue.

Our Promoter has pursuant to their undertaking dated December 13, 2010, agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Equity Shares forming part of the Promoter's contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of lock-in period specified above.

c) Details of pre-Issue Equity Share capital locked in for one year:

In addition to the 20% of the post-Issue equity shareholding of our Company held by our Promoter and locked in for three years as specified above, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment.

d) Other requirements in respect of lock-in:

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by our Promoter may be transferred to and amongst the Promoter Group or to a new promoter 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 SEBI Takeover Regulations as applicable.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by person other than our Promoter prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Pursuant to Regulation 39 of the SEBI (ICDR) Regulations, the Equity Shares held by our Promoter which are locked-in for a period of three years from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or institution, provided that the pledge of Equity Shares can be created when the loan has been granted by such bank or financial institution for financing one or more of the objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by our Promoter which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

e) Lock-in of Equity Shares to be issued, if any, to the Anchor Investor

In terms of Schedule XI of the SEBI (ICDR) Regulations, any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

3. The shareholding pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of filing this Draft Red Herring Prospectus:

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Post-Issue No. of shares	Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)		No. of shares	%
(A)	Shareholding of Promoter and Promoter Group								
(1)	Indian								
(a)	Individuals/ Hindu Undivided Family	2	11	Nil	Negligible	Negligible	2	Nil	Nil
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	1	1,01,31,099	1,01,31,099	100.0	-	-	51,66,861	51.0
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	3	1,01,31,110	1,01,31,099	100.0	100.0	1,01,31,110	51,66,861	51.0
(2)	Foreign								
(a)	Individuals (Non-	Nil	Nil	Nil	Nil	Nil	Nil		Nil

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Post-Issue No. of shares	Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)		No. of shares	%
	Resident Individuals/ Foreign Individuals)								
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil		Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil		Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil		Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil		Nil
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3	1,01,31,110	1,01,31,099	100.0	100.0	1,01,31,110	51,66,861	51.0
(B)	Public shareholding								
(1)	Institutions								
(a)	Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
	Sub-Total (B)(1)	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(2)	Non-institutions								
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
(b)	Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1.00 lakh. ii. Individual shareholders holding nominal share capital in excess of ₹ 1.00 lakh.	4	40	Nil	Negligible	Negligible	[●]	Nil	Nil
(c)	Any Other (specify) Individual shareholders holding on behalf of trusts	Nil	Nil	Nil	Nil	Nil	[●]	Nil	Nil
	Sub-Total (B)(2)	4	40	Nil	Negligible	Nil	[●]	Nil	Nil
	Total Public Shareholding (B)= (B)(1)+(B)(2)	4	40	Nil	Negligible	Nil	[●]	Nil	Nil
	TOTAL (A)+(B)	7	1,01,31,150	1,01,31,099	100	100	[●]	51,66,861	[●]
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	7	1,01,31,150	1,01,31,099	100	-	[●]	51,66,861	[●]

4. Equity Shares held by top 10 shareholders

Our top ten shareholders and number of Equity Shares held by them as of the date of this Draft Red Herring Prospectus, ten days prior to the date of filing of this Draft Red Herring Prospectus:

Name of the Shareholder	No. of Shares held	Percentage
Gemini Communication Limited	1,01,31,099	100.00
Mr. R. Vijaykumar jointly with Gemini Communication Ltd.	1	Negligible
Mr. R. Ramkumar jointly with Gemini Communication Ltd.	10	Negligible
Mr. B. Sreekrishna jointly with Gemini Communication Ltd.	10	Negligible
Mr. B. Srinivasan jointly with Gemini Communication Ltd.	10	Negligible
Mr. Hari Sethuraman jointly with Gemini Communication Ltd.	10	Negligible
Mr. L. Sathyanarayan jointly with Gemini Communication Ltd	10	Negligible
Total	101,31,150	100

Our top ten shareholders and number of Equity Shares held by them two years prior to the date of filing of this Draft Red Herring Prospectus:

Name of the Shareholder	No. of Shares held	Percentage
Gemini Communication Limited	1,01,31,099	100.00
Mr. R. Vijaykumar jointly with Gemini Communication Ltd.	1	Negligible
Total	101,31,100	100

- Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees and we do not intend to allot any Equity Shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Scheme. As and when options are granted to our employees under any ESPS, our Company shall comply with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
- Our Company, our Directors, our Promoter, the Promoter Group and their respective directors and the BRLM have not entered into any buy-back arrangements and/or safety net facility for the purchase of Equity Shares from any person.
- Except as stated in the section titled “Management” on page 93 of this Draft Red Herring Prospectus, none of our Directors or Key Managerial Personnel holds any Equity Shares in our Company.
- Our Company has not entered into any financing arrangements whereby the Promoter Group, the directors of our Promoter, and Directors and their immediate relatives have financed the purchase by any other person of the Equity Shares of our Company other than in the normal course of business of financing the entity, during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus. Other than as set out in this Section titled “Capital Structure”, as of the date of this Draft Red Herring Prospectus, no Equity Shares have been pledged by our Promoter or the Promoter Group.
- The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue will be allotted on a proportionate basis to Qualified Institutional Buyers, out of the QIB Portion (excluding the Anchor Investor Portion) 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price.
- An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot.
- The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

12. Equity Shares being issued in this Issue will be fully paid up at the time of allotment failing which no allotment shall be made.
13. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
14. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, subject to a minimum of two Anchor Investors out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. Under subscription, if any, in any of the category except mandatory QIB portion of [●] Equity Shares shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 5% of Net QIB Portion, the balance share available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to QIB Bidders.
15. Our Company does not propose to undertake any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued pursuant to the Issue have been listed.
16. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or issue of Equity Shares (including any issue of securities convertible into or exchangeable, directly or indirectly, for Equity Shares) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
17. No person connected with the Issue including, but not limited to, the BRLM, the members of the Syndicate, our Company, our Directors, our Subsidiary, our Promoter, our Promoter Group and our Group Companies of the Promoter shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.
18. None of our Promoter, our Promoter Group and our Group Companies will participate in the Issue.
19. As of the date of this Draft Red Herring Prospectus, the BRLM and their associates do not hold any Equity Shares in our Company.
20. Our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash. Our Company has not issued any Equity Shares in terms of any scheme approved under Sections 391-394 of the Companies Act.
21. Our Company has not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, please see the section titled "Objects of the Issue" on page 29 of this Draft Red Herring Prospectus.
22. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

23. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. Our Company has not made any public issue since its incorporation.
25. Our Company has 7 (seven) members as of the date of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

Objects of the Issue

Our Company intends to utilize the proceeds from the Issue, after deduction of the Issue expenses (such net proceeds, the “Net Proceeds of the Issue”) for the following objects:

1. Setting up a manufacturing facility at Baddi, Himachal Pradesh, to manufacture 4G equipments
2. To meet Research & Development expenditure
3. Long term working capital requirements; and
4. General corporate purposes.

The main objects clause of the Memorandum of Association enables our Company to undertake the activities for which the funds are being raised pursuant to the Issue. The existing activities of our Company are within the ambit of the objects clause of the Memorandum of Association.

The details of the proceeds of the Issue are summarised in the table below:

Particulars	Estimated Amount (₹ in lakhs)
Gross proceeds of the Issue (“ Issue Proceeds ”)	10,200
Issue related expenses	[•]
Net Proceeds of the Issue (“ Net Proceeds ”)#	[•]

To be finalized upon completion of the Issue.

Our requirement of funds

The details of the utilization of the Net Proceeds of the Issue are as follows:

(₹ in Lakhs)

Sr. No.	Particulars	Estimated total Cost	Total amount proposed to be financed from the Net Proceeds of the Issue
1	Setting up a manufacturing facility at Baddi, Himachal Pradesh to produce 4G equipments		
	- Building, electrification and fit outs	575.00	575.00
	- Network equipment cost	1,534.68	1,534.68
2	To meet Research & Development expenditures		
	- Personnel and outsourcing cost	1,500.00	1,500.00
	- Research & Development equipments	888.77	888.77
	- Equipment Prototyping cost	1,584.26	1,584.26
3	To meet long term working capital requirement	3,000.00	3,000.00
4	General Corporate Purposes	-	[•]
	Grand Total	[•]	[•]

The fund requirements and the intended use of the proceeds as described herein are based on management estimates and our current business plan. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy, as discussed further below. The fund requirements and intended use of proceeds have not been appraised by any bank or financial institution.

We may have to revise our expenditure and fund requirements as a result of variations in cost estimates on account of variety of factors such as changes in technology, and external factors which may not be within the control of our management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management. In case of any surplus after utilization of the proceeds from the Issue for

the stated objects, we may use such surplus towards general corporate purposes. 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 way of such means available to our Company, including by way of incremental debt or cash available with us.

Means of Finance

The entire requirements of funds toward objects of the Issue, other than working capital requirements, will be met from the Net Proceeds of the Issue. The working capital requirements will be met through the Net Proceeds (to the extent of ₹ 3,000 lakhs), working capital loans and internal accruals. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Schedule of Deployment of Funds

The breakdown of the proposed deployment of the Net Proceeds of the Issue, as currently estimated by our Company, during fiscal 2012, 2013 and 2014 is set forth below.

(₹ in lakhs)

Sr. No.	Particulars	Estimated total Cost	Schedule of Deployment of Funds	
			FY 2012	FY2013
1	Setting up a manufacturing facility at Baddi, Himachal Pradesh to produce equipments			
	- Building, electrification and fit outs	575.00	575.00	
	- Network equipment cost	1,534.68	1,534.68	
2	To meet Research & Development expenditures			
	- Personnel and outsourcing cost	1,500.00	805.00	695.00
	- Research & Development equipments	888.77	888.77	
	- Equipment Prototyping cost	1,584.26	1,584.26	
3	To meet long term working capital requirement	3,000.00	3,000.00	
4	General Corporate Purposes	[•]		
	Grand Total	[•]		

Our Company has spent ₹12.89 lakhs towards issue expenses out of the internal accruals till October 31, 2010, as certified by M/s. P. Chandrasekar, Chartered Accountants, pursuant to their certificate dated November 29, 2010.

Our management, in accordance with the policies set up by the Board, will have flexibility in deploying the Net Proceeds of the Issue.

Details of the Objects

A. Setting up a manufacturing facility to produce 4G equipments

We intend to set up a manufacturing facility at Himachal Pradesh to produce 4G equipments. Our Company has entered in to a memorandum of understanding dated December 11, 2010 for leasing the premises for a proposed period of five years at 18, Ext-Industrial Plot, (SFS), Baddi, District, Salan, Himachal Pradesh from our Promoter upon receipt of approval from Himachal Pradesh State Industrial Corporation Limited. The lease area of the premise would be 4,500 square feet and may be renewable for a further period of five years on the same terms and conditions.

The facility would have a capacity to manufacture approx. 12,000 base stations per annum. We propose to use the facilities to manufacture 4G equipments and other new products that our Company may design and develop in future.

The facility is expected to be fully operational by October, 2011. For details in relation to the approvals obtained and applied for in respect of the facility, please see the section titled “Statutory Approvals and Licences” on page 194 of this DRHP.

Our Company estimates to incur an expenditure of approximately ₹ 575.00 lakhs, towards the establishment of this facility. The break-down of the expenditure and estimated periods of completion is as set forth below:

Item	Fund Requirement
Interior and fitouts/ Furniture(including minor civil work, interior work, internal electriciation and access control, fire protection and detection, air conditioning, fire proof storage and water treatment tank)	250.00
Equipment and Installation (DG Set (1 set), UPS & Cabling, Switches, Routers, Firewalls etc.)	325.00
Total	575.00

We propose to spend a consolidated amount of Rs. 575 lakhs towards interior and fit out expenses including expenditures towards minor civil work, interior work, internal electriciation and access control, fire protection and detection, air conditioning, fire proof storage and water treatment tank, communications devices, Diesel Generators, UPS & Green Power infrastructure, networking equipment viz. cabling, Switches, Routers, firewalls etc and building management systems for the instant premises.

The estimate for Interior and fitouts/ Furniture is based on the quotation received from M/s C.M. Interior Decorators & Contractors dated December 12, 2010. The estimate for Equipment and Installation such as DG Set (1 set), UPS & Cabling, Switches, Routers, Firewalls etc. is based on the quotation received from Gemini Communication Limited dated September 14, 2010.

Implementation Schedule

Sr. No.	Activity	Estimated date of Commencement	Estimated date of Completion
1	Finalising the site for the manufacturing facilities	Already finalized	
2	Complete Electrification, equipment installation, fittings, etc	August, 2011	October, 2011

Network Equipments

We intend to procure equipments in order to set up a manufacturing capacity of upto 12,000 base stations per annum in the new premise which we have taken on lease at 18 Ext, Industrial Plot (SFS), Baddi, District -Salan, Himachal Pradesh. The average expected date of supply of these equipments is approximately 3-4 months from the date of placement of orders. We have not placed any orders in relation to the procurement of the said equipments. The details of the equipments proposed to be acquired by us are given below:

Sr. No.	Description of Item	Quantity	Amount (₹ in lakhs)#	Quotation from	Date of Quotation
	Production line Set-up with a capacity to manufacture 1,000 Base Station Per Month				
1	Printed Circuit Board (PCB)	1	179.46	Moslink Electronic Tech. Ltd.	Sept 23, 2010
2	Automatic Stencil Printer	1	69.85	ESSEMTEC India	Nov 17, 2010
3	Fully Automatic Pick and Place Machine PARAQUDA	1	135.00	ESSEMTEC India	Nov 17, 2010
4	Feeder	1	42.49	ESSEMTEC India	Nov 17, 2010
5	Full Convection Reflow Oven Model RO Vario	1	66.61	ESSEMTEC India	Nov 17, 2010

6	Wave Soldering Machine Model WS 330	1	40.66	ESSEMTEC India	Nov 17, 2010
	N7615B Signal Studio for 802.16 WiMAX	1	7.09	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
8	N9020A MXA Signal Analyzer (Warranty-5years)	1	81.26	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
9	346B 10 MHz to 18 GHz 346 series Noise Source Nominal ENR 15dB (warranty-5 years)	1	2.37	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
10	11713C 11713C Attenuator Switch Driver (warranty- 5 years)	1	1.58	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
11	N1912A P-series Power Meters, Dual Channel (Warranty-5 years)	1	21.77	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
12	N5767A DC Power Supply 60V, 25A, 1500W GPIB, LAN, USB, LXI (Warranty- 5 years)	1	11.45	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
13	U2002A 50MHz-24GHz USB Sensor (Warranty-5 years)	1	21.28	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
14	N3300A Electronic Load Main Frame - 1.8 KW Max (Warranty-5 Years)	1	12.19	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
15	34401A Digital Multi Meter, 6.5 digit (Warranty - 5 Years)	1	4.16	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
16	E3634A DC power supply. Single output, dual range: 0-25V, 7A; 0-50V, 4A 160/ 200W.	1	5.61	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
17	SMU200A Vector Signal Generator	1	213.43	Rohde & Schwarz India Pvt. Ltd.	Nov 17, 2010
18	Celluler Mounter – High Speed	1	119.49	Moslink Electronic Tech. Ltd	Sept 23, 2010
19	Celluler Mounter – Low Speed	1	70.60	Moslink Electronic Tech. Ltd	Sept 23, 2010
20	Feinfocus X-RAY	2	144.57	Moslink Electronic Tech. Ltd	Sept 23, 2010
	Sub Total (A)		1,250.92		
	Test Line PC's & Server with necessary softwares				
1	MSO9254A - Infiniium MSO - 2.5GHz, 10/20 Gsa/s, 4 +16 Channels	1	17.54	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
2	MSO9000A-004 - EZJIT Plus Jitter analysis software installed	1	4.17	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
3	MSO9000A-003 High-Speed SDA and Clock Recovery installed	1	2.24	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
4	MSO9000-009 - Infiniiscan installed	1	1.54	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
5	R-50C-011-3 - Agilent calibration - 3 years	1	0.45	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
6	1131A - Probe Amplifier -	1	2.00	Agilent Technologies	Nov 17, 2010

	InfiniiMax, 3.5GHz			Singapore (Sales) Pte Ltd	
7	R-50C-011-3 - Agilent Calibration - 3 years	1	0.18	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
8	E2675A - Probe head -6GHz InfiniiMax differential browser head - wide span	1	0.78	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
9	E2676A - Probe head - 6GHz InfiniiMax single-end browser	1	0.47	Agilent Technologies Singapore (Sales) Pte Ltd	Nov 17, 2010
	Sub total (B)		29.36		
	ATE equipment for quality check				
	Servers	(6x4)	254.40	Veeras Infotek Pvt. Ltd.	Sept 20, 2010
	Sub Total (C)		254.40		
	Grand Total (A+B+C)		1,534.68		

Notes:

- (1) All of the costs for the equipments are based on quotation /estimates received from suppliers.
- (2) The quotations received for the imported equipments are in Euros, CHF or USD. The amounts represented above have been calculated based on the conversion rate of 1 Euro for ₹ 60, 1 CHF for ₹ 45, 1 Yen for ₹ 0.54 and 1 USD for ₹ 45.

B. Research & Development Expenditures

Research and Development plays a major role in any product design and development. R&D centers helps in designing new products and re-designing existing products to better suit our customer's requirement both on technology and on cost factors. This enables our Company to continuously innovate and serve our customers better, thereby bringing additional revenue to our Company.

We are at present doing research on

1. WiMAX wave 2
2. LTE
3. LTE Advanced

Our Company's R&D activities is divided into two categories i) New Product design, development and ii) Existing product evolution life cycle management and up gradation to higher specification or functions.

i) New Product Development:

For the year 2010 to 2012, our R & D team is engaged in developing -

- A newer and robust WiMAX Hardware which can also be used for LTE technology.
- LTE eNodeB design and software development
- LTE EPC and EMS
- LTE interoperability testing
- Development of middleware for the LTE system.

The new product development would be done in-house, but majority of the portion would be outsourced to our partners. In this model, the partner companies would be giving us the manpower and they will be in-charge to deliver various modules of development process. However, the quality of manpower will be qualified by our Company and monitored by our Company's team from time to time. The outsourcing model will be used only for building new products. Apart from the outsourcing costs, there would be expenses related to prototyping and test setup equipments as explained earlier.

ii) Existing Product / System Life Cycle management:

Currently, our R&D team is engaged in the below activities-

- Up gradation of MicroRed NGN features for better manageability and growing telecom requirement
- Up gradation of PointMAX 11000 to offer more functions and performance for carrier network
- Enhancement of High Availability middleware for PointMAX 11000, PointMAX 20000 and PointMAX 30000 hardware system
- EMS enhancement for real-time analysis
- Up gradation of PointMAX 10000 for higher performance
- Up gradation of PointMAX 11000 from NWG 1.2 specification to NWG 1.5 specification
- Up gradation and re-engineering MicroRed (Pre-WiMAX) system for better performance

For the fiscal 2012 to fiscal 2014, the R&D team will be engaged in the below activities-

- Re-engineering changes to LTE eNodeB and EPC for achieving low cost
- Development and enhancement of LTE system frame work from existing specification to advanced specification
- Maintenance and fixing the network evolution issues in the products to suite operators demand based on the competition and operator demand
- Product lifecycle maintenance and up gradation of WiMAX 2
- Product lifecycle maintenance and up gradation of MicroRed (ISM band radios) with new feature development

Personnel and outsourcing cost

Our Company estimates to spend approximately ₹ 1,500 lakhs towards personnel and outsourcing cost to design and develop new and innovative technologies and products. The existing product / system life cycle management has to be done by our Company's internal team only. The team will be responsible to carry out the above activities. Our Company intends to hire the R&D manpower for the above R&D activities. Our Company will hire the candidates having minimum 3-10 years of relevant industry experience on product development in the telecom space. Our Company will select the R&D personnel in three different categories viz. engineers, senior engineers and team leaders.

Engineer Category	FY 2011-12	FY 2012-13
Engineers	30	25
Sr. Engineers	6	5
Team Leaders	2	2
Total Estimated cost (Rs in lakhs)	805.00	695.00

Research & Development equipments

We are committed to continuing research and development and constantly increase our product portfolio. We believe that our proposed research will enable us to continue to grow our product portfolio and effectively compete with international telecommunications equipment manufacturers.

This research will require substantial investments by means of capital expenditure towards test and development equipments such as LTE compliance Testing tools, WiMAX RF Optimization and Simulation tools, Servers, PCs, etc. We propose to house these equipments at our Research and Development facilities at Bangalore. The following are the details of our proposed expenditure in this regard:

Sr. No.	Description of Item	Quantity	Amount (₹ in lakhs)#	Quotation from	Date of Quotation
	LTE Compliance Testing Tools				
1	ACE MX-2x2-Bi Configuration	2	229.19	Azimuth Systems, Inc.	Nov 15, 2010
2	ACE MX-4x4-Bi Configuration	2	310.04	Azimuth Systems, Inc.	Nov 15, 2010
	Sub Total (A)		539.23		
	WiMAX RF Optimisation and simulation tool				

1	E6474A-656 WiMAX Phone measurement SW license	2	20.84	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
2	E6474A-655 WiMAX Receiver Measurement SW License	2	16.26	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
3	E6474A-063 3 Year Drive Test SUS - Support and Software Update Service	2	9.99	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
4	E6474A-040 MAPEX Mapping Software license	2	1.12	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
5	E6474A-010 Multiple Phone SW License	2	3.04	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
6	W1314A603 WiMAX Scanner 2.5GHz	2	27.00	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
7	R50B-011-3 3 years of Return to Agilent Warranty	2	0.38	Agilent Technologies India Pvt. Ltd.	Aug 9, 2010
8	E6474A-910 Agilent Analysis Solution Base Software	5	20.82	Agilent Technologies India Pvt. Ltd.	Nov 17, 2010
9	E6474A-918 Analysis Solution WiMAX Tech Tool	5	10.69	Agilent Technologies India Pvt. Ltd.	Nov 17, 2010
10	E6474A-911 Analysis Solution Custom report Generation	5	7.32	Agilent Technologies India Pvt. Ltd.	Nov 17, 2010
	Sub Total (B)		117.43		
	Servers & PCs				
1	Servers	10	106.00	Veeras Infotek Pvt Ltd	Sept 20, 2010
2	Personal Computers (PCs)	600	216.00	Veeras Infotek Pvt Ltd	Sept 20, 2010
	Sub Total (C)		322.00		
	Grand Total (A+B+C)		888.77		

Notes:

- (1) All of the costs for the equipments are based on quotation /estimates received from suppliers.
- (2) The quotations received for the imported equipments are in Euros, CHF or USD. The amounts represented above have been calculated based on the conversion rate of 1 Euro for ₹ 60, 1 CHF for ₹ 45, 1 USD for ₹ 45.

Equipment Prototyping Cost

Our Company normally calls our first or original model of hardware or software as a “Prototype Model”. Prototyping involves the production of functionally useful and trust-worthy systems through experimentation with evolving systems. Generally, our Company conducts this experimentation with a lot of user involvement in the evaluation of the prototype. The primary use for prototyping is the acquisition of information that affects early product development. Information obtained through prototyping is important to system designers, R&D, and user teams in identifying issues and problems. Prototyping conserves time and resources prior to the commitment of effort & money to construct a final product. This way, our Company ensures that the final design of the product is free from bugs and would be a commercially deployable product.

Normally, for telecom grade equipments, the first prototype product built would be barely usable. It is usually too slow, too big, too crude in use. Hence, we use the term “throwaway prototype”, generally describing this early use of prototyping. During this stage, there are many components and modules that would have to be discarded after first stage of testing. There is no alternative but to keep re-designing the product prototype version in which problems are solved.

Our Company, after the “Throwaway prototype” stage, builds a “developmental prototype” for incremental design of subsystems. It is used to reduce the risk involved in building a system-level prototype. In this prototyping environment an incremental approach to rapid prototyping of subsystems development is used. This provides for management oversight of the entire process to assure that resource usage is effective and efficient. Product assurance is implemented throughout the process to make certain that the prototype operation contains the necessary components to satisfy subsystem requirements. Post this stage, requirements analysis is performed and reviewed, then incremental specifications are developed and reviewed, followed by design of the approved specifications, and completed by implementation of the final

product. The above approach has been followed for all our products – Microred, WiMAX and currently in Compact Base Stations and LTE. The estimated cost for prototyping is based on management estimates.

Sr. No.	Description of Item	Quantity	Amount (₹ in lakhs)#	Quotation from	Date of Quotation
1	Prototyping of New Base band	22	26.40	NA	
2	Prototyping for LTE eNODE-B base station	20	1,080.00	NA	
3	Prototyping EPC for LTE – For 14 slots system & 6 slots system	5	367.70	Radisys Corporation	Sept 16, 2010
4	Development of Element Management system	2	60.00	NA	
5	Integration of e-NodeB to EPC with redundancy.	5	30.00	NA	
6	LTE User Equipment chipset with software stacks	100	6.66	NA	
7	LTE IoT with User Equipments with e-NodeB and EPC.	1	13.50	NA	
	Grand Total		1,584.26		

Notes:

- (1) All of the costs for the equipments are based on quotation /estimates received from suppliers.
- (2) The quotations received for the imported equipments are in Euros, CHF or USD. The amounts represented above have been calculated based on the conversion rate of 1 Euro for ₹ 60, 1 CHF for ₹ 45 and 1 USD for ₹ 45.

C. To meet long term working capital requirements

Our business is working capital intensive and we avail majority of our working capital in the ordinary course of our business from various banks and our Promoter. As on the date of this Draft Red Herring Prospectus, our Company's working capital facility consisted of an aggregate project specific fund based limit of ₹ 11,150.00 lakhs and an aggregate non-fund based limit of ₹ 10,000 lakhs. As on September 30, 2010, the aggregate amount outstanding under the fund based and non-fund based working capital facilities was ₹ 8,164.53 lakhs and ₹ 5,488.91 lakhs, respectively. For further details of the working capital facility currently availed by us, see the section titled “**Financial Indebtedness**” and “**Financial Statements**” on page 178 and page 116, respectively. Based on our internal estimates and projections as reflected below, we would require additional long term working capital, part of which i.e up to ₹ 3,000.00 lakhs, will be funded by the proceeds of the Issue.

Our Company requires additional working capital for executing its future order book of our Company. As on October 31, 2010, the unexecuted order book of our Company was ₹ 30,360.03 lakhs. For further details of the order book availed by us, see the section titled “**Business Overview**” on page 61 of this Draft red Herring Prospectus.

Basis of estimation of long term working capital requirement

Our Company's estimated current assets and working capital for March 31, 2011 and March 31, 2012, are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2010	As at September 30, 2010	As at March 31, 2011	As at March 31, 2012
Inventories	281.02	348.05	2,140.62	2,956.36
Sundry Debtors	5,970.45	11,290.73	19,979.16	27,592.68
Cash and Bank Balance	375.80	1,896.68	3,141.51	5,456.61
Loans and Advances and Other current assets	1,210.50	8,435.65	7,513.32	9,988.61
Total Current Assets (A)	7,837.76	21,971.11	32,774.62	45,994.26
Current Liabilities	1,659.66	2,206.86	5,007.47	6,158.59

Provisions	0.99	592.57	2,747.04	3,949.60
Total Current Liabilities (B)	1,660.65	2,799.43	7,754.51	10,108.19
Total Working Capital requirement (A) - (B)	6,177.11	19,171.68	25,020.11	35,886.07
Additional long term working capital requirement				16,714.39
<i>Proposed Working Capital funding plan</i>				
Through IPO Proceeds				3,000.00
Internal Accruals or bank borrowings				13,714.39

Assumptions for working capital requirements

Particulars		As at March 31, 2010	As at March 31, 2011	As at March 31, 2012
Inventories	Days of total Sales	10	23	23
Sundry Debtors	Days of total Sales	222	213	213
Sundry Creditor for Goods	Days of total purchase material consumed	83	76	76

Our Company has already availed sanctions of ₹ 11,150.00 lakhs of project specific fund based limit of which ₹ 5,000 lakhs of term loan from L&T Infrastructure Finance Company Limited, ₹ 2,750 lakhs of cash credit facility from Punjab National Bank and ₹ 1,750 lakhs of cash credit facility from Central Bank of India, ₹1,650.00 lakhs of cash credit facility from State Bank of India.

D. General Corporate Purpose

The proceeds of the Issue will be first utilised towards the aforesaid items and the balance is proposed to be utilised for general corporate purposes. In accordance with the policies set up by our Board, we will have the flexibility in using the remaining Net Proceeds of this Issue, for inorganic or other growth opportunities, working capital requirements amongst other things subject to compliance with the necessary provisions of the Companies Act.

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

Our management, in accordance with the policies of our Board, will have flexibility in utilising the proceeds for the purposes mentioned above and earmarked for general corporate purposes.

For risks associated with our proposed utilization of the Net Proceeds of the Issue, refer to “Risk Factors” on page xiii of this Draft Red Herring Prospectus.

E. Issue related expenses

The Issue related expenses consist of underwriting fees, selling commission, fees payable to the BRLM, legal counsels, Bankers to the Issue, Escrow Bankers and Registrar to the Issue, IPO grading, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing our Equity Shares on the Stock Exchanges. We intend to use about ₹ [●] lakhs towards these expenses for the Issue. All expenses with respect to the Issue will be borne out of Issue Proceeds. The break-up for the Issue expenses is as follows:

Activity	Expenses (In ₹ lakhs)#	Percentage of the Issue Expenses#	Percentage of the Issue Size#
Lead management fees	[•]	[•]	[•]
Underwriting, brokerage and selling commission (including commission to SCSBs for ASBA Applications)	[•]	[•]	[•]
Registrar's fees	[•]	[•]	[•]
Advertising and marketing	[•]	[•]	[•]
Printing and distribution	[•]	[•]	[•]
Bankers to the Issue	[•]	[•]	[•]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, fees paid to the IPO Grading agency etc.)	[•]	[•]	[•]
Total estimated Issue expenses#	[•]	[•]	[•]

Will be incorporated after finalisation of the Issue Price.

Interim use of proceeds of the Issue

Our Company, in accordance with the policies formulated by its Board from time to time, will have flexibility in deploying the proceeds received from the Issue. The particular composition, timing and schedule of deployment of the proceeds of the Issue will be determined by our Company based on the development of the projects. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities as may be approved by the Board.

Monitoring of utilisation of funds

Our Board will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the proceeds of the Issue under a separate head along with details, if any in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue in our Balance Sheet for the relevant financial years subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this DRHP and Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the process of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Issue proceeds will be paid by our Company as consideration to our Promoter, our Directors, our Company's key management personnel or the Group Companies, except in the ordinary course of business.

Appraisal

None of the objects of the Issue have been appraised by any banks, financial institutions or agency.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the book building process. The face value of the Equity Shares of our Company is ₹ 10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the telecom equipment sector

- i. Brand Equity and Quality of the products
- ii. Early Mover Advantage in Mobile WiMAX products
- iii. Technology risk mitigation
- iv. Proven Research and Development capabilities
- v. Pan India presence of our Promoter
- vi. Our proven track record and cost-effective products
- vii. Healthy Order Book
- viii. Committed senior management team and a well-qualified workforce

Quantitative Factors

The information presented below is based on the Restated Standalone Summary Statements for the fiscals 2008, 2009 and 2010 and for the half year ended September 30, 2010 for our Company and the Restated Consolidated Summary Statements for the fiscals 2008, 2009 and 2010 and for the half year ended September 30, 2010 for our Company prepared in accordance with Indian GAAP. For details, see the section titled “Financial Statements- Auditor’s Report – Restated Standalone Summary Statements” and “Financial Statements- Auditor’s Report – Restated Consolidated Summary Statements” on pages 139 and 116, respectively.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Earnings Per Share (EPS) (as adjusted for change in capital)

As per our Restated Standalone Summary Statements:

Year Ended	Basic and Diluted EPS (in ₹)	Weight
March 31, 2008	191.59	1
March 31, 2009	(0.19)	2
March 31, 2010	(2.69)	3
Weighted Average	30.52	

The Basic and Diluted EPS for the half year (not annualised) ending September 30, 2010 is ₹ 17.37.

As per our Restated Consolidated Summary Statements:

Year Ended	Basic and Diluted EPS (in ₹)	Weight
March 31, 2008	191.59	1
March 31, 2009	2.77	2
March 31, 2010	18.59	3
Weighted Average	42.15	

The Basic and Diluted EPS for the half year (not annualised) ending September 30, 2010 is ₹ 17.92.

2. Price/Earning (P/E) ratio in relation to the Price Band

Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on Basic EPS as per the Restated Standalone Financial Statements of [●]	[●]	[●]
Based on Basic EPS as per the Restated Consolidated Financial Statements of [●]	[●]	[●]

P/E ratio for the Industry is as follows:

We believe that none of the listed companies in India are engaged exclusively in the business of manufacturing WiMAX products.

3. Return on Net Worth (RONW)

As per Restated Standalone Financial Statements:

Particulars	RONW %	Weight
Year ended March 31, 2008	6.16	1
Year ended March 31, 2009	(1.65)	2
Year ended March 31, 2010	(30.99)	3
Weighted Average	(15.02)	
Half year ending September 30, 2010 (not annualised)	66.68	

As per Restated Consolidated Financial Statements:

Particulars	RONW %	Weight
Year ended March 31, 2008	6.16	1
Year ended March 31, 2009	19.34	2
Year ended March 31, 2010	56.47	3
Weighted Average	35.71	
Half year ending September 30, 2010 (not annualised)	35.25	

4. Minimum RONW after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2010:

- a) Based on Restated Standalone Financial Statements:
 1. At the Floor Price – [●]%
 2. At the Cap Price – [●]%
- b) Based on Restated Consolidated Financial Statements:
 1. At the Floor Price – [●]%
 2. At the Cap Price – [●]%

5. Net Asset Value per Equity Share of face value of ₹ 10.00 each

- (i) Net Asset Value per Equity Share as on March 31, 2010 and as on September 30, 2010 as per Restated Standalone Financial Statements is ₹ 8.68 and ₹ 26.05, respectively.
- (ii) Net Asset Value per Equity Share as on March 31, 2010 and as on September 30, 2010 as per Restated Consolidated Financial Statements is ₹ 32.92 and ₹ 50.84, respectively.
- (iii) After the Issue as per Restated Standalone Financial Statements: [●]
- (iv) After the Issue as per Restated Consolidated Financial Statements: [●]
- (v) Issue Price: ₹ [●]

Issue Price per Equity Share will be determined on conclusion of book building process.

6. Comparison with Industry Peers

We believe that none of the listed companies in India are engaged exclusively in the business of manufacturing WiMAX products.

The Issue Price of ₹ [●] per equity share has been determined by our Company in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process. The BRLM believes that the Issue Price of ₹ [●] per equity share is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the sections titled “Risk Factors”, “Business Overview” and “Financial Statements” beginning on pages xiii, 61 and 116 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in the section titled “Risk Factors” on page xiii and you may lose all or part of your investments

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Point Red Telecom Limited
#18/11B, Roopena Agrahara,
Begur Hobli, Hosur Main Road,
Madiwala,
Bangalore 560 068,
India

Dear Sirs,

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

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

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

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

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

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

Thanking You

Yours Faithfully

For **M/S. P.CHANDRASEKAR**
Chartered Accountants

P. Chandrasekaran
Partner
Membership No. 26037
Date: November 29, 2010
Place: Bangalore

Statement of Tax Benefits

As per current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter-alia, will be available to the Company and its members:

Statement of Special Tax benefits

1. Tax Benefits available pertaining to Free Trade Zone (FTZ) at Taiwan:

Category	Specifics	Preferential policies
Business tax	Goods	Imported or domestic raw material, semi-finished goods, or finished goods are exempted from business tax
	Facilities	Facilities imported from outside the country or shipped from inside the country for the operation of the FTZ are exempted from business tax
	Labor	All labor and logistics services within the FTZ between investors are exempted from business tax
Tariff duties and commodity tax	Goods shipped to the FTZ from outside the country are exempted from import duties	
Trade Promotion Service fees and port duties	Goods shipped to the FTZ from outside the country are exempted from trade promotion services fees and port duties; goods shipped from the FTZ outside the country are also exempted from trade promotion service fees and port duties	
Business income tax	Procured outside the country and exported	Foreign business enterprise or those foreign business enterprise with branch office in the Republic of China that utilize enterprises located within the Free Trade Zone in the Park to store and perform simple processing within the Park and then sell these goods to domestic and foreign customers are exempt from Corporate Income Tax
	Procured within the country and exported	

2. Tax Benefits available to companies at Hong Kong:

- 100% deduction allowed for the capital expenditure incurred on plant and machinery. 20% deduction allowed on capital expenditure for each year in five consecutive years for installations forming part of building or structure.
- Reinsurance companies enjoy a concessionary tax rate on their offshore business operations.
- Interest gained from any deposit with an authorized institution in Hong Kong will enjoy tax exemption. **Note:** This does not include interest received by or accrued to a financial institution.
- There are no withholding taxes levied on dividends and interest.
- Hong Kong follows the territorial system of taxation, where only income / profit sourced in Hong Kong is subject to tax, local companies will not be subject to double taxation on any income they earn outside Hong Kong. Furthermore, any foreign tax paid on an income which is also subject to tax in Hong Kong, is a tax deductible expense.

Statement of General Tax benefits: -

Benefits available to the Company under the Income Tax Act, 1961

1. In accordance with and subject to the provisions of section 32, the Company will be entitled to claim depreciation in respect of tangible assets and intangible assets being in the nature of copyrights and

trademarks or any other business or commercial rights of similar nature acquired on or after 1 April 1998 at the rates prescribed under the Income tax Rules.

2. By virtue of section 10(34) of the Income Tax Act, dividend income referred to in section 115-O of the IT Act, will be exempt from tax in the hands of the Company.
3. By virtue of section 10(35) of the Income Tax Act, the following income shall be exempt in the hands of the Company
 - a. Income received in respect of the units of a Mutual Fund specified under Section 10(23D); or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company;
 - d. Provided that 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:
 - a. "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
 - b. "specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
4. In terms of section 10(38) of the Income tax Act, any long term capital gain arising to the company from the transfer of a long term capital asset being equity shares in a company or units of equity oriented mutual fund on or after the date on which chapter VII of the Finance (No. 2) Act 2004, comes into force would not be liable to tax in the hands of the company if such transaction is covered by securities transaction tax,.

For this purpose, "equity oriented fund" means a fund

- a. Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five per cent of the total proceeds of such fund; and Which has been set up under a scheme of a Mutual Fund specified under clause (23D)
 - b. However 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 115 JB of the Act and will be required to pay Minimum Alternate Tax @ 16.61 % (including surcharge of 7.5% and Education cess of 3% on the overall tax) of the book profits determined.
5. In terms of section 111 A of the Income tax Act, any short term capital gain arising to the company from the transfer of a short term capital asset being equity shares in a company or unit of an equity oriented mutual fund on or after the date on which chapter VII of the Finance (No.2) Act, 2009 comes into force and where such transfer is chargeable to securities transaction tax would be subject to tax at a rate of 10 per cent (plus applicable Education Cess)
 6. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

Benefits available to the Resident Members of the Company under the Income Tax Act, 1961

1. In term of section 10(34) of the Income Tax 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 by the company) is exempt from tax. Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company will be liable to pay dividend distribution tax at the rate of 16.60875 per cent (which includes tax rate of 15 per cent plus a surcharge of 7.5 per cent on dividend distribution tax and education cess of 3 per cent on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.
2. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a company, or any other securities listed in a recognized stock exchange in India, will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition, cost of improvement and expenses incurred wholly and exclusively 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, cost of improvement with the indexed cost of acquisition, and indexed cost of improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as notified from time to time.
4. In terms of section 10(38) of the Income Tax Act, any long term capital gain arising to the members from the transfer of a long term capital asset being equity shares in a company where such transfer is chargeable to securities transaction tax, would not be liable to tax in the hands of the Shareholders. However, in case of shareholders being company, profits on transfer of above referred long term capital asset shall not be reduced in computing the book profits for the purposes of computation of MAT under section 115 JB of the IT Act.
5. As per section 88E of the Income tax Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits and Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as “Capital Gains” or under the head “Profits and Gains of Business or Profession” for such amount paid on account of securities transaction tax.
6. As per section 111A of the Act, short term capital gains arising to the shareholder from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable education cess).
7. 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 and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less at the option of the shareholder.
8. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset”, viz. Bonds of National Highways Authority of India (NHAI) or Rural Electrification Corporation Limited (RECL) within a period of 6 months after the date of such transfer and exempted upto a maximum limit of ₹ 50 lakhs per annum.
9. 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.

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

'Non-Resident' means a person who is not a resident in India. For purposes of the Income-tax Act, 1961, as amended (“**IT Act**”), an individual is considered to be a resident of India during any financial year (April to March) if he or she is in India in that year for:

- a period of 182 days or more or
- 60 days or more and 365 days or more during four years immediately preceding the financial year.

A company is resident in India if it is formed and incorporated in accordance with the Companies Act and has its registered office in India or the control and management of its affairs is situated wholly in India.

A firm or association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

Benefits available to the Non-Resident Members of the Company under the Income Tax Act, 1961

1. Section 48 of the IT Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the

shares. The capital gain (i.e. sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange on the date of sale. The shareholders are not entitled to indexation benefit in such case. In case investment is made in Indian Rupees, the long-term capital gain is to be computed after indexing the cost.

2. As per section 10(38) of the Act, long term capital gains arising to the shareholder 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. As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under section 10(38) of the IT Act would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities, calculated at the rate of 20 per cent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 per cent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore the same would be chargeable to tax at a concessional rate of 10 per cent (plus applicable surcharge and education cess) without indexation benefits.
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 and exempted upto a maximum limit of ₹ 50 lakhs per annum.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

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

- a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
 - b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. As per section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or 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 such shares is used for purchase of a residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
 6. Under section 115-I 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:
 - a. As per 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 and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
 - b. 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 of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - c. 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.

- d. 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 XIII 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.
7. 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.
8. As per the provisions of Section 206AA of the IT Act, notwithstanding anything contained in any other provisions of this Act, any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVII B shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the higher of the following rates, namely:
 - (i) at the rate specified in the relevant provisions of this Act,
 - (ii) at the rate or rates in force,
 - (iii) at the rate of twenty percent.

The characterization of the gains/losses in the hands of the shareholder, arising from sale of shares, as capital gains or business income would depend on the nature of holding and various other factors.

9. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year are allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

Benefits available to Foreign Institutional Investors ('FII')

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.
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 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 (%)

- Long term capital gains 20%
- Short term capital gains (other than referred to section 111A) 15%

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

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

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

- a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
 - b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
6. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year are allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

Exemption of capital gain from income tax

- According to section 10(38) of the IT Act, long-term capital gains on sale of shares or unit of equity oriented mutual fund where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT.
- According to the provisions of section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted 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 bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is ₹ 5 million.

Benefits available to Mutual Funds

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

Tax Treaty Benefits

A non-resident investor has the option to be governed by either the provisions of the Income Tax Act or the provisions of the Tax Treaty that India has entered into with the country of which the non-resident investor is a tax resident, whichever is more beneficial.

Benefits available to Venture Capital Companies /Funds

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

Benefits to shareholders of the Company under the Wealth Tax Act, 1957

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.

Benefits to shareholders of the Company under the Income Tax Act with respect to shares received without consideration

As per provisions of Section 56(2)(vii)(a) of the IT Act which has been inserted w.e.f 01.06.2010 and subject to exception provided in second proviso to this clause, any Individual or Hindu Undivided Family receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the aggregate fair market value of such shares and securities as exceeds such consideration, is chargeable to Income-tax under the head Income from other sources in the hands of the recipient.

Security Transaction Tax (STT)

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange in India or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of the Act.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Bill, 2010
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Point Red Telecom Ltd for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

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 shares.

For **M/S.P.CHANDRASEKAR**
Chartered Accountants

P.Chandrasekaran
Partner
Membership No. 26037

Date: November 29, 2010
Place: Bangalore

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various publicly available sources, government publications and other industry sources. This information has not been independently verified by us, Book Running Lead Manager, or their respective legal or financial advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Overview of Indian Economy

There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The growth rate of the gross domestic product (GDP) in 2008-09 was 6.7 per cent, with growth in the last two quarters hovering around 6 per cent. Inevitably, India's fiscal deficit increased from the end of 2007-08, reaching 6.8 per cent (budget estimate, BE) of GDP in 2009-10. (Source: *Economic Survey of India, 2009-2010*).

As per the advance estimates of GDP for 2009-10, released by the Central Statistical Organisation (CSO), the economy is expected to grow at 7.2 per cent in 2009-10, with the industrial and the service sectors growing at 8.2 and 8.7 per cent respectively. (Source: *Economic Survey of India, 2009-2010*).

India, the world's second largest democracy in terms of population (~1.16 billion people) had a GDP on purchasing power parity basis of approximately US\$3,570 billion in 2009. This makes India the fifth largest economy in the world after the European Union, United States of America, China and Japan in purchasing power parity terms. The following table presents a comparison of India's real GDP growth rate with the real GDP growth rate of certain other countries:

Countries	2007 (estimated) %	2008 (estimated) %	2009 (estimated) %
Australia	4.8	2.2	1.0
Brazil	6.1	5.1	-0.2
China	13.0	9.0	8.7
India	9.0	7.4	6.5
Japan	2.3	-1.2	-5.3
Malaysia	6.2	4.6	-2.8
Russia	8.1	5.6	-7.9
Thailand	4.9	2.5	-2.8
UK	2.6	0.5	-4.8
USA	2.1	0.4	-2.4

(Source: *CIA World Factbook website*)

Indian Real GDP Growth

India is also amongst the fastest growing economies globally and has grown at an average growth rate of more than 7% in the decade since 1997, reducing poverty by about 10 percentage points. India achieved 9.7% GDP growth in FY 2007, 9.0% in FY 2008 and 6.7% in FY 2009. GDP growth is estimated to be 7.4% for FY 2010. (Source: *Economic Survey 2009-2010, RBI; Ministry of Statistics and Programme Implementation*)

The following table sets forth the key indicators of the Indian economy for the past five fiscal years.

(Annual percentage change, except for foreign exchange reserves)

	As at and for the year ended March 31,				
	2006	2007	2008	2009	2010
Real GDP growth ⁽¹⁾	9.5	9.7	9.0	6.7	7.4
Index of Industrial Production ⁽²⁾	8.2	11.5	8.5	2.6	10.4
Wholesale Price Index ⁽²⁾	4.4	5.4	4.7	8.3	3.8
Foreign Exchange Reserves (in US\$ billion)	145.1	191.9	309.1	252	254.7

(1) At 1999-2000 prices

(2) Index Base 1993-94= 100

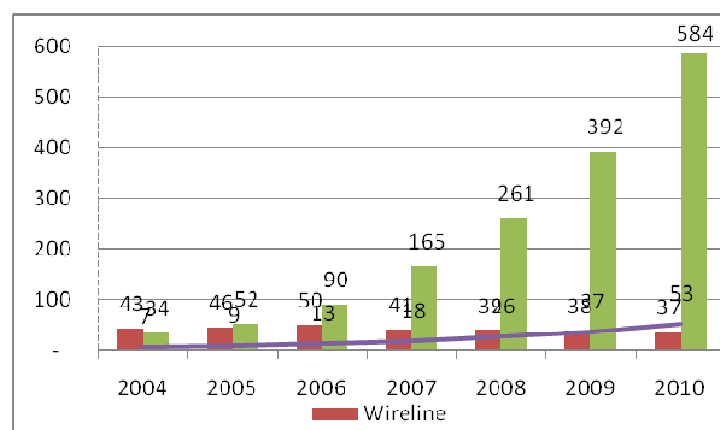
(Source: Economic Survey 2008-2009, RBI; Ministry of Statistics and Programme Implementation)

India's demographic composition augurs favourably; it is estimated that by 2015 the population in the 20-29 age group would have crossed 210 Mn. In addition, the middle class presently is estimated to be over 300 Mn. The youth and the growing middle class drive the consumption story.

(Source: www.pwc.com; WiMAX Forum – Mobile WiMAX Outlook 2015)

Telecom Subscriber Growth (in Million)

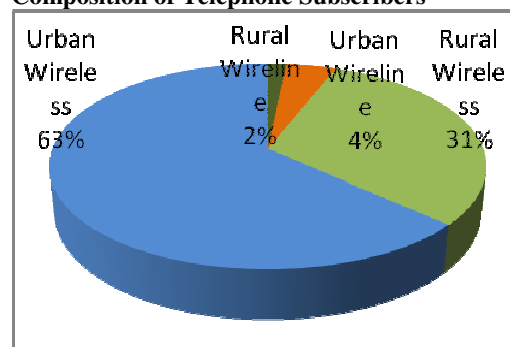
The number of telephone subscribers in India increased to 621.28 Million at the end of March 2010. The overall Teledensity in India has reached 52.74 as on March 31, 2010. During fiscal 2010, out of 621.28 million subscribers, rural subscribers base increased to 200.81 million (addition of 78.60 million subscriber as compared to fiscal 2009) while urban subscriber base increased to 420.47 million (addition of 112.04 million during fiscal 2009). The share of rural areas in total subscription has increased from 28.4% in fiscal 2009 to 32.3% in fiscal 2010.



(Source: TRAI)

As of March 31, 2010, only 24.29% of Indians in rural areas have phone connection while in urban areas its 119.73%.

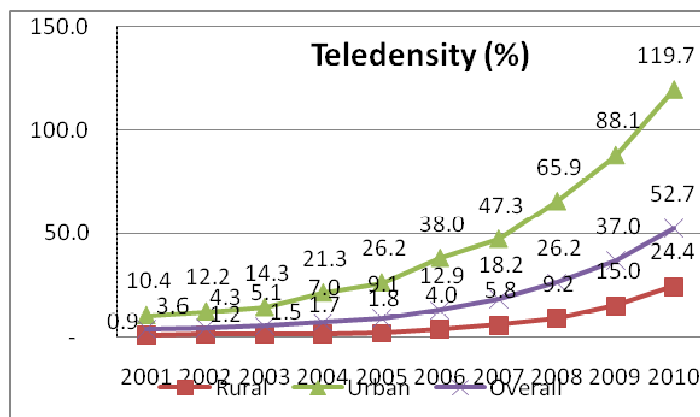
Composition of Telephone Subscribers



(Source: TRAI)

Teledensity

Growth in overall teledensity is mainly attributable to the exponential growth of mobile services in both urban and rural areas. However, there continues to be a rural-urban divide in terms of number of mobile subscriber vis-à-vis population. Only 21 percent of Indians living in rural areas have access to mobile phone connections. There are still more than 500 million un-served population located mainly in rural areas with moderate to low capacity to pay for the telecom services.



(Source: TRAI – Annual Report 2009 and The Indian Telecom Services Performance Indicators, July 22, 2010)

Further, increasing mobile penetration has had a cascading effect on the Indian telecom manufacturing sector. Demand for mobile handsets and telecom equipments has increased over the years. India ranks fourth in telecom equipment manufacturing in the Asia-Pacific region. India had a 6 percent share of the region's total telecom equipment production in 2009. (Source: www.pwc.com; WiMAX Forum – Mobile Broadband Outlook 2015)

India striding towards mobile broadband services

The recently concluded 3G spectrum and BWA auction saw intense competition among the bidders resulting in a revenue inflow of ₹ 1.06 trillion for the government, surpassing most estimates.

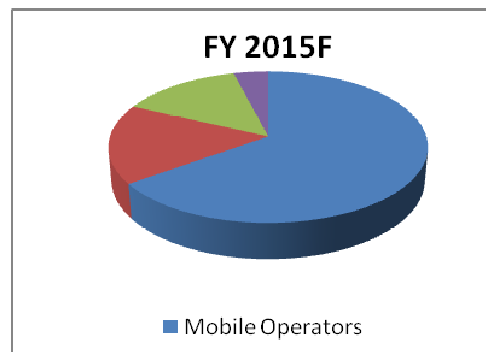
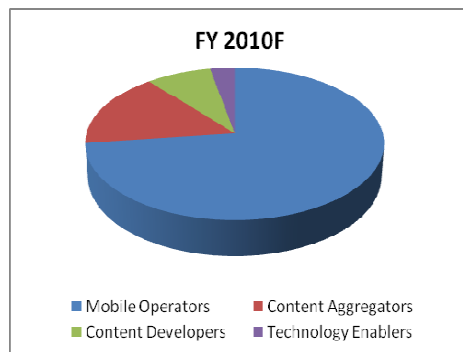
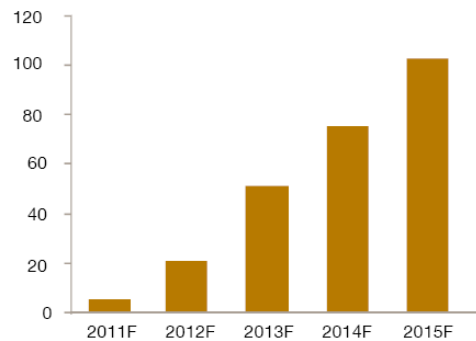
Following the completion of the auction operators are expected to launch 3G and BWA services soon after receiving the spectrum from the government. The public sector operators BSNL and MTNL who have already received the 3G spectrum have launched 3G services in select cities. This will help address the supply side constraint.

The phenomenal take-up of mobile communication in India has driven revenues for mobile operators in India from ₹ 650 billion in 2006-07 to over ₹ 1000 billion in 2008-09 growing with CAGR of 25 percent. The rollout of the 3G and BWA services in India is expected to have significant impact on entire telecom value chain including telecom operators, handset manufacturers, equipment vendors, VAS players.

Following the rollout of the 3G services by the private operators in 2011, the 3G related revenue for the mobile service (excluding manufacturing) industry will witness significant growth. With high speed capability and better content based service offerings the rollout of mobile broadband services will give data usage the much needed impetus. The increased data usage on 3G network will lead to incremental 3G data service revenue of over ₹ 100 billion in 2015 growing at CARG of 112 percent between 2011 and 2015. Further, 3G mobile subscribers are expected to grow at a CAGR of 190 percent between 2011 and 2015, attributable to fall in the prices of 3G enabled handsets, availability of wider range of multi media services through 3G and reduced tariffs.

Telecom equipment vendors are expected to receive fresh contracts for 3G network roll out from the telecom operators. The incremental revenue for the telecom equipment vendors is expected to cross ₹ 150 billion in fiscal 2015.

Incremental 3G Data Revenue (In Billion)



With growing demand for the mobile broadband services mobile operators will be required to invest in building additional capacity to meet the demand. In addition, with huge potential opportunity for providing new and innovative value added services on mobile other VAS value chain players like content developer, aggregator and technology enablers are also expected to make investments. Further, handset manufacturers and the telecom equipment vendors will also be investing in manufacturing and research & development to cater to domestic demand. The total cumulative investment related to mobile broadband services is expected to be in the region of ₹ 500 billion for the period of 2010-15.

Long Term Evolution (LTE) – Evolution

Long Term Evolution (LTE) initiated in 2004, the project focused on enhancing the Universal Terrestrial Radio Access (UTRA) and optimizing 3GPP's radio access architecture. Targets were to have average user throughput of three- to four-times the Release 6 HSDPA levels in the Downlink (100Mbps), and two to three times the HSUPA levels in the Uplink (50Mbps).

In 2007, the LTE of the 3rd generation radio access technology – “E UTRA” – progressed from the feasibility study stage to the first issue of approved Technical Specifications. By the end of 2008, the specifications were sufficiently stable for commercial implementation. LTE's E UTRA uses a number of defined channel bandwidths between 1.25 and 20 MHz (contrasted with UTRA's fixed 5 MHz channels).

LTE is the first technology designed explicitly for Next Generation Networking (NGN) and is set to become the de-facto NGN mobile access network standard. It takes advantage of NGN capabilities to provide an always-on mobile data experience comparable to wired networks.

- LTE supports peak data rates of more than 100 Mbps on the downlink when using 20 MHz channel bandwidth, two transmit antennas at the base station and two receive antennas at the User Equipment (UE). LTE also supports peak data rates of more than 50 Mbps on the uplink when using a 20 MHz channel bandwidth; and single transmit antennas at the UE and base station.
- LTE generates ten to twelve times the throughput on the downlink and eight to ten times the throughput on the uplink relative to 3GPP Release 6.

- LTE improves spectrum efficiency as defined relative to Release 6. The uplink and downlink capabilities are two to four times the spectral efficiency of High-Speed Packet Access (HSPA).
- LTE has flexible duplex methods. Both Frequency Division Duplex (FDD) and Time Division Duplex (TDD) are valid spectrum allocations and allow LTE to accommodate various channel bandwidths in the available spectrum.
- LTE interoperates with W-CDMA, GSM, and CDMA2000 systems. Multimode Ues will support handover to and from these other systems.
- Legacy technologies such as HSPA+ and Enhanced EDGE will continue to operate within the new network architecture.

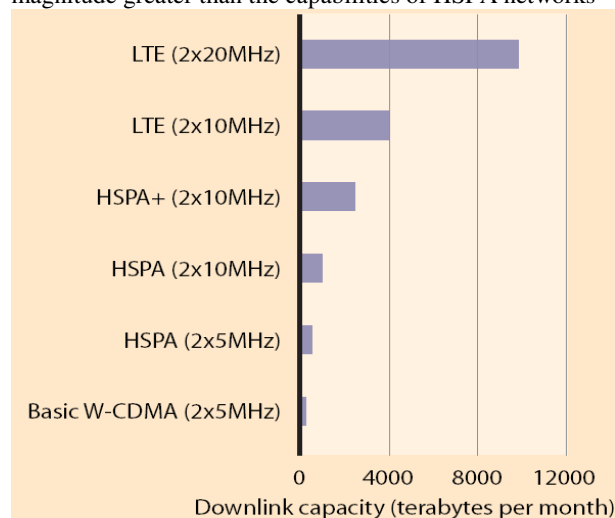
Benefits of LTE

LTE can be seen as the next step in the evolution of the GSM/UMTS cellular family. It is a major step. LTE is designed to deliver a range of services focused on data and a user experience comparable with that of a PC user in a fixed broadband environment.

Technical benefits for operators include flexible spectrum usage and fewer types of functional elements (nodes). Economic benefits include increased spectrum efficiency and backhaul, based on IP/MPLS (Internet Protocol/ Multi Protocol Label Switching), that is optimised compared with current HSPA networks.

The all-IP nature of LTE means converged services will become a reality. LTE will coexist with other next generation access technologies, and end-users will be able to roam from fixed to mobile networks with no disruption in service.

But the bottom line advantage of LTE is that it can deliver the massive capacity required by the shift to data and video at a much reduced cost. For a typical deployment of 10,000 base stations, Analysys Mason estimate in their recent report to the UMTS Forum – “Global Mobile Broadband: Market potential for 3G LTE” – the downlink capacity of an LTE network to be 4000 terabytes per month for a 2x10 MHz deployment, an order of magnitude greater than the capabilities of HSPA networks



This massive increase in capacity comes at a lower cost per bit. The cost per megabyte could drop by a factor of 3, from Euro 0.03 for HSPA (2x5 MHz) to Euro 0.01 for LTE (2x5 MHz), according to the Analysys Mason study.

High Definition (HD) video streaming will be possible with LTE. Increased uplink data rates will encourage video blogging through the improved ability to upload video content to social networking sites. Collaborative Web 2.0 applications will boost mobile Internet adoption, driven by mobile social networking services already being developed by Google and Yahoo!

Pictures taken on LTE devices will be automatically synchronised with and backed up on home computer systems where they will be available to view through IPTV set top boxes. Users will be able to embrace ‘follow me content’ services where video traffic is time-shifted or place-shifted between mobile and fixed networks.

LTE's ability to interconnect to other technologies delivers a simplified and fully integrated service level and experience.

The low cost of data delivery combined with the low latency inherent in LTE will make real-time online gaming, popular on the home PC today, a reality anywhere. The LTE infrastructure could even compete with mobile TV broadcast systems using the proposed Multicast Broadcast Single Frequency Network (MBSFN) functionality.

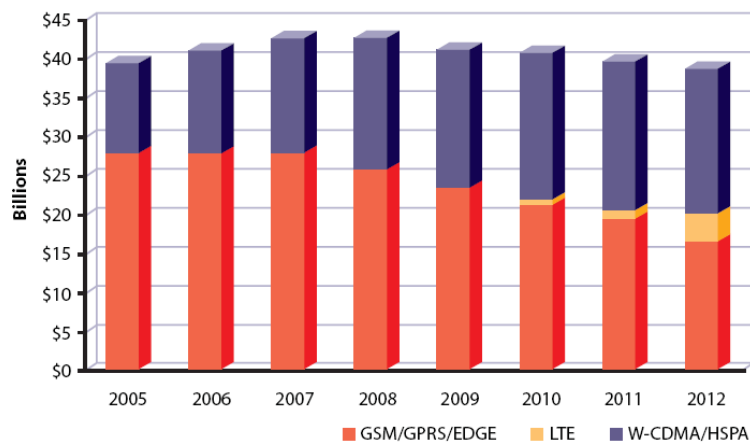
Source: White paper from the UMTS Forum – February 2009

Operator Migration

Different regions of the world are at different stages on the road to LTE. Mature markets in the developed world are already seeing widespread deployments of HSPA whereas many emerging markets are still rolling out GSM/EDGE networks.

Added to that divergence is the fact that LTE has profoundly impacted the balance between current technology roadmaps and has disrupted the overall dynamics of the market. The days of parallel technology universes seem to be numbered. The plans of some major CDMA operators to realign their migration paths towards LTE could result in some LTE deployments occurring as early as 2010.

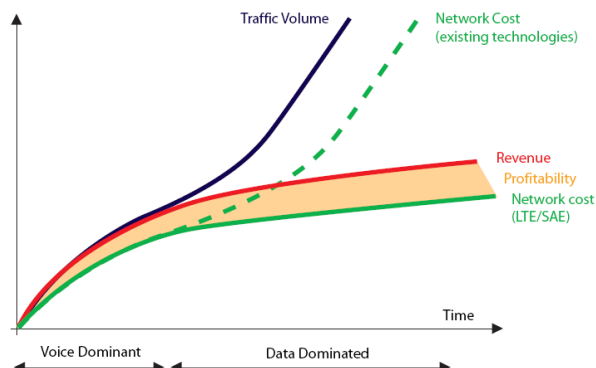
Global capex forecast for GSM, WCDMA and LTE



Source: White paper from the UMTS Forum – February 2009

Data Challenge

Massive increases in data traffic can stress the existing radio access network and backhaul infrastructure. One suggested solution is to optimise the network to support the dominant traffic type, moving from voice-driven to data-driven architectures.



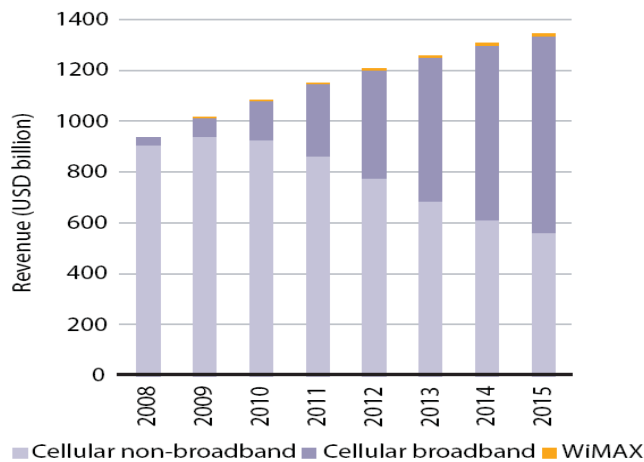
The cost per bit must be reduced for operators to remain profitable

Source: White paper from the UMTS Forum – February 2009

Networks with greater capacity but lower costs per bit need to be deployed to handle the future demand for mobile broadband. The roadmap developed by 3GPP enables operators to do just that – irrespective of their legacy network infrastructure. 3G HSPA is the first step, followed by flat network architecture options such as 3G HSPA Evolution (HSPA+) and 3G Long Term Evolution (LTE) that promise even higher throughput.

Wireless service revenue worldwide, 2008–2015

The network evolution options provide a toolkit that will allow operators to satisfy the demand for mobile broadband and more than compensate for the decline in voice and messaging revenues.



Source: White paper from the UMTS Forum – February 2009

Mobile Service Outlook

There is still a large section of Indian population not served by mobile services. The growth story of the mobile services is expected to continue for 3-5 years driven by high subscriber additions in mostly non-urban areas and multiple SIMs purchased by the existing subscribers in urban India. The majority of the next 500 million subscribers are expected to be added in the semi-urban and rural areas. The mobile subscriber base will cross 1 billion in 2014, growing at a CAGR of more than 9 percent (2010 to 2015). The mobile penetration in India is projected to cross 80 percent in next 4 years.

The urban mobile teledensity, which has already crossed 100 percent mark in 2010 as per TRAI will reach 125 percent by 2015, while the rural mobile density will increase more than three times the current level of 20 percent to reach approximately 63 percent by 2015. The market will begin to saturate in terms of subscriber numbers starting 2013.

Mobile Broadband Market

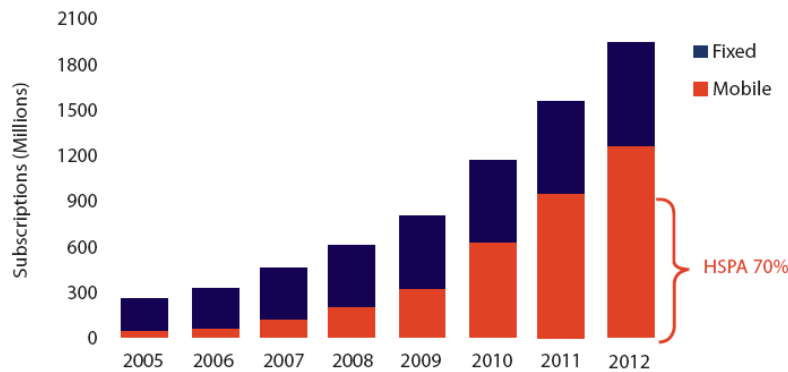
Growth Drivers

Mobile broadband has finally arrived; in a big way. The volume of high speed mobile data traffic has increased explosively since the deployment of HSPA networks.

- The enhanced speeds and performance delivered by HSPA networks
- An innovative approach to tariffing is the second factor fuelling the current boom in mobile data.
- Consumer expectations

The demands of mobile broadband are surfacing at just the right time. Consumers can now experience mobile broadband at data rates and prices comparable with fixed broadband. The confluence of supply and demand is driving mobile broadband into a new growth phase. Many of the broadband users expected to get online over the next few years will use wireless networks as their primary broadband access method. Mobile broadband subscribers are predicted to outnumber fixed broadband subscribers in the very near future.

Broadband subscription forecast



Source: White paper from the UMTS Forum – February 2009

WiMAX Market Outlook

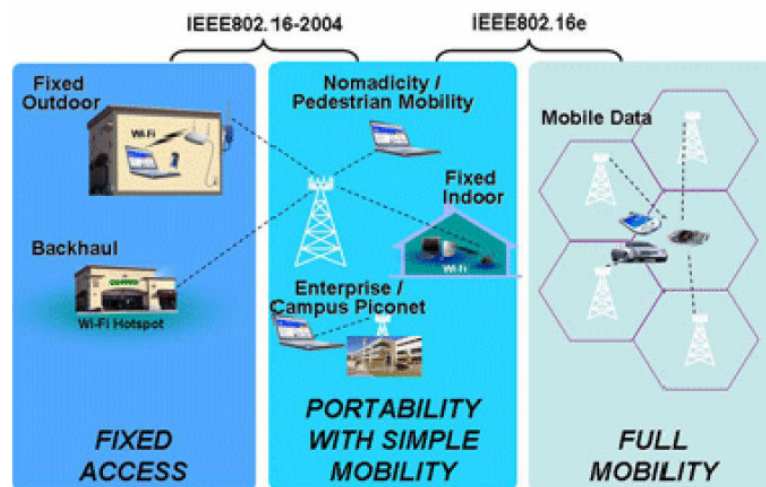
Indian telecom market has been growing at a CAGR of approximately 30 percent since 1995 and still growing strong. The high growth of the Indian telecom market can mainly be attributed to mobile services which have grown at a CAGR of more than 117 percent during the period 1995-2009. With additions of more than 14 million subscribers per month in the year 2009, the telecom subscriber base has grown to 601 million in April 2010, second only to China.

(Source: www.pwc.com; WiMAX Forum – Mobile WiMAX Outlook 2015)

WiMAX: WiMAX is point to multipoint wireless broadband access technology conforming to the IEEE (Institute of Electrical and Electronics Engineers) 802.16 standards. Main technology comprise 802.16d and 802.16e. In comparison with Wi-Fi, another wireless Internet access technology based on the IEEE 802.11 standard, WiMAX enables faster data transmission and has a wider range. WiMAX support three types of access: fixed, nomadic and mobile.

802.16d (IEEE 802.16d – 2004): Using OFDM (Orthogonal Frequency –Division Multiplexing) technology, 802.16d is specifically developed for fixed WiMAX and is able to cover an area of 50 kilometers with a maximum speed of 75Mbps.

802.16e (IEEE 802.16e – 2005): Developed for nomadic and mobile WiMAX, the 802.16e technology was approved by IEEE in December 2005. Within a range of three 57avouring57 from the base station, 802.16e technology is designed to offer WiMAX service with a maximum speed of 15Mbps in nomadic or mobile mode.



	IEEE 802.16	IEEE 802.16 Rev'd	IEEE 802.16e
Completed	December 2001	May 2004	Est. Mid-2005
Spectrum	10 - 66 GHz	2 - 11 GHz	2 - 6 GHz
Application	Backhaul	Wireless DSL & Backhaul	Mobile Internet
Channel Conditions	Line of Sight Only	Non-Line of Sight	Non-Line of Sight
Bit Rate	32 - 134 Mbps at 28-MHz Channelization	Up to 75 Mbps at 20-MHz Channelization	Up to 15 Mbps at 5-MHz Channelization
Modulation	QPSK, 16QAM & 64QAM	OFDM 256, OFDMA 2048 QPSK, 16QAM, 64QAM	Same as 802.16d, Scalable OFDMA
Channel Bandwidths	20, 25 & 28 MHz	Selectable Channel Bandwidths Between 1.5 & 20 MHz	Same as 802.16d

Source: WiMAX Forum

Total Deployments*

Region	Deployments	Countries
Africa	117	43
CALA	117	33
Asia-Pacific	113	23
Eastern Europe	86	21
Western Europe	78	17
North America (USA/Canada)	53	2
Middle East	29	10
Total	593	149

*Note: "Deployments" in this case refers to WiMAX networks that are either in service or planned/in deployment (i.e. base stations are being deployed, but there are few/no subscribers yet).

**Note: "Countries" in this case is representative of distinct telecommunications markets, and therefore this number may equal more than the total number of sovereign nations recognized by the UN. For example, Hong Kong and China have different regulatory structures, and are therefore treated as different markets.

Key Highlights:

- Worldwide vendor revenue from 802.16d and 802.16e WiMAX network equipment and devices hit \$1.08 billion in 2009
- The WiMAX market is showing positive signs of steady growth from this year onward, with major rollouts underway in USA, Japan, Russia, and India
- Starting in 2011-2012, 802.16m WiMAX products are expected to be tested, certified, and commercially available, offering speeds comparable to LTE
- The number of WiMAX subscribers jumped 75% in 2009 to 6.8 million worldwide

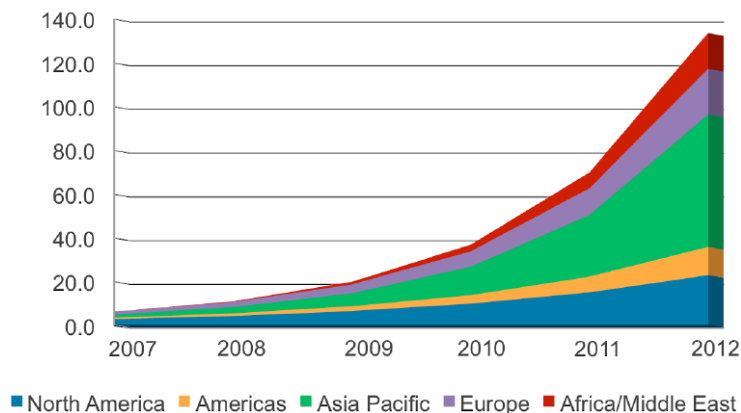
(Source: <http://www.wimaxforum.org/events/endorsed-industry-events/global-wimax-summit-2010>)

POPs Coverage

In February, 2010, WiMAX Forum announced that as of the end of 2009, WiMAX service providers cover more than 621 Million people. This estimate shows that WiMAX is on track to reach last year's EOY2010 forecast of 800M+ people. WiMAX Forum now forecasts that by 2011 there will be over 1 Billion people across the world within WiMAX coverage. This POPs update is a yearly project, and will be updated again at the beginning of 2011. Below is a regional breakout of the estimate:

Region	POPs covered
Africa	81.35
CALA	113.25
Asia-Pacific	237.15
Eastern Europe	82.89
Western Europe	27.39
North America (USA/Canada)	47.00
Middle East	32.55
Total	621.58

As per WiMAX Forum estimates, by fiscal 2012, the total WiMAX users will reach to 133 million. The geographic subscriber's chart is given below:

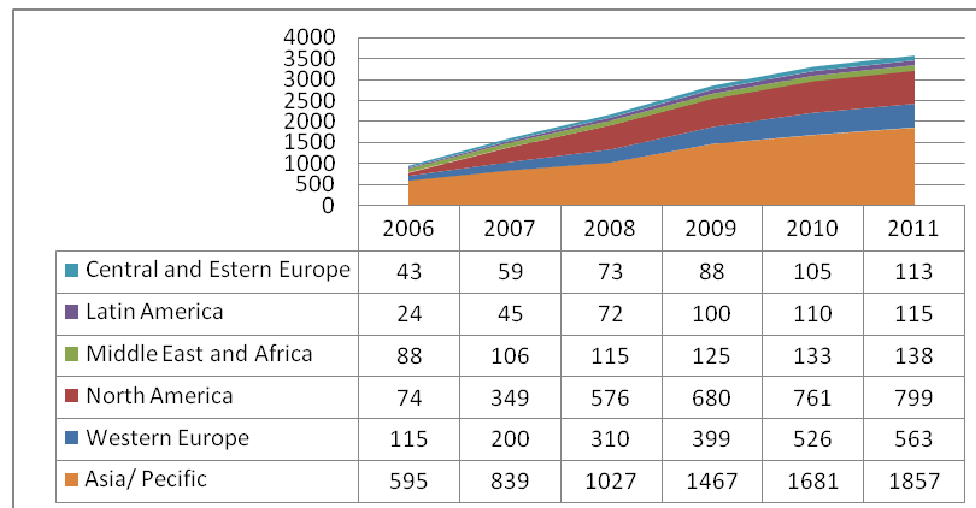


(Source: WiMAX Forum – White Paper)

According to IDC research, total global investments in basic WiMAX infrastructure will reach US\$3.585 billion by 2011. And by that year, the Topology Research Institute (TRI) predicts the WiMAX chips market will be valued at US\$1.105 billion, with a total of 41.1 billion users. The future holds unforeseen business 59avouring59ies for WiMAX technology.

Investment Amount for Basic WiMAX Infrastructure Around the World 2006 ~ 2011

(USD Million)



With the exception of few countries, the Asia-Pacific region has a low broadband internet penetration rate and lacks the relevant infrastructure. Moreover, with a population of three billion (nearly half of the world's population), the Asia-Pacific is set to play a decisive role in global WiMAX market development. IDC data indicate that the Asia-Pacific will have more than a 50% share of global investment in basic WiMAX infrastructure by 2011.

(Source: http://investtaiwan.nat.gov.tw/doc/industry/01WiMAX_Industry_eng.pdf)

WiMAX – a way forward in India

India is a huge market for broadband wireless services and offers immediate and enormous potential for growth. WiMAX is the only 4G broadband technology compatible with the 2.3 GHz BWA spectrum in India that today enjoys widespread global deployment along with a mature ecosystem of vendors, devices and applications. It offers Indian consumers both fixed and mobile high speed access to all internet services. WiMAX already

powers a wide array of terminal devices today, from notebooks, dongles, CPEs, handhelds, and home/business VoIP gateways to the latest Smartphone's, personal hotspots, and machine to machine devices.

WiMAX technology is well suited for India in the 2.3 GHz band with 20 MHz per operator. WiMAX has a proven field performance with nearly 10 million devices deployed today. WiMAX also has very attractive equipment pricing today with continuing price reductions. The WiMAX ecosystem has a firm roadmap to continued Release 1 enhancements and significant performance increases with the next generation Release 2 technology, with only a minor investment to upgrade the infrastructure segment while fully supporting legacy terminals. WiMAX is the only choice today and the right choice for the future of Indian wireless broadband.

(Source: WiMAX Forum)

Mobile broadband service

Mobile broadband is about more than enhanced application and network performance; it is also a catalyst for business-model innovation, driving change in the way services are delivered as well as revenues generated. Long-term potential of mobile broadband is enormous, it's not hard to imagine video players, personal navigation, and gaming devices all benefiting from enhanced connectivity. In the industrial sector, the opportunity is possibly greater, with phenomenal potential in healthcare, financial services, retail, Government services and so on. Mobile Broadband Services (MBS) in India will be driven by both supply and demand side factors:

Demand Side Factors

- **600+ million subscribers** – India has a rapidly increasing mobile subscriber base with the highest number of net mobile subscriber additions in the world. This factor is expected to be the biggest driver for MBS in India.
- **Availability of low cost handsets** – OEMs are planning to launch 4G enabled handsets priced at USD 100 by next year, which will push the adoption of 4G services even amongst lower income groups in India.
- **Lack of availability of broadband services** – High cost associated with provisioning of fixed broadband services has led to lack of fixed broadband infrastructure. High cost of ownership (higher monthly commitment) for subscriber has also not helped in creating the necessary demand for fixed broadband. Mobile handsets are available at low prices compared to the high cost PCs (sub 200 USD PCs are yet to see commercial deployments on a large scale) leading to lower entry costs for customers.
- **Young Demographic Profile** – It is estimated India's population in the 20- 29 age group will be over 210 million by 2015 . Lowering of age profile of handset owners is likely to result in higher uptake of MBS as the youth and upwardly mobile professionals are more inclined to try new services. India is also witnessing the rise of a new generation eager to consume on-demand services and products, driven by higher incomes, a more global outlook and a higher propensity to spend vis-à-vis the earlier generations.
- **Enterprises** – enterprises will drive demand for mobile broadband with their ability to pay, need for remote access and productivity enhancing applications.
- **High use of VAS by other sectors** – Other sectors like media channels have been using SMSes to promote programs, run contests, provide feedback/voting etc driving up VAS usage. Example: Recently concluded Indian Premier League was promoted and viewed over Youtube using mobiles.

Supply Side Factors

- **Better business case for wireless than fixed line** – Capital expenditure required per subscriber for fixed line broadband is in the range of ₹ 45,000 -90,000, whereas for mobile broadband the capital expenditure per subscriber is expected to be ₹ 3000-4500 only. Especially, in rural areas with low population densities mobile broadband access can be a substitute for fixed broadband access in order to make the economics more attractive.

Hyper Competitive Environment – Indian mobile market is one of the most competitive in the world, with as many as 8-9 players in each circle and a HHI index of .15. Given the highly competitive market and proposed mobile number portability, it is getting increasingly important to differentiate offerings. The intense competition has also put downward pressure on ARPU and EBITDA margins. Therefore, it is imperative that operators look at differentiators beyond price. Mobile broadband Services (MBS) will facilitate operators to increase share of data revenue and more importantly create differentiators.

(Source: www.pwc.com; WiMAX Forum – Mobile WiMAX Outlook 2015)

BUSINESS OVERVIEW

The following information is qualified in its entirety by, and should be read in conjunction with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the section “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page xiii and page 163, respectively, of this Draft Red Herring Prospectus.

Overview

Our Company is the only Indian company manufacturing WiMAX equipments which are certified by WiMAX Forum. Our Company is principally engaged in designing, manufacturing and supplying of pre-WiMAX, mobile WiMAX, LTE and 4G (fourth generation) products to telecom operators worldwide. Being headquartered in Bangalore, India, provides us access to quality resources thus enabling innovation, productization and leadership.

We were incorporated in India in March 2005 and subsequently were acquired by GCL in June 2006. At the time of acquisition, our Company had TDM and back haul solutions under the brand name of “MicroRed”. It was based on proprietary and WiFi technology. Post acquisition, our Company designed, developed and commercialised MicroRed NGN, PointMAX (WiMAX) and PointLite (LTE/LTE Advanced) range of products.

Our Company has manufacturing facility in Tao Yuan, Taiwan and R&D facility in Bangalore India. By this, our Company leverages quality manufacturing from Taiwan and innovative product development in India. This enables us to have a significant techno-commercial advantage over our competitors.

Post acquisition of our Company by GCL, our Company has successfully commercialized its mobile WiMAX range of products. It continues to innovate and develop its WiMAX capabilities having an eye on the future technologies like WiMAX 2 and LTE/LTE Advanced. Our Company has already started investing in to these future technologies and is in an advanced stage of product roll out.

Our Company’s products are deployed across various global telecom operators such as BSNL, Tata Tele Services Limited, Tata Communications Limited, Unwired Broadband, United Nations OPS etc. Our wholly owned subsidiary in Hong Kong, value adds to our global supply chain management. We have our sales and marketing team strategically posted in Delhi, Mumbai, Bangalore, Chennai and Taiwan to address the growing wireless broadband market. . We market our products in Europe, South America and CIS countries through our partners and sales consultants

As on date, our Company has the distinction of having received the maximum number of products certified by the WiMAX Forum. Six of our products such as PointMAX 10000, Point MAX 2500, PointMAX 3000, PointMAX 3000V, PointMAX 3000VW and PointMAX 1100 are certified by WiMAX Forum. The certification received by our Company allows us to establish our product strength and deployment capabilities in the global market. It also gives our Company a substantial advantage over non-certified competitors and we intend to leverage our certified status to further improve our market share.

We are accredited by the International Organization for Standardization, with our quality management systems certified to ISO 9001:2000 standards.

Our Promoter, GCL, is one of the leading system/network integrators in India having a global presence. GCL has nationwide presence in over 194 locations and has deployed over 1800 field engineers at these locations. We leverage the recognition and position enjoyed by GCL by teaming up with GCL in various projects having specific qualification criteria, wherein we could capitalize the track record of GCL. As of October 31, 2010, our unexecuted order book stood at ₹ 30,360.03 lakhs.

For the financial year ended March 31, 2009 and 2010, we had consolidated total income of ₹ 4,015.64 lakhs and ₹ 9,837.32 lakhs respectively and a consolidated net profit, as restated, of ₹ 280.84 lakhs and ₹ 1883.48 lakhs respectively. For the half year ended September 30, 2010, we had achieved a consolidated total income of ₹ 5,766.85 lakhs and net profit, as restated, of ₹ 1,815.66 lakhs.

Our Competitive Strengths

We believe that the following are our principal competitive strengths which have contributed to our current position in the industry:

i. *Brand Equity and Quality of the products*

Our brand “Pointred” known for consistent standardized quality offerings has a good brand recall being the market leader in India having deployed/deploying 3116 Mobile WiMAX base stations. PointRed products are developed in response to the growing demand of broadband globally. India, being a price sensitive market, demands from its OEMs, technically superior and cost competitive products. One of the largest spenders globally, India lays the foundation for using WiMAX as a technology tool to do away with the digital divide. Being the market leader, our Company intends to further strengthen its position in India and abroad.

Our brand accords us the opportunity to penetrate new markets, pre-qualify for bids and expand our services in new areas such as Middle East, Africa, Russia, CIS countries and Latin America. It also helps us in attracting and retaining skilled personnel. Additionally, it facilitates our operations in competitive markets where we are able to partner with other companies who are reputed in supporting and establishing large telecom networks.

Brand recognition combined with our technical competencies and ability to meet client requirements has won us repeat orders from our clients.

ii. *Early Mover Advantage in Mobile WiMAX products*

WiMAX Forum has been in existence from 2000. The initial industry expectations were to develop standards on fixed WiMAX to address the broadband wireless access space. Going forward, with mobility being the order of the day, a separate standard with IEEE 802.16e was ratified by the Forum in 2005. Our acquisition happened in June 2006 and we jumped in to band wagon of developing mobile WiMAX products thereby saving the cost of R&D on fixed WiMAX.

As early as 2007, our Company commercialized its first mobile WiMAX product family, PointMAX thereby being one of the first globally to achieve this feat. This gave our Company an advantage in positioning our products for the largest telecom company in India, BSNL in the year 2008. Further to this, we have become the market leader in Indian mobile WiMAX space.

iii. *Technology risk mitigation*

Our Company strategically designed its mobile WiMAX products which can be upgraded to 4G technologies such as WiMAX 2 and LTE/LTE Advanced. This is possible due to the common hardware platform developed by our Company. Our products are designed with a dependency on software rather than on hardware. This architecture enhances our Company’s ability to adapt to technological changes catering to market dynamics. Most of our investments, going forward on our R & D will be done on the next generation products.

iv. *Proven Research and Development capabilities*

We believe that we have expertise in developing complex and technologically superior products such as PointMAX, PointLite. For example, we believe we were one of first companies’ in India to have developed a complete Mobile WiMAX Suite.

On the outdoor WiFi standard, we have innovated a range of products that caters to enterprise and the telecom segment. These products are designed to carry bandwidth on a line of sight application for more than 24 km/hop. We have designed for the telecoms a special TDM based back haul radios known as MicroRed NGN-E1 in the unlicensed band. These radios can give data rates from 1E1 to 8E1 in 1+0 and 1+1.

We have the R&D capability and experience to develop, manufacture and register telecom and communication products, thereby increasing efficiency of the network and making our products better suited to market requirements. As of October 31, 2010, we employed 9 personnel and specialists on permanent basis and 11 personnel and specialists on probation basis for our R&D activities.

v. *Pan India presence of our Promoter*

We benefit due to pan India presence of our Promoter, GCL. Our Company has been able to achieve a country wide foot print by leveraging the resources of our parent company, GCL. Currently, GCL has presence in 194 locations and has deployed over 1800 field engineers at these locations. We team up with GCL in various projects having specific qualification criteria, wherein we could capitalize the track record of GCL.

vi. *Our proven track record and cost-effective products*

Our Company's products are designed in accordance with international standards and compliances such as FCC, CE, ETSI etc. To address the Indian markets, our Company has been flexible enough to custom build products that meet local telecom regulatory requirements. Over the last five years of our existence we have proved our expertise to enhance our presence in the industry. PointRed products are modular and easy to operate with plug and play configuration. This reduces the time of deployment for the telecom service providers. PointRed's cost-effective R&D and manufacturing is a key ingredient in our success and is one of our main competitive strengths. Being a local design and development company, we are able to develop, customize and offer customers' most complex requirements in a faster turnaround time.

Majority of our products are manufactured at Tao Yuan, Taiwan. We believe that this, coupled with the process efficiencies which we have developed at our Tao Yuan facilities, contributes to our production cost advantage over those of our competitors.

vii. *Healthy Order Book*

Our Company has a healthy order book of ₹ 30,360.03 lakhs as of October 31, 2010.

viii. *Committed senior management team and a well-qualified workforce*

Our management team includes well-qualified senior executives, a majority of whom have worked with the Company for over three years. We believe our management team has a long-term vision and provides stability and continuity to our business. We also believe that the strength of our management team in our business divisions, such as R&D for product development, regulatory affairs for obtaining product registrations, manufacturing, and sales and marketing, and their understanding of the telecom market will enable our business to grow in a focused and constructive manner.

Business Strategy

Our business strategy is to be the global market leader in 4G technology within the next three years. This confidence stems from the fact that we are currently market leaders in India and with the product offering that we envisage bringing out over the next couple of years would enable us to achieve our objective. We intend to increase our market share in key emerging markets. Our business strategy is to provide complete turnkey solutions for the operators worldwide in order to help them achieve low total cost of ownership. Our business strategy focuses on the following elements:

i. *Leverage on strong industry dynamics*

The industry dynamics are pointing towards strong growth in telecom equipment products and Point Red is favourably positioned to take advantage of the upcoming opportunities.

The Indian telecom market has been growing at a CAGR of approximately 30 percent since 1995 with mobile services having grown at a CAGR of more than 117 percent during the period 1995-2009. As per TRAI, the telecom subscriber base is currently estimated to be around 670.60 million in August, 2010, second only to China. (Source: WiMAX Forum- Mobile WiMAX Outlook 2015)

The growth rate is in line with research firm Gartner's 2008 forecast that India's wireless subscriber base is set to exceed 737 million connections by 2012 growing at a CAGR of 21 per cent in the same period.

Further growth of the telecom industry is expected from the following:

- Telecom penetration in rural India - The growth in telecom services has been largely linked to urban areas and has not reached a majority of the rural population. The government is also promoting rural telephony by launching modified Universal Service Obligation Fund, which could be accessed by all operators including public and private telcos to create telephony infrastructure in villages. Measures from the government as well as private telcos have helped increase rural tele-density to almost 20%, an increase of over 100% compared to March 2009.

Our Company has a headstart with the roll out of the rural WiMAX network for BSNL. Most of the rural WiMAX network will be deployed by BSNL using the modified Universal Service Obligation Fund. We are well positioned to address this demand as we have successfully addressed in the past.

- Introduction of mobile broadband services – After the recently concluded auction of bandwidth for 3G /BWA services, India should soon see broadband service offerings on a larger scale from all the major telcos. Though 3G/BWA services are already offered by BSNL, the penetration is expected to increase multi-fold with the introduction of new innovative applications, decreasing prices of broadband / smart handsets / devices, enhanced user experience and high decibel marketing by the telcos. It is estimated that 3G / BWA subscriber base would reach 107 mn by 2015, growing at a CAGR of 190% between 2011 and 2015. *(Source: Mobile Broadband Outlook 2015)*

The products on WiMAX or LTE are standard based and any service provider would like to de-risk his investment on CAPEX by splitting the infrastructure needs amongst different OEMs. Being India based and having products already cleared by the Home Ministry, our Company has an advantage over competition to address the demands of the private operators.

The growth in subscribers, growth in per user traffic and introduction of new services is expected to drive growth in telecom equipment market across the entire network chain covering equipments to be deployed at core network, access network and customer premises.

ii. Establish and expand our presence in key emerging markets

We also plan to increase our presence in emerging markets, such as Middle East, Africa, BRIC nations, CIS countries, Latin America etc. Currently, the broadband connectivity in these markets is negligible when compared to the overall teledensity. We believe that demand for our products in these markets will continue to grow in accordance with the increased penetration of broadband. Increased sales in such countries would allow us to achieve economies of scale. We plan to expand our presence in these markets by increasing our portfolio of products and by increasing our customer base.

iii. To continue our focus on Research & Development for Innovative Technology / Investment in new technology areas- increase in product range

We invest in new and innovative technologies and track new business trends. We have aligned our existing areas of expertise and have created focused initiatives in pre-WiMAX, WiMAX, WiMAX 2, LTE/LTE Advanced. These initiatives allow us to establish leadership and deliver specialized services to our customers.

Our Company is planning to commercialize PointLite range of LTE/LTE Advanced products that will cater to the growing mobile wireless requirements. We intend to invest the substantial portion of the proceeds of the Issue in R& D and prototyping the new product range. By keeping ourselves updated with technology, we believe that our Company will determine the configuration of the future product range in 4G. We believe that these investments will allow us to stay competitive and help us provide our customers a competitive edge.

iv. Pursuing strategic partnerships, acquisitions and other inorganic initiatives

Our Company being a new entrant in the telecom products space, our growth will be determined with our ability to churn out new exciting and innovative products that will cater to the future telecom infrastructure. If any strategic partnership, acquisition is in line with our vision and culture, our Company will actively pursue such opportunity. The future telecom infrastructure will be fast paced and core elements of the network will undergo rapid changes in the years to come. This will provide our Company with an opportunity to address a dynamic telecom market space. There are companies globally who have innovative products but unable to sell in the fast growing emerging markets. With our ability to market, we strongly believe that either partnering or by mergers and/or acquisitions, we will be able to address such opportunities.

v. Maintain domestic leadership in WiMAX Products and become a leader in 4G space

The Indian enterprise data market has been on a strong growth trajectory, led by increased need for enterprise connectivity from deeper IT penetration. With continued increase in connectivity requirements from enterprises, this demand is expected to be sustained in the future.

Our continued focus on research and development in bringing state of the art products to our customers will ensure our Company's domestic leadership. Our flexibility in adapting to the customization needs of the customer would aid in maintaining our domestic leadership in WiMAX products. The ability of our parent company in providing services for network roll-out in India would greatly enhance our chances of maintaining the leadership. As any network roll-out is a combination of both products and services, we value add to the customer not just by bringing quality products but also by providing efficient service.

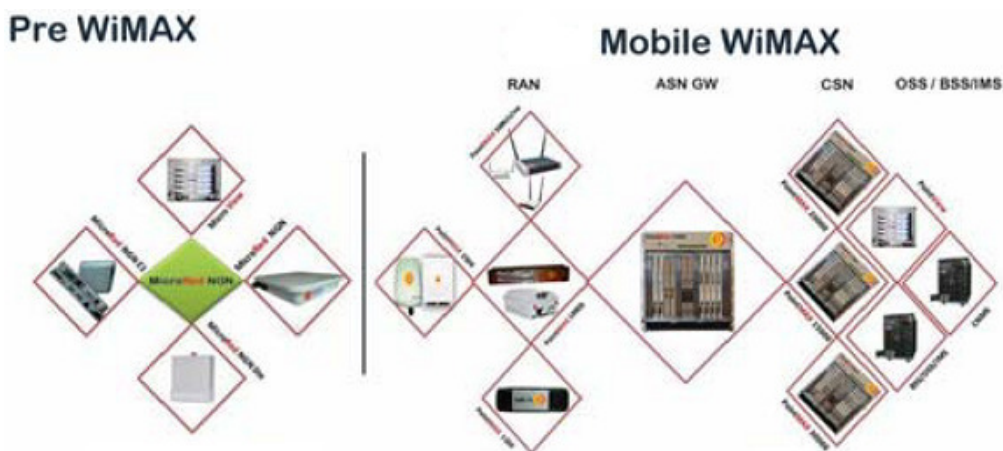
Our Company has already invested substantial amount for research and development in order to accelerate our ongoing 4G product development program. We expect the early version of PointLite to be released during the fourth quarter of FY 2011. The manufacturing facility which we will be setting up from the proceeds of the Issue will be utilized for manufacturing mobile WiMAX and 4G equipments.

vi. Bid for larger projects

Our business is working capital intensive. We plan to invest ₹ 3,000.00 lakhs from the Net Proceeds of this Issue to expand our long-term working capital. We believe that increased long term working capital will improve our ability to bid for larger projects.

Our Principal Products and Services

The current product portfolio of our Company can be broadly divided into Pre-WiMAX and Mobile WiMAX.



The Pre-WiMAX products are MicroRed NGN and MicroRed NGN E1 and the Mobile WiMAX are PointMAX 1100 / 1500 /2500 /3000 - 802.16e Mobile WiMAX CPEs and PointMAX 10000 Mobile WiMAX Base Station

A brief description of these products is given below:

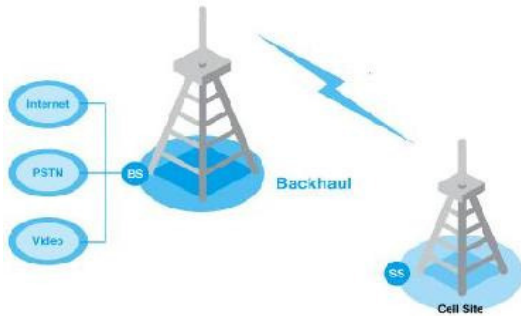
A. Pre WiMAX

MicroRed Series Radios are developed based on Orthogonal Frequency Division Multiplex (OFDM) technology. OFDM is a modulation format that is finding increasing levels of use in today's radio communications scene. OFDM has been adopted in the Wi-Fi arena where the 802.11a standard uses it to provide data rates up to 54 Mbps in the 5 GHz ISM (Industrial, Scientific and Medical) band. In addition to this the recently ratified 802.11g standard has it in the 2.4 GHz ISM band. In addition to this, it is being

used for Pre-WiMAX enhancing the Wi-Fi ISM band and is also the format of choice for the next generation cellular radio communications systems including 3G radio network.

OFDM is a rather different format for modulation to that used for more traditional forms of transmission. It utilises many carriers together to provide many advantages over simpler modulation formats. The Pre-WiMAX system are loaded with high networking protocols and security protocols, a totally manageable all IP architecture system.

The Pre WiMAX products consist of MicroRed NGN and MicroRed NGN E1.



1. **MicroRed NGN**

(a) **MicroRed NGN Point To Point (P2P)**

MicroRed NGN is a single radio chip solution which supports 2.3-2.7GHz, 4.9-6.1 GHz. ISPs, operators and enterprise networks need higher bandwidth for various application requirement. MicroRed NGN CPE Point-to-Point system leverages the excellent multi-path resistance capabilities of OFDM (Orthogonal Frequency Division Multiplexing) technology. This advanced capacity, reliability and link availability reduces the solution cost and avoids the need for expensive backhaul systems such as leased lines or pure Line-Of-Sight (LOS) wireless systems.

The MicroRed Product Family P2P is a cost effective P2P Solution offered by the Company to telecom operators and MicroRed Product P2P is available in a large variety of frequency bands and can be equipped with Ethernet or balanced and unbalanced E1 interfaces. MicroRed NGN E1 products are an alternate solution for unreliable leased line connections if any exist in telecom operator network.

Due to the advanced implementation of Time Division Duplex (TDD) in the wireless domain, the MicroRed products can operate on a single channel and does not need a guard band to transmit and receive signals which allows network operators to implement far more systems using the MicroRed products compared to Frequency Division Duplex (FDD) products.

MicroRed Family offers the MicroRed NGN, MicroRed NGN E1, MicroRed NGN Lite, and Micro View for service provider, enterprise, municipality, ISP looking to connect remote POP's(Point of Presence) or backhaul.

(b) **MicroRed NGN Point To Multipoint**

MicroRed NGN is a single radio chip solution which supports 2.3-2.7GHz, 4.9- 6.1 GHz. ISPs, operators and enterprise networks need higher bandwidth for various applications. MicroRed NGN Point-to-Multipoint system leverages on the multi-path resistance capabilities of OFDM technology. This advanced capacity, reliability and link availability reduces the solution cost to avoid the need for expensive backhaul systems such as leased lines or pure line-of-sight (LOS) wireless systems.

MicroRed NGN's features are as follows:

- Single Radio Chip Solution which supports 2.3GHz- 6.1 GHz
- Supports Channel Bandwidth of 5, 10 & 20 MHz
- Supports Bridge, Routing, Multiple SSID upto 10, VLAN Grouping & QoS (Quality of Service)

- Supports Security Features such as 64/128/154 bit WEP encryption, 802.1x authentication, AES-CCM & TKIP encryption
- Supports multiple applications like video, voice and data
- High output power of +26dBm
- Best Rx sensitivity of -89dBm
- Supports P2P & P2MP
- EMC, ETSI, FCC, WPC India Certified
- Over the air remote firm upgrades
- Centralized EMS to monitor all the radio elements in the network
- Throughput of 35 MBPS
- Excellent QoS for SIP based communication

2. MicroRed NGN E1 - Point To Point with TDM and IP

MicroRed NGN E1 is a single radio chip solution which supports 2.3-2.7GHz, 4.9-6.1 GHz on TDM and IP architecture. ISPs, operators and enterprise networks need E1 for various applications. MicroRed NGN E1 Point-to-Point system leverages the multi-path resistance capabilities of OFDM technology. This advanced capacity, reliability and link availability reduces the solution cost and avoids the need for expensive backhaul systems such as leased lines. PointRed's TDM over IP radios are available in multiple E1's and Ethernet interface at the same time.

MicroRed NGN E1 series offer the following products for Service provider, enterprise, ISP in need for TDM over IP backhauls:

- (i) MicroRed NGN 1 E1
- (ii) MicroRed NGN 2 E1
- (iii) MicroRed NGN 4 E1
- (iv) MicroRed NGN 8 E1

MicroRed NGN E1's features are as follows:

- Single radio chip architecture supporting multiple licensed and unlicensed frequency band 2.3GHz to 6.1GHz
- Hot-Standby solution ensuring no degradation of service or packet loss
- MicroRed NGN E1 series has various interface such as Ethernet, 1E1, 2E1, 4E1, 8E1,
- Channel bandwidth selection of 5, 10 & 20 MHz is available for spectral efficiency
- Supports Bridge & QoS
- Supports Security Features such as 64/128/154 bit WEP Encryption, 802.1x Authentication, AES- CCM & TKIP Encryption
- Supports Multiple E1 Interface from 1E1 to 8E1
- High Output power of +26dBm
- Best Rx sensitivity of -89dBm
- EMC, ETSI, FCC Certified
- Over the Air Remote Firmware Upgrades
- Centralized EMS to monitor all the Radio elements in the Network
- Excellent QoS for SIP Based Communication

B. Mobile WiMAX

The Mobile WiMAX product range of our Company, and the technology used therein are described as follows:

Technology

i. PointMAX - WiMAX 802.16e

powered WiMAX solutions offer Carriers the opportunity to increase average revenue per user (ARPU), while lowering overall CAPEX and OPEX.

ASN GW will bridge access & mobility management beyond a single service provider or operator adding more elements, mix of networks, with service management on data path and control path. PointRed's ASN built on modular architecture addresses the challenges of capacity, flexibility and high availability.

PointMAX is a multi access, multi-service network platform, built for high-performance, scalable and reliable Mobile WiMAX (IEEE 802.16e) network. This will need an experienced technology provider and implementer, well trained on product advanced IP- networking for broadband mobility Access services.

Products

The product offerings of our Company in relation to Mobile WiMAX are as follows:

- **PointMAX 1100 / 1500 /2500 /3000 - 802.16e Mobile WiMAX CPEs**

PointMAX CPEs are available in multiple variants and features to fit in the requirement of all customers. The CPEs are available in outdoor with Ethernet, Indoor with Ethernet, indoor with Ethernet and voice, compact flash, USB dongle, PCMCIA card for the mobile clients with options of integrated and external antenna options.

For instance, the **PointMAX 1100 WiMAX Mobile USB Dongle** is one such product offering by our Company, which is a IEEE 802.16e-2005 Wave 2 (MP05 profile) certified mobile station. This delivers seamless broadband wireless service for notebook users who are on the move.

Another such product offering of our Company is **PointMAX 2500 Outdoor WiMAX CPE**, which is a long range integrated WiMAX outdoor CPE, and is projected by our Company as a small and cost-effective home/office gateway, providing efficient means of wireless broadband access to the end users.

- **PointMAX 10000 Mobile WiMAX Base Station**

This is a multi sector Mobile WiMAX base station, a wave 2 certified fully grown modular system. The system has been designed for IP traffic and has robust QoS support to handle Quad play, real time multimedia traffic such as video, gaming, and streaming music. The versatility of the solutions is such that, it can deliver data, voice & video coupled with mobility and thus enabling QUADPLAY in the network. PointMAX can be used to serve various business cases which include video surveillance, telemedicine, tele-education, enterprise connectivity, retail connectivity and mobility users. Thus it provides various options for the operators to generate significant revenue from the same network. Our Company has developed the modular platform that enables service providers to deploy large scale, faster, easier and profitable mobile WiMAX networks. The product also carries an opportunity to leverage 'Scale as You Grow' infrastructure, and to ensure high average revenue per user, with subsequent low overall Capex and Opex on the fully loaded infrastructure. End users are increasingly looking at wireless broadband internet, and service providers need a cost effective, scalable solution to provide the same. Combining the advances of OFDMA technology with IP networking facilities, Mobile WiMAX has emerged as a suitable architecture to deliver these services.

Our Company has also commercialized all outdoor compact base station which can be deployed in uncontrolled temperature environment. This version of the product is known as PointMAX 10000 CBS. This also provides flexibility to operators for acquiring telecom sites/towers with or without temperature controlled. This version of the Base station is very unique and compact in nature as the name goes and can be used as road side base station.

- **PointMAX 700 / 1100 /2500 /3000/V/Vw - 802.16e Mobile WiMAX CPEs**

PointMAX CPEs are available in multiple variants and features to fit in the requirement of different customer scenarios which include retail, enterprise and mobile customers. Indoor CPE's, USB data card, WiMAX Phone caters to the retail/enterprise customers and Outdoor CPE caters to the enterprise customers.

For instance, the **PointMAX 1100 WiMAX Mobile USB Dongle** is one such product offering by the Company, which is a IEEE 802.16e-2005 Wave 2 (MP05 profile) certified mobile station which is similar to

the data cards which exist in Indian and worldwide markets. This delivers seamless broadband wireless service for notebook mobile.

PointMAX 2500 -Outdoor WiMAX CPE, which is a long range integrated WiMAX outdoor CPE for connecting customer up to a distance of 15 KMs from the nearest telephone exchange or Base station location.

PointMAX 3000 is an indoor device targeted at enterprise as well as retails customers which is like DSL router but without wires. This equipment can be placed anywhere in the office or home and has the ability to connect to the nearest available WiMAX network. This particular model has 3 different options which includes

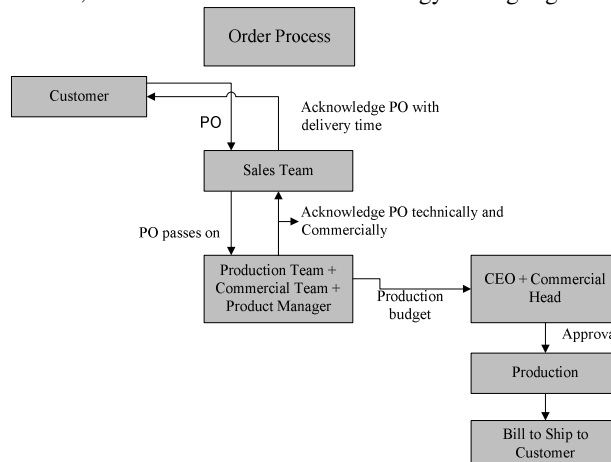
- a. Only data modem
- b. With data and voice
- c. Data, Voice and Wi-Fi

i. PointMAX 3000V WiMAX VoIP Gateway

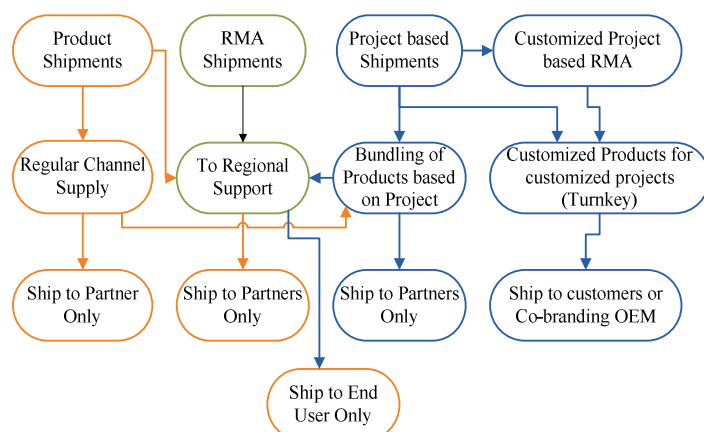
PointMAX 3000V is a IEEE 802.16e-2005 Wave 2 (MP05 profile) certified subscriber station, and is designed for wireless service operators to offer integrated data and voice over the 802.16e networks. It provides high data throughput and networking features to customers who need both bandwidth and VoIP services over WiMAX network. The product offers a unified web management interface for data and voice access. Its QoS and management features allows differentiated services to delivery of data, voice and video applications over the WiMAX network. An advanced centralized device management solutions are being provided for Over the Air device configuration, upgrade management and monitoring. PointMAX 3000V also offers a range of high powered internal antenna selection (3 or 6dBi) enabling a longer reception range from the base station, which yields more efficient usage of the network with larger cell reach, high quality career class service, and customer service probability. Other advanced features of this product include standard based architecture, multiple markets support, flexibility of deployment, simplicity of management, advanced networking support and optional WiFi support as well.

Order Flow Process

The total process commencing from receiving orders from the customer to the final stage deployment, after sales service, customer satisfaction methodology are highlighted in the following flow chart below:



Supply order process and service



Core Processes:

Our sales team and internal web marketing team generate the enquiry along with our partners and resellers. The source of information or enquiry varies from government tenders on the web sites, news papers, tender subscriptions and direct cold calls. The sales team qualifies each such enquiry into potential and non-potential opportunity. The potential opportunities are perceived for an order. These opportunities are evaluated on technical and commercial specifics of the offer. Some of our solutions like MicroRed products will have short sales cycle where as PointMAX solution will have larger sales cycle as the capital investment involved are very high from the operators.

PointRed products are designed on a flexible architecture as PointRed understands and survey the WiMAX industry and keep working on the information throughout the product design and development life cycle. When the basic design is done, the design team develops few prototypes and proceed with software integration and testing. Thereafter, loading the software and customization of the system as a whole will take place and the product is forwarded for rigorous testing in the field, thermal chambers, test labs for environmental factors like salt water spray, dust, heat, damp, vibration, drop and topple and some of the industry standard laboratory certification for RF products like FCC, IEC, EN etc. Post this, the commercial product is ready for mass production and this product goes through improvement cycle through its life time.

A production schedule is arrived based on the components incoming from the vendors to the supply chain or warehouse, further the schedules are made for SMT line preparation ,loading the production line, time to produce, testing time, QA and packing. Post production scheduling, the components as per the products Bill of Material are procured and handed over to the EMS or the production supply chain team. The components are prepared for SMT line and the placement of components on the PCB starts and end with testing this manufactured assembly. Post assembly, each product goes through Automated Test Equipment (ATE) for functional test which are run to verify the functioning of the system and quality assurance. Upon completion of the QA testing and processes, those products which passed these QA testing and processes will be sent to packing and labelling. Upon confirmation of the packing these products are moved to transport with shipment documents like invoice, packing slip and country of origin certificate or any other documents as per the buyer's PO.

Post Sales Services and Maintenance vary from customer to customer and depends on their business needs. Typically our procedure is as follows:

1. Complaint call registration procedure:

- Time Duration: 24/7
- Call Registration: Write a mail to support@pointredtech.com
- Process: Get a Ticket Id

2. Scope of Work:

- a. Routine service includes the inspection, checking and servicing of the wireless products / OFC links as and when required to attend the complaints;
- b. Any upgradation in software of the system to be carried out remotely;
- c. In case of any failure due to lightning, product will be replaced immediately to achieve maximum uptime;
- d. Normally our Company will maintain 2 % (total order) of spare materials for all product at service centers and each Field Replaceable Unit (FRU) or spare for PointMAX hardware system;
- e. We endeavour to address the maximum number of faults in our regional support centers and any non-repairable or major faulty items will be forwarded to our branch office at Taiwan;
- f. In the event of any physical damage in cable and connectors like cable cutting, broken joint enclosure etc, we will take necessary steps to rectify these defects immediately and it will be billed as per the rate specified in the relevant contract.
- g. All calls for defect attendance should be intimated to Pointred as per the Escalation Sheet and product failure as per RMA procedure.
- h. 6 working hour response times for identifying the problem & 12 working hours for the resolution for normal calls & with 24 hour's report & estimated plan will be submitted to customer. Based on customer approval the service call will be closed.
- i. At every quarterly end we will submit the detailed consolidated reports (Down Calls Report) for further billings to respective location in charge.

All post sales service in the first year will be covered by standard warranty for the hardware or system. For the subsequent years, it is based on hardware warranty extension or agreed contractual terms.

Raw material and Infrastructure facilities

Our Company sources raw materials like processors, FPGA, RF modulators, capacitors, resistors etc. from various suppliers across the globe. These raw materials once procured go through quality check, and thereafter will be sent to SMT line for assembly. Once the assembly is complete, the products go through various quality tests such as thermal, x-ray, bump-test, automated test lines, to name a few. We finalize the supplier of the raw materials at the design stage of the product/network. For MicroRed product line, we procure the raw materials on a quarterly production cycle and for PointMAX range of products, we procure the raw materials on successful award of contract from our customers. The supplies and prices of these raw materials and components would depend on volume of production.

If, for any reason, our primary raw materials and components exceed the standard delivery time of 4-5 months, we procure the raw materials/components at a premium to shorten the lead time.

Infrastructure facilities include test lines set up which consists of spectrum analyzers, protocol analyzers, base stations, bert meters, multi meters to name a few.

Plant and Machinery

The following table summarizes our PointRed and MicroRed NGN Series Product ordering information:

Ordering Information	Product Name	Description
18-0002-NGNS-E	MicroRed NGN	MicroRed NGN ISM band radios supports 2.3 - 2.7GHz and 4.9- 6.0GHz frequency bands.
18-0002-NGNS-E24	MicroRed NGN	MicroRed NGN Single Radio supporting 2.4Ghz with External Antenna option
18-0002-NGNS-E58	MicroRed NGN	MicroRed NGN Single Radio supporting 5.8Ghz with External Antenna option
18-0002-NGNS-200	MicroRed NGN CPE 200	MicroRed NGN Integrated Single radios 2.4Ghz only 14 dBi
18-0002-NGNS-18-I	MicroRed NGN	MicroRed NGN Single Radio with Integrated Antenna of 18 dBi gain (2.4Ghz only)
18-0002-NGNS-23-I	MicroRed NGN	MicroRed NGN Single Radio with Integrated Antenna of 23 dBi gain (5.8Ghz only)

Ordering Information	Product Name	Description
18-0002-NGNL-12-I	MicroRed NGN Lite	MicroRed NGN Lite single radio with 5.8Ghz integrated antenna of 14dBi
18-0002-NGNL-12-I+E	MicroRed NGN Lite	MicroRed NGN Lite single radio with 5.8GHz integrated antenna and 2.4GHz external interface (usable any one at a time)
	MicroRed NGN E1	MicroRed NGN E1 ISM Band TDM radio supports 2.3GHz-2.7GHz & 4.9 -6.0GHz frequency bands with 5, 10 & 20 Mhz TDM point-to-point link radios with external antenna option (TDM systems)
18-0002-NGNS-P2P-1E1-0E24	MicroRed NGN E1	MicroRed NGN 1x E1 TDM over IP point-to-point link radios with external antenna option (1+0 redundant system, license upgradable to 2E1) in 2.4Ghz
18-0002-NGNS-P2P-1E1-0E58	MicroRed NGN E1	MicroRed NGN 1x E1 TDM over IP point-to-point link radios with external antenna option (1+0 redundant system, license upgradable to 2E1) in 5.8Ghz
18-0002-NGNS-P2P-2E1-0E24	MicroRed NGN E1	MicroRed NGN 2 x E1 TDM over IP point-to-point link radios with external antenna option (1+0 redundant system) in 2.4Ghz
18-0002-NGNS-P2P-2E1-0E58	MicroRed NGN E1	MicroRed NGN 2 x E1 TDM over IP point-to-point link radios with external antenna option (1+0 redundant system) in 5.8Ghz
18-0002-NGNS-P2P-4E1-0E24	MicroRed NGN E1	MicroRed NGN 4 x E1 TDM over IP point-to-point link radios with external antenna option (1+0 redundant system) in 2.4Ghz
18-0002-NGNS-P2P-4E1-0E58	MicroRed NGN E1	MicroRed NGN 4 x E1 TDM over IP point-to-point link radios with external antenna option (1+0 redundant system) in 5.8Ghz
18-0002-NGNS-P2P-1E1-0I24	MicroRed NGN E1	MicroRed NGN 1x E1 TDM over IP point-to-point link radios with Integrated 23dBi antenna option (1+0 redundant system, license upgradable to 2E1) in 2.4Ghz
18-0002-NGNS-P2P-1E1-0I58	MicroRed NGN E1	MicroRed NGN 1x E1 TDM over IP point-to-point link radios with Integrated 23dBi antenna option (1+0 redundant system, license upgradable to 2E1) in 5.8Ghz
18-0002-NGNS-P2P-2E1-0I24	MicroRed NGN E1	MicroRed NGN 2 x E1 TDM over IP point-to-point link radios with Integrated 23dBi antenna option (1+0 redundant system) in 2.4Ghz
18-0002-NGNS-P2P-2E1-0I58	MicroRed NGN E1	MicroRed NGN 2 x E1 TDM over IP point-to-point link radios with Integrated 23dBi antenna option (1+0 redundant system) in 5.8Ghz
18-0002-NGNS-P2P-4E1-0I24	MicroRed NGN E1	MicroRed NGN 4 x E1 TDM over IP point-to-point link radios with Integrated 23dBi antenna option (1+0 redundant system) in 2,4 Ghz
18-0002-NGNS-P2P-4E1-0I58	MicroRed NGN E1	MicroRed NGN 4 x E1 TDM over IP point-to-point link radios with Integrated 23dBiantenna option (1+0 redundant system) in 5.8Ghz

The below table specifies our proposed requirement of plant and machinery:

Item	Quantity	Description
Agilent E6651A	1	E6651A Mobile WiMAX test set (3 Year warranty)
	1	E6651A-506 Frequency range from 450 MHz to 6 GHz

Item	Quantity	Description
	1	E6651A-917 Power cord - India
	1	E6651AS E6651A Software and technical support contract
	1	E6651AS-1SY 12 months software and technical support contract
Agilent N5182A	2	N5182A-RMKTD MXG vector signal generator (5 year warranty)
	2	N5182A-506 Frequency range from 100kHz to 6GHz
	2	R-50C-011-5 Agilent Calibration - 5 years
	2	N5182A-654 Internal baseband generator (125 Msa/s, 8 Msa)
	2	N7615B Signal Studio for 802.16 WiMAX
	2	N7615B-3FP Connect to N5162A/N5182A signal generator, fixed, perpetual license
	2	N7615B-EFP Basic 802.16 OFDMA, fixed, perpetual license
	2	N7615B-QFP Advanced 802.16 OFDMA, fixed, perpetual license
	2	N7615B-RFP Advanced 802.16Rev2 OFDMA, fixed, perpetual license
Agilent N9020A	1	N9020A-RMKTD MXA Signal Analyzer (5 Year warranty)
	1	R-50C-011-5 Agilent Calibration - 5 years
	1	N9020A-526 Frequency range, 20 Hz to 26.5 GHz
	1	N9020A-P03 Preamplifier, 3.6 GHz
	1	N9075A 802.16 OFDMA Measurement Application
	1	N9075A-2FP 802.16 OFDMA Measurement application, fixed perpetual, license
Sunrise XDSL	2	Bert Meter
Woken	2	Attenuator variable
HP	1	Attenuator variable
Narda East (L3 communication)	6	Attenuator fixed
Narda East (L3 communication)	6	Terminators

Please find below the list of equipments which we intend to procure and the details are give below:

Item	Product Number/Description	Serial Number
1	E6651A Mobile WiMAX test set E6651A-506 Frequency range from 450 MHz to 6 GHz E6651A-917 Power cord – India Return to Agilent Warranty – 3 years E6651AS E6651A Software and technical support contract E6651AS-1SY 12 months software and technical support contract Country of Origin: Malaysia ECCN: NOCLASS-MY HTS:90304000	MY49140101
2	N5182ARMKTD MXG vector signal generator (Remarketed Vector Signal Generator)	

Item	Product Number/Description	Serial Number
	N5182A-506 Frequency range from 100kHz to 6GHz N5182A-654 Internal baseband generator [125 Msa/s. 8 Msa] CD-ROM containing the documentation set Return to Agilent Warranty – 5 years R-50C-011-5 Agilent Calibration – 5 years N7615B-3FP Connect to N5162A/N5182A signal generator fixed perpetual license N7615B-EFP Basic 802.16 OFDMA. Fixed perpetual license N7615B-OFD Advanced 802.16 OFDMA, fixed perpetual license N7615B-RFP Advanced 802.16Rev2 OFDMA, fixed perpetual license Country of Origin: Malaysia ECCN: NOCLASS-MY HTS:85432090	I) MY46240502 II) MY46240509
3	N9020A-RMKTD MXA Signal Analyzer (Remarketed Vector Signal Analyzer) N9020A-526 Frequency range 20 Hz to 26.5 GHz N9020A-PO3 Preamplifier, 3.6 GHz US – English localization Return to Agilent Warranty – 5 years R-50C-011-5 Agilent Calibration – 5 years Country of Origin: USA ECCN: NOCLASS-MY HTS:90308400 N9075A 802.16 OFDMA Measurement Application Country of Origin: Malaysia ECCN: NOCLASS-MY HTS:85238020 N9075A-2FP 802.16 OFDMA Measurement application, fixed perpetual, license Country of Origin: Malaysia ECCN: NOCLASS-MY HTS:85238020	US46220252

We have not placed any orders for plant and machinery in relation to our expansion programme sought to be funded by the Net Proceeds of the Issue. For further details of the above, see section titled “Objects of the Issue” on page 29 of this Draft Red Herring Prospectus.

Our Customers

Our Company has teaming relationships on a project by project basis with our Promoter under which we provide commercial and technical proposals relating to supply, installation, commissioning and maintenance support of WiMAX equipments to various customers of our Promoter on turnkey basis. Our Company has deployed products in various countries. Our Promoter’s recent project is from a major telecom operator in India, BSNL to deploy mobile WiMAX systems which also happens to be the first large scale project in India aimed at providing rural broadband connectivity to 25,000 villages. The said project includes providing turnkey solutions for supply, implementation and maintenance of rural mobile Wimax in the telecom circles of Gujarat, Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Orissa. Our Company has also supplied its products to Tamil Nadu Electricity Board by teaming with our Promoter. In India, our Company has completed various projects for major clients such as HCL Infinity, Satyam Infoway, Tata Communications Ltd ,Tata Tele Services Ltd., BSNL, Tamil Nadu Electricity Board. Our success in completing projects with such major clients has helped us gain more projects and clientele. Recently, one of our Promoter’s subsidiary, is engaged in the deployment of WiMAX equipments in 3 African countries namely Mozambique, Malawi and Zimbabwe, where

in the equipments deployed will be of PointRed make. Some of the functionalities of our products require support from third party software which may be patented or copyrighted by them. In order to procure such software, we enter in to various software license agreements whereby, a license is being granted to us for manufacturing, marketing, selling and supporting certain products as part of a complete WiMAX application to customers of our Company.

Our Company also provides product/hardware based services such as servicing the faulty products or hardware. The said services are provided by us free of cost during warranty period of such product. Subsequent to the expiry of such warranty period, support services are offered by us at a cost during the life term of the product.

Competition

The mobile WiMAX industry is nascent and highly competitive. It is also characterized by frequent introductions of new solutions and products, evolving wireless platforms and new and improved technologies. However, we believe we compete effectively because of our track record, the sophistication of our technology and products, our proven ability to consistently deliver new innovative products, our service level commitments and our established relationships with our customers.

We believe that Radwin, Samsung, Huawei, Aviat Networks, Nokia Siemens Network, ZTE Corporation, Alcatel-Lucent etc. are our competitors in certain aspect of the services and products we offer.

Marketing & Selling arrangements

Our experience in marketing and sales comes from our Promoter which is a hard core marketing and sales organization. GCL, being a leading systems integration company value adds to the products positioning, feature and quality. The clients' requirements are always better captured by the system integrator who interacts with the client not just during pre-sales but also during sizing of the requirement and implementation. These valuable inputs are given to our Company in sizing the future configuration/features of the products.

Target segment for MicroRed range of products include telecom operators, enterprise customers, government organisations, PSUs and defence establishments. Whenever there is a requirement for deploying unlicensed band of radios for IP and TDM based outdoor broadband wireless communication, MicroRed product range is positioned to meet such requirements. One of the important factors which influence the customer's decision to buy MicroRed range of products would be due to quicker return of investment.

Target customers for PointMAX and PointLite would be operators who have BWA license worldwide, wherever there is a requirement for QUAD PLAY for the customer

Our Company has specialized techno commercial executives who not only understand the requirements of the clients but also go in depth into the roll-out plan of the system integrator and hand holds him from a technology point of view until successful commercial roll-out. The aim of the marketing team of Point Red is to ensure the success of our customers' business model.

For product and solution sales to customers, the first line sales interface will be our Sales Team and secondly with our resellers, partners, distributors and system integration companies. Customers require both product expertise and local presence and understanding. We use resellers, partners, distributors and system integration companies to enter markets which lowers customer acquisition costs, shortens sales cycle time, and de-risks business development efforts to some extent. PointRed provides Original Equipment Manufacturer (OEM) support in closing the contracts along with its resellers, partners, distributors and system integration companies in locations where it does not have local presence.

R&D Initiatives

Our investment in R&D is essential to our future growth. Our R&D focus is on commercialization of our PointLite range of products which mainly includes eNodeB (Base Station) and EPC. PointLite range of products is based on LTE/LTE Advanced technologies. Our dedicated focus on research and development has resulted in successful commercial deployment of MicroRed and PointMAX range of products. These products have been approved by various regulatory bodies of the world.

Nine (9) of our total 34 permanent team are engaged in the R&D activities of our Company. After considering the manpower on probation basis, 20 of our total manpower including the manpower employed on probation basis are engaged in the R&D activities of our Company. Several of them are highly qualified and have invaluable experience in their respective domains.

Quality Policy

We place significant emphasis on providing quality products and services to our customers. To this end, we strive to maintain safety, environmental and quality standards at all our manufacturing facilities. We have a network of quality systems throughout our business units and facilities which relate to the design, development, manufacturing, distribution of our products. To assess and facilitate compliance with applicable requirements, we regularly review our quality systems to determine their effectiveness and identify areas for improvement. We also perform assessments on our suppliers of raw materials, components and finished goods. In addition, we conduct quality management reviews designed to inform management of key issues that may affect the quality of products and services.

Our team at PointRed is committed to provide the best performance and contribution towards the organizational attainment of becoming a world class organization in manufacturing of wireless & wire-line telecommunication equipments by way of technological innovation, continual process improvement, constant learning, and adopting latest industry standards thereby paving way for cost effectiveness and customer satisfaction in every sphere of our operation.

Human Resources

As on October 31, 2010, our Company has a total number of 34 permanent employees including the key managerial personnel on the pay rolls of our Company. Out of the total 34, 30 employees are located in India and the remaining 4 employees are located in Taiwan. We have also employed 27 employees on probation basis, out of which 11 employees are for our Research & Development related activities. We have employed 7 contract workers, out of which 4 are security guards and 3 are housekeeping staffs. The list of the number of employees employed by our Company in each of its departments is as provided as under:

Sr. No.	Name of the Department	No. of Permanent Employees
1.	Top Management	2
2.	Research and Development	9
3.	Finance and Account	3
4.	Administration and HR	4
5.	Commercials and Technical	2
6.	Sales and Customer Support	12
7.	Production	1
8.	Projects	1
	Total	34

Our employees are not currently unionized, and there have been no work disruptions, strikes, lock-outs or other employee unrest to date. Our Company believes that our relations with our employees are good. We maintain high safety standards in our facilities to ensure that none of our employees are exposed to any hazards.

Intellectual Property

Our Company has applied for registration of the mark Point Red with device in respect of all types of telecommunications related activities inclusive of designing, manufacturing, developing, assembling, buying, selling, repairing, exporting, importing all types of equipments and systems relating to telecommunications under class 38 and 42. For details, please see the section titled “Statutory Licenses and Approvals” on page 194 of this Draft Red Herring Prospectus.

Insurances

Our operations are subject to risks such as fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the

destruction of property and other equipments and risks associated with adverse working environmental conditions. We generally maintain insurance covering our assets at levels that we believe to be appropriate and consistent with that typical for our business in India.

We have obtained an insurance policy i.e. *Standard Fire and Special Perils Policy* for our registered office premises at #18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka and the details of which are provided below:

Policy number	Policy Provider	From date	To Date	Sum assured (₹ lakhs)	Premium (including Service tax) (₹)
721500/81/09//00009272	The New India Assurance Company Limited	January 20, 2010	January 19, 2011	160.00	5,294.00

Properties

Our registered office and corporate office is located at #18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka. The said property is owned by the Company and the details are mentioned below:

Owned Property

Absolute Sale Deed dated May 04, 2007 entered into by and between Svara Developers Private Limited (“Seller”) and our Company (“Purchaser”) (the “Agreement”)

Particulars	Details
Name of the Parties	1. Svara Developers Private Limited and 2. Our Company
Description of the Property	Property being Industrial building bearing Khata No. 183/163/18/11B issued by the Bommanahalli Agrahara Village, Begur Hobli, Bangalore South Taluk, Ward No. 15 and measuring East to West 150 feet and North to South 31 feet in all totally measuring 4650 square feet
Date of the Agreement	May 04, 2007
Consideration paid	₹ 1,50,00,000/- (Rupees One Crore and Fifty Lakhs only)
Usage	Registered Office of our Company.
Details of the charges	Mortgaged to the State Bank of India.

Our Registered office is shared with our Promoter’s branch office and one of our Group Companies i.e. Veeras Infotek Private Limited. As per the lease agreement dated February 15, 2008 and January 5, 2009, our Company has agreed to lease the ground floor at 18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka to our Promoter and Veeras Infotek Private Limited whereby they can continue using this premise for a period of 5 years from the date of the agreement and such further period as mutually agreed between the parties. The rent payable under each of these agreements is ₹ 25,000/- per month.

Taiwan offices

Our Company has set up a branch office at 15 F-5, No. 1071, Chun Chen Road, Tun De Li, Tao Yuan City, Tao Yuan County, Taiwan on April 14, 2008 bearing business registration no. 09704322 and business entity no. 28415986. We have entered in to a lease agreement with T.N.C Industrial Co. Ltd. dated January 25, 2010 for a period of two years from February 01, 2010 to January 31, 2012 at a monthly rent of NT\$ 35,931.

We have also set up another office in Farglory Free Trade Zone of Taiwan bearing no. A08, Block, 6th Floor, the Door plate number: 5th unit of on the 6th Floor, No.8 Hanghsiang Road, Tayuan Hsinag, Taoyuan County. In this regard, we have entered in to a lease agreement for these premises with Farglory Free Trade Zone Co. Ltd. for a period 25 months commencing from September 01, 2010 to September 30, 2012 at a monthly rent of NT\$ 99280. The total monthly rent payable, which is inclusive of business tax and car parking charges, is NT\$1,03,780.

KEY INDUSTRY REGULATIONS AND POLICIES

A brief summary of the relevant regulations and policies as prescribed by the Government of India and the relevant state governments that are applicable to us are as follows. Please note that the same are based on the legal provisions and the judicial interpretations as on the date hereof, which are subject to change. The regulations and policies set out below are only for general information to the investors and is neither exhaustive nor is a substitute for professional legal advice. The relevant provisions of some of the regulations and policies applicable to our industry are given below:

INDUSTRY AND BUSINESS RELATED REGULATIONS AND POLICIES

The Indian Telegraph Act, 1885

Under the provisions of the Indian Telegraph Act, 1885 (“Telegraph Act”), the Central Government shall have exclusive privilege of establishing, maintaining and working telegraphs. Further, the Central Government may grant a license, on such conditions and in consideration of such payments as it thinks fit, to any person to establish, maintain or work a telegraph within any part of India.

The Indian Wireless Telegraphy Act, 1933

Under the provisions of Indian Wireless Telegraphy Act, 1933 (“**Telegraphy Act**”), no person shall possess wireless telegraphy apparatus except under and in accordance with a licence issued under the said act. The Central Government may by rules made under the Telegraphy Act exempt any person or any class of persons from the provisions of the said act either generally or subject to prescribed conditions, or in respect of specified wireless telegraphy apparatus. The competent authority constituted under the said act may issue licences in such manner, on such conditions and subject to such payments, as may be prescribed. The term ‘wireless telegraphy apparatus’ has been defined to mean any apparatus, appliance, instrument or material used or capable of use in wireless communication, and includes any article determined by rule made thereunder to be wireless telegraphy apparatus, 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, appliance, instrument or material specially so designed or adapted, nor any article determined by rules made under the provisions of the Telegraphy Act not to be wireless telegraphy apparatus.

The Wireless Planning and Coordination Wing of Ministry of Communications and Information Technology has vide various notifications exempted certain frequency bands from licensing requirements to be obtained by any person to establish, maintain, work, possess or deal in any wireless equipment, on non-interference, non-protection and shared (non-exclusive) basis. Further it also states that the wireless equipment shall be type approved and designed and constructed in such a manner that the bandwidth of emission and other parameters shall conform to the limits as specified in the rules framed by the government in this regard from time to time.

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2009-2014, 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.

Foreign Trade Policy 2009-2014

Every exporter or importer shall comply with the provisions of Foreign Trade (Development & Regulation) Act, 1992 [“**Foreign Trade (D&R) Act**”], the rules and orders made there-under, the Foreign Trade Policy and terms and conditions of any license granted to the exporter or importer. Further all imported goods shall also be subject to domestic laws, rules, orders, regulations, technical specifications, environmental and safety norms as applicable to domestically produced goods. In accordance with the Foreign Trade (D&R) Act, every importer or exporter shall obtain a license to import or export which includes a customs clearance permit and any other permission issued or granted under the said act which are listed under ITC(HS) Classification of Export and Import Items Book.

Categories of Import

All types of imported goods come under the following four categories:

- Freely importable items: Most capital goods fall into this category. Any product declared as Freely Importable Item does not require import licenses.
- Licensed Imports: There are number of goods, which can only be importer under an import license. This category includes several broad product groups that are classified as consumer goods; precious and semi-precious stones; products related to safety and security; seeds, plants and animals; some insecticides, pharmaceuticals and chemicals; some electronically items; several items reserved for production by the small-scale sector; and 17 miscellaneous or special-category items.
- Canalised Items: There are certain savouring items that can only be importer in India through specified channels or government agencies. These include petroleum products (to be imported only by the Indian Oil Corporation); nitrogenous phosphatic, potassic and complex chemical fertilizers (by the Minerals and Metals Trading Corporation) vitamin- A drugs (by the State Trading Corporation); oils and seeds (by the State Trading Corporation and Hindustan Vegetable Oils); and cereals (by the Food Corporation of India).
- Prohibited items: Only four items-tallow fat, animal rennet, wild animals and unprocessed ivory- are completely banned from importation.

United Nations Convention on Contracts for the International Sale of Goods

The United Nations Convention on Contracts for the International Sale of Goods (CISG) aims to reduce obstacles to international trade, particularly those associated with choice of law issues, by creating even-handed and modern substantive rules governing the rights and obligations of parties to international sales contracts. The goal of UNCITRAL was to create a Convention that would attract increased participation in uniform international sales rules. The text of the CISG was approved at the United Nations Conference on Contracts for the International Sale of Goods, held in 1980, in Vienna. The CISG entered into force on 1 January 1988, and since that time has steadily and continuously attracted a diverse group of adherents.

The CISG governs international sales contracts if:

- (1) both parties are located in contracting states, or
- (2) private international law leads to the application of the law of a contracting state (although, as permitted by the CISG.

The relevant provisions which CISG addresses are as follows:

- (a) Interpretation of the parties' agreement;
- (b) The role of practices established between the parties, and of international usages;
- (c) The features, duration and revocability of offers;
- (d) The manner, timing and effectiveness of acceptances of offers;
- (e) The effect of attempts to add or change terms in an acceptance;
- (f) Modifications to international sales contracts;
- (g) The seller's obligations with respect to the quality of the goods as well as the time and place for delivery;
- (h) The place and date for payment;
- (i) The buyer's obligations to take delivery, to examine delivered goods, and to give notice of any claimed lack of conformity;
- (j) The buyer's remedies for breach of contract by the seller, including rights to demand delivery, to require repair or replacement of non-conforming goods, to avoid the contract, to recover damages, and to reduce the price for non-conforming goods;
- (k) The seller's remedies for breach of contract by the buyer, including rights to require the buyer to take delivery and/or pay the price, to avoid the contract, and to recover damages;
- (l) Passing of risk in the goods sold;
- (m) Anticipatory breach of contract;
- (n) Recovery of interest on sums in arrears;
- (o) Exemption from liability for failure to perform, including force majeure;
- (p) Obligations to preserve goods that are to be sent or returned to the other party.

Taxation

The Income Tax Act, 1961

In addition to prescribing regulations for computation of tax liability on income, the Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the legislation requires every taxpayer to apply to the assessing officer for a permanent account number.

The Central Excise Act, 1944

The Central Excise Act, 1944 (Central Excise Act) consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as, and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

The Customs Act, 1962

The Customs Act, 1962 (Customs Act) was formulated to prevent illegal imports and exports of goods. The levy and the rate of customs duty in India are governed by the Customs Act and the Customs Tariff Act 1975. Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Tariff Act. Customs duty is calculated on the transaction value of the goods. Customs duties are administrated by Central Board of Excise and Customs under the Ministry of Finance.

INTELLECTUAL PROPERTY

The intellectual property of the Company includes the registered intellectual property rights, including patents, trademarks and patent applications made by us in relation to various inventive products and processes and registered, as well as unregistered rights in intellectual property including copyrights in relation to software. The salient features of the legal regime governing the acquisition and protection of intellectual property in India are briefly outlined below.

Patent Protection

The Patents Act, 1970 ("Patents Act") is the primary legislation governing patent protection in India. In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent. The Patents Act deems that computer programmes per se are not 'inventions' and are therefore not entitled to patent protection. This position was diluted by the Patents Amendment Ordinance, 2004 which included as patentable subject matter:

- a) Technical applications of computer programs to industry; and
- b) Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005 does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs per se from patent protection.

The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence unpatentable), inter alia, by the existence of:

- (i) any earlier patent on such invention in any country;

- (ii) prior publication of information relating to such invention;
- (iii) an earlier product showing the same invention; or
- (iv) a prior disclosure or use of the invention that is sought to be patented

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

The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period.

This prohibition on foreign applications does not apply, however, to an invention for which a patent application has first been filed in a country outside India by a person resident outside India.

International Patent Protection Mechanisms

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of registration of the said patent. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to avoid multiplicity of applications, mechanisms under various international treaties have evolved providing for the effective filing of simultaneous patent applications in multiple jurisdictions by filing of a single international application. The Patent Co-operation Treaty, 1970, ("PCT") creates one such mechanism whereby filing an application under the PCT results in the effective filing of a separate application in each of several designated countries under the PCT. India is a signatory to the PCT

An application under the PCT procedure is processed in two phases, i.e.: (a). An international phase wherein an international application is filed in the International Bureau; and (b). A national phase consisting of the conversion of the application into national patent applications in designated countries.

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

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

Copyright Protection

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

exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organisation.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption savouring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, the copyright protection of a work lasts for a 60-year period following the death of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright. With respect to computer software, in addition to the above, any unauthorised sale and commercial rental of software also amount to infringement of copyright. The Copyright Act also prescribes certain fair use exceptions which permit certain acts which are otherwise considered copyright infringement. In respect of computer software, these fair use exceptions would include:

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

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

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

International Treaties for Copyright Protection

India is a signatory to the Convention of International Union for the Protection of Literary and Artistic Works (the “Berne Convention”), the Universal Copyright Convention, 1952, (the “UCC”) the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (the “TRIPS Agreement”). The TRIPS Agreement embodies a set of minimum standards that all signatories have to adhere to in respect of all forms of intellectual property protection, including copyright.

The Berne Convention requires that the signatory countries provide the same rights to foreigners from other member countries as to their own nationals and mandates automatic protection not subject to procedural formalities. It also provides for minimum substantive standards of protection, dealing with the duration of copyright and the exclusive rights which the author shall hold. While the Berne Convention does not prescribe what works are required to be protected under it, computer software has been brought under its purview by means of Article 10 of the TRIPS Agreement.

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

Trademarks

The Trade Marks Act, 1999 (the “Trademark Act”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law.

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

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark have to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Industrial Designs

Industrial Designs are governed by the Designs Act, 2000 and Designs Rules 2001 and administered by the Controller General of Patents, Designs and Trade Marks.

The registration of a design confers on the registered proprietor the right to take action against third parties who apply the registered design without licence or consent. The registration is valid for 10 years from the date of application i.e. date of filing or the date of priority whichever is earlier. The period may be extended by another period of 5 years on filing an application for extension of copy right before the expiry of the said period of 10 years. Under the Designs Act, "Design" has been defined as the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or 3D or in both forms. The Design should be new and original and has not been disclosed to the public in India or any other country.

Pursuant to India becoming a member of the WTO, Paris Convention and the Patent Cooperation Treaty (PCT), any of the member countries can claim priority rights in respect of Designs.

Trade Secrets and Confidential Information

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under Common Law.

LABOUR REGULATIONS

Depending upon the nature of the projects undertaken by the Company, applicable labour laws and regulations include the following:

- Payment of Bonus Act, 1965;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Shops and Commercial Establishments Acts, where applicable;

A brief description of certain labour legislations are set forth below

1. The Employees Provident Fund and Miscellaneous Provisions Act, 1952

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

2. The Employees State Insurance Act, 1948

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

3. Applicable Shops and Commercial Establishments Acts

The Shops and Commercial Establishments Acts enacted by each state provide for the regulation of the conditions of work and employment in shops and commercial establishments such as leaves, holidays, working hours etc.

4. Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (“PBA”) provides for payment of bonus on the basis of profit or productivity to people employed in factories and establishments employing twenty or more persons on any day during an accounting year. The PBA ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Under the PBA every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹ 100, whichever is higher

5. Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (“PGA”) provides for payment of gratuity, to an employee, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply). The PGA establishes a scheme for the payment of gratuity to employees engaged in establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify.

APPLICABLE STAMP ACTS

Stamp duty needs to be paid on all documents specified under the Stamp Act and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

EXCHANGE CONTROL REGULATIONS

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy dated April 01, 2010 and FEMA. The FEMA is the primary exchange control law in India and must be complied with by any foreign investor with regard to its entry and operations in India. While the Consolidated FDI Policy 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.

100% foreign investment is permissible under the automatic route in the software and hardware technology sector and for manufacturing of telecom equipments, provided that the company complies with the requirements as specified under FEMA and the relevant Rules and Regulations framed thereunder.

Investment by FIIs

The foreign exchange regulations stipulate that the aggregate foreign institutional investor’s/ FII’s holding in a company cannot exceed 24% of the total issued capital. However, with the approval of the Board of Directors

and the shareholders by way of a special resolution, the aggregate FII holding in a company can be increased up to 100%.

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

No single FII can hold more than 10% of the post-issue paid-up capital of a company. In respect of an FII investing in Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of total issued capital of a company in case such sub account is a foreign corporate or an individual.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as “Point Red Telecom Private Limited”, a private limited company under the provisions of the Companies Act, 1956, vide certificate of incorporation dated March 28, 2005 with CIN U72200DL2005PTC134422, issued by the Registrar of Companies at NCT of Delhi & Haryana. The Company was allotted a new Corporate Identity Number, U72200KA2005PTC047544 upon its change of Registered Office to State of Karnataka. For details regarding change in Registered Office, please refer below. In June 2006, the present Promoter, GCL acquired 100% shares of our Company from the erstwhile promoters i.e. Anthony Trinidad and Subhash Sachdeva.

Pursuant to a special resolution of the shareholders of our Company on August 09, 2010, our Company was converted into a public company, and the name of our Company was further changed to ‘Point Red Telecom Limited’ and consequent to such change of name, a fresh certificate of incorporation dated October 01, 2010 was issued by the Registrar of Companies, Karnataka. Upon conversion, our Company was allotted the new Corporate Identity Number, U72200KA2005PLC047544.

Changes in the Registered Office of our Company

Date of the Board Resolution	Details of Change	Reasons for Change
July 12, 2006	The registered office of our Company was shifted from D 2-2042, Vasanth Kunj, New Delhi -110 070 to 234A Ground Floor, Above Orient Bank of Commerce, Chandni Plaza, Sant Nagar, East of Kailash, New Delhi- 110 070	The change in the registered offices was made to achieve greater operational efficiency
March 07, 2008*	The registered office of our Company was shifted from 234A Ground Floor, Above Orient Bank of Commerce, Chandni Plaza, Sant Nagar, East of Kailash, New Delhi- 110 070 to #18/11B Roopena Agrahara, Begur Hobli, Hosur Main Road, Bangalore- 560 068, Karnataka.	The change in the registered offices was made to achieve greater operational efficiency

**The shifting of the registered office of our Company from the National Capital Territory of Delhi to the State of Karnataka was allowed by an order dated July 31, 2008 passed by our Company Law Board, Northern Region. A certificate of registration of the said Company Law Board order was issued by the Registrar of Companies Karnataka under Section 18 (3) of the Companies Act, 1956 on August 22, 2008.*

Changes in the activities of our Company during the last five years

Except as otherwise stated in the sections titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, on pages 61 and 163, respectively, there have been no changes in the activities of our Company during the last five years preceding the date of this Draft Red Herring Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Key Events and Milestones

Period	Key event and milestones
March, 2005	Incorporated as a Private Limited Company
June, 2006	Acquisition of 100% of shares of our Company by Gemini Communication Limited
September 2006	PointRed Joins WiMAX Forum as a Principal Member
September 2006	PointRed Telecom got ISO 9001
January 2007	Launch of MicroRed NGN range of products
March 2007	TNEB contract for MicroRed products was won
June 2007	Setting up of branch office in Taiwan
June 2007	Launch of PointMAX Range of Products & started Commercial Shipment
March 2008	New R&D Facility was established for developing Mobile WiMAX and LTE technology

Period	Key event and milestones
November 2008	Successful commercial trial of PointMAX with BSNL
November, 2008	Setting up of our subsidiary company, PR Wireless Tech Limited for better Supply chain Management
January 2009	First Major WiMAX contract was won from BSNL Worth
March 2009	PointMAX 10000 Base Station Certified by WiMAX Forum
July 2009	PointMAX 1100 Customer premises equipment certified by WiMAX forum
August 2009	PointMAX 3000& 3000 V Customer premises equipment certified by WiMAX forum
September 2009	PointMAX 2500 Customer premises equipment certified by WiMAX forum
Sep 2009	PointMAX 3000VW Customer premises equipment certified by WiMAX forum
June 2010	PointRed Wins Rural WiMAX 2 project from BSNL for 304 Crores
October 2010	Conversion from a private limited company to a public limited company
October 2010	New Assembly and testing facility established in Farglory Trade Zone, Tao Yuan, Taiwan ROC
November 2010	PointMAXTM2500 – New Indoor WiMAX CPE with Voice and Data certified by WiMAX forum
November 2010	PointMAXTM2500 - New Outdoor WiMAX CPE certified by WiMAX forum

Capital raising (Debt / Equity)

Except as set out in the sections titled “Capital Structure” and “Financial Indebtedness” on pages 21 and 178 respectively, our Company has not raised any capital in the form of Equity Shares or debentures.

Main Objects of our Company:

1. To carry on whether in or out of India the business of designing, developing, producing, managing, advising, syndicating, leasing, using, importing, exporting and marketing of telecommunication and internet related equipment, technology and software and components thereof including but not limited to products involving wireless technology, industry based web and non-web solutions, industry specific software and hardware solutions and other industry automation systems and gadgets and for that purpose, to become a member of, or enter in to negotiation, collaboration, joint venture, technical or otherwise with any council, association, persons, firm, company, body corporate, institutions of Governments, obtain or impart technical information, knowhow and expert advice.
2. To act as telecom and internet specialists, counselors, out sourced facilities managers, consultants, programmers and to provide educational, corporate, personal training and any other kind of service or facility relating to telecommunication and internet hardware, software and technology, programming, software development, information, retrieval, internet and digital media and any other electronic communications devices and provide other services including but not limited to the hiring, renting, leasing, sale, purchase, import, export and retailing of all types of telecom and internet related hardware, software technology and components thereof.

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

Amendments to our Memorandum of Association

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

Date of Shareholders' approval	Nature of Amendment
March 21, 2008	The Memorandum of Association was amended with respect to the situation of the registered office of our Company. <i>“The Registered Office of our Company will be situated in the State of Karnataka.”</i>
March 21, 2008	The authorised share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following: <i>“The Authorized Share Capital of our Company is ₹ 10,14,00,000/- (Rupees Ten</i>

Date of Shareholders' approval	Nature of Amendment
	<i>Crores fourteen lakhs only) divided in to 1,01,40,000 (one crore one lakh and forty thousand only) Equity Shares of ₹ 10/- (Rupees Ten only) each with a power to increase, reduce, consolidate or sub-divide the Capital whenever circumstances warrant in accordance with the provisions of the Companies Act, 1956."</i>
August 09, 2010	<p>The authorised share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following:</p> <p><i>"The Authorized Share Capital of our Company is ₹ 25,50,00,000/- (Rupees Twenty five crores fifty lakhs only) divided in to 2,55,00,000 (two crores fifty five lakhs only) Equity Shares of ₹ 10/- (Rupees Ten only) each with a power to increase, reduce, consolidate or sub-divide the Capital whenever circumstances warrant in accordance with the provisions of the Companies Act, 1956."</i></p>

Holding Company

GCL is currently holding 100% of the share capital of our Company along with six other shareholders. For details of our holding company, please see the section entitled "Promoter and Group Companies" on page 105 of this Draft Red Herring Prospectus.

Our Subsidiary and branch office

Unless otherwise stated, none of our Subsidiary have been declared sick companies under the Sick Industrial Companies (Special Provisions) Act, 1985 and no winding-up proceeding have been initiated against any of them. Further, unless otherwise stated, no application has been made in respect of our Subsidiary to the respective registrar of companies for striking off their names.

Unless otherwise stated, the equity shares of our Subsidiary is not listed on any stock exchange and has not made any public issue of securities in the preceding three years.

Further, our Subsidiary has any accumulated profits / losses that have not been accounted for, unless stated otherwise.

Our Company has a subsidiary in Hong Kong, namely PR Wireless Tech Limited and a branch office in Taiwan.

PR Wireless Tech Limited (PRWTL)

Corporate Information:

PR Wireless Tech Limited was incorporated in Hong Kong on November 25, 2008 under the provisions of Companies Ordinance (Chapter 32) as per the certificate of incorporation issued by Registrar of Companies, Hong Kong. The registration number as reflected in the certificate of incorporation is 1289484. PR Wireless Tech Limited is a wholly owned subsidiary of our Company. The main objects of the PRWTL is to carry the business of importers, exporters, agents, distributors, manufacturers, warehousemen, merchants, commission, agents, contractors, store keepers, carriers, industrial, internet, website, video communications, development, cyber services & products etc. The authorised share capital and paid up share capital of PR Wireless Tech Limited is HK\$ 10,000 divided into 10,000 shares of HK\$ 1.00 each. The registered office of PR Wireless Tech Limited is situated at 7/F, Man on Commercial Building, 12-13 Jubilee Street, Central, Hong Kong.

Board of Directors as on the date of filing of this Draft Red Herring Prospectus

- | | |
|------------------|------------|
| 1. R. Ramkumar | - Director |
| 2. R. Vijaykumar | - Director |

Shareholding Pattern as on the date of filing of this Draft Red Herring Prospectus

Sr. No.	Name of the shareholder	Number of equity shares	% of shareholding
1.	Point Red Telecom Limited	10,000	100
	Total	10,000	100

Financial performance

(Amt in USD)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Sales	1,11,77,443	30,00,000	NA
Profit/loss after tax ("PAT")	44,87,538	5,88,626	NA
Reserves and Surplus (excluding revaluation reserves)	50,76,164	5,88,626	NA
Equity share capital ⁽¹⁾	1,290.00	1,290.00	NA
Earnings per share (Basic and Diluted) (USD)	448.75	58.86	NA
Net Asset Value per share (USD)	507.74	58.99	NA

(1) The face value of each equity shares is HK\$ 1.00

Branch Office

Our Company has set up a branch office at 15 F-5, No. 1071, Chun Chen Road, Tun De Li, Tao Yuan City, Tao Yuan County, Taiwan on April 14, 2008 bearing business registration no. 09704322 and business entity no. 28415986. We have also set up another office in Farglory Free Trade Zone of Taiwan bearing no. A08, Block, 6th Floor, the Door plate number: 5th unit on the 6th Floor, No.8 Hanghsiang Road, Tayuan Hsinag, Taoyuan County. Our Company's branch office in Taiwan, books the orders either directly or through our office in India. Consequently, our Branch office places procurement orders of various components which form integral part of our products from vendors. These components are utilized in manufacturing our products at the manufacturing units/assembly floors of Equipment Manufacturing Services (EMS) in Taiwan at mutually agreed terms. Thereafter, our Branch Office completes the manufacturing process by undertaking the activities such as assembling the various accessories and components, undertaking quality assurance tests and packing and labelling. Subsequently, the branch office ships the products to the customers directly with the relevant documents and packing slips.

Shareholders Agreement

We do not have any shareholders agreements.

Other Agreements

Except as stated elsewhere in this Draft Red Herring Prospectus and various agreements/contracts, which have been entered in regular course of business with our suppliers, customers and lenders, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of this Draft Red Herring Prospectus

Strategic Partners

Except for the teaming arrangements with our Promoter, GCL, as on the date of filing of this Draft Red Herring Prospectus, we have not entered into any strategic partnership or tie up with any company.

Teaming Agreements

1. Our Company ("Subcontractor") has entered into a teaming agreement (**Agreement**) dated July 16, 2008 with our Promoter Gemini Communication Limited ("Contractor"). The said Agreement has been entered into for the proposal submitted by the Contractor for the empanelment of RF vendor for supply, configuration and maintenance of point to point radio and multipoint radio for VPN/lease line services offered by BSNL. In this regard, the Subcontractor will furnish a commercial and technical proposal to the Contractor. In the event, the Contractor is awarded the contract resulting from the aforesaid proposal with BSNL, the Contractor will name the Subcontractor as a potential subcontractor

and shall award such part of the contract to the Subcontractor as covered in the proposal. The relevant terms of the Agreement are stated hereunder:

- The Subcontractor undertakes the following:
 - (i) to work exclusively for the program with the Contractor for the scope of work.
 - (ii) to be responsible to the customer for fulfillment of all obligations undertaken with the customer. The Subcontractor will have no liability or obligations with the customer.
 - (iii) The parties establish mutually agreed upon prices, and terms and conditions specified in the transaction business partner agreement and statement of work.
 - **Proposal preparation:** The Contractor will act as the prime contractor and will prepare and submit the proposal. The Contractor will be the point of contact to the customer and will be responsible for overall customer relationship and satisfaction.
 - **Allocation of cost:** Each party shall bear its own costs and expenses incurred.
 - **Confidential obligations:** The parties have agreed that any exchange of confidential information pursuant to the preparation of the proposal will be exchanged in accordance with the terms and conditions of a separate confidentiality agreement.
 - **Terms for termination:** The Agreement shall remain in effect until the first of the following shall occur:
 - (i) notice by the customer that: (a) a contract award for the program has been granted to an organisation other than the Contractor; or (b) the Contractor is disqualified.
 - (ii) official cancellation of the program/ request for proposal by the customer.
 - (iii) the parties mutually agreed in writing to terminate the Agreement.
 - **Indemnification:** The Contractor is bound by indemnification obligations.
 - **Limitation of liability:** In no event will either party be liable to the other for any lost revenues, lost profits, incidental, indirect, consequential, special or punitive damages.
 - **Choice of law and forum:** The Agreement is governed by the laws of India. Any legal or other action related to the Agreement must be commenced no later than 3 years from the date on which the cause of action arose. In the event no amicable resolution or settlement is reaching within 30 days from the date on which the dispute or difference arose, such dispute shall be referred to and settled by arbitral tribunal comprising of 3 arbitrators, one to be appointed by each party and the third arbitrator to be appointed by the selected arbitrators. The proceedings shall be governed in accordance with Arbitration and Conciliation Act and the venue of the arbitration shall be Delhi.
 - **Assignment:** Neither party shall assign its rights or duties under the Agreement in whole or part without the prior written approval of the other party.
 - **Term:** The Agreement shall be valid for 7 years from the date of advance purchase order of the customer including the warranty and AMC period as per the tender clause.
2. Our Company (“**Partner**”) has entered into a teaming agreement (**Agreement**) dated August 18, 2009 with our Promoter Gemini Communication Limited (“**Contractor**”). The said Agreement has been entered into for the proposal submitted by the Contractor for supply, installation, commissioning and maintenance support of WiMAX equipment in BSNL network on turnkey basis. In this regard, the Partner will furnish a commercial and technical proposal to the Contractor. In the event, the Contractor

is awarded the contract resulting from the aforesaid proposal with BSNL, the Contractor will name the Partner as a potential partner and shall award such part of the contract to the Subcontractor as covered in the proposal. The relevant terms of the Agreement are stated hereunder:

- The Partner undertakes the following:
 - (i) work exclusively for the program with the Contractor for the scope of work.
 - (ii) be responsible to the customer for fulfillment of all obligations undertaken with the customer.
 - (iii) The parties establish mutually agreed upon prices, and terms and conditions specified in the transaction business partner agreement and statement of work.
- **Proposal preparation:** The Contractor will act as the prime contractor and will prepare and submit the proposal. The Contractor will be the point of contact to the customer and will be responsible for overall customer relationship and satisfaction.
- **Allocation of cost:** Each party shall bear its own costs and expenses incurred.
- **Confidential obligations:** The parties have agreed that any exchange of confidential information pursuant to the preparation of the proposal will be exchanged in accordance with the terms and conditions of a separate confidentiality agreement.
- **Terms for termination:** The Agreement shall remain in effect until the first of the following shall occur:
 - a. notice by the customer that: (a) a contract award for the program has been granted to an organisation other than the Contractor; or (b) the Contractor is disqualified.
 - b. official cancellation of the program/ request for proposal by the customer.
 - c. the parties mutually agreed in writing to terminate the Agreement.
- **Indemnification:** The Contractor is bound by indemnification obligations.
- **Limitation of liability:** In no event will either party be liable to the other for any lost revenues, lost profits, incidental, indirect, consequential, special or punitive damages.
- **Choice of law and forum:** The Agreement is governed by the laws of India. Any legal or other action related to the Agreement must be commenced no later than 3 years from the date on which the cause of action arose. In the event no amicable resolution or settlement is reaching within 30 days from the date on which the dispute or difference arose, such dispute shall be referred to and settled by arbitral tribunal comprising of 3 arbitrators, one to be appointed by each party and the third arbitrator to be appointed by the selected arbitrators. The proceedings shall be governed in accordance with Arbitration and Conciliation Act and the venue of the arbitration shall be Delhi.
- **Assignment:** Neither party shall assign its rights or duties under the Agreement in whole or part without the prior written approval of the other party.
- **Term:** The Agreement shall be valid for 7 years from the date of advance purchase order of the customer including the warranty and AMC period as per the tender clause.

Financial Partners

Our Company has not entered into any financial partnerships with any entity as on the date of filing of this Draft Red Herring Prospectus.

Standing of our Company vis-a- vis our prominent competitors

For details of the standing of our Company with reference to its prominent competitors, please refer to the section titled “Business Overview” on page 61 of this Draft Red Herring Prospectus.

Guarantees

For details of the guarantees given by our Promoter, Gemini Communication Limited, to our lenders, please see the section “Financial Indebtedness” beginning on page 178 of this Draft Red Herring Prospectus.

MANAGEMENT

Board of Directors:

Under its Articles of Association, our Company is required to have at least 3 Directors and not more than 12 Directors. Currently, the Board has 4 (four) Directors out of which 2 (two) Directors are independent directors in terms of Clause 49 of the Listing Agreement.

The following table sets forth details regarding the Board as of the date of filing the Draft Red Herring Prospectus with SEBI.

Name, Date of Birth, Father's Name, Address, Designation, DIN, Occupation & Nationality	Date of Appointment and Term	Other Directorships
Mr. B. Sreekrishna Date of Birth: October 18, 1974 Father's name: Mr. K. Balasubramanian Designation: Chairman and Managing Director Address: E-150, Amar Colony, Lajpat Nagar, New Delhi- 110004 DIN: 00496154 Occupation: Business Nationality: Indian	Appointed as Chairman and Managing Director with effect from July 01, 2010 to June 30, 2015. Prior to that Appointed as Additional Director on June 13, 2006, as Managing Director on September 27, 2006 and re-designated as Director on October 01, 2008. Term: Five years	i. Gemini Communication Ltd. ii. Point Red Telecom Inc. iii. Veeras Infotek Private Limited
Mr. R. Vijaykumar Date of Birth: February 27, 1970 Father's name: Mr. R. Ramamurthy Designation: Non-Executive Director Address: New No. 3, Old No. 56A, Dr. Ranga Road, Alwarpet, Chennai-600 018 DIN: 00158328 Occupation: Business Nationality: Indian	Appointed as Additional Director on June 13, 2006 and as Non Executive Director on September 27, 2006 Term: Liable to retire by rotation	i. Gemini Communication Ltd. ii. Gemini Traze RFID Private Ltd. iii. Gemini Geoss Energy (P) Ltd iv. Gemini Infotech Limited v. Veeras Infotek Private Limited vi. PR Wireless Tech Limited vii. Point Red Telecom Inc.
Mr. Hari Sethuraman Date of Birth: December 24, 1970 Father's name: Mr. Annaswamy Sethuraman Designation: Independent Director Address: D-2, Aashiana, #9 Venus colony, II cross street, Alwarpet, Chennai- 60 0018 DIN : 00427835 Occupation: Professional Nationality: Indian	Appointed as Additional Director on December 30, 2009. Term: Liable to retire by rotation	i. Gemini Communication Ltd. ii. Gemini Traze RFID Private Limited. iii. D'zine Garage Private Limited. iv. D'zine Interactive Private Limited.
Mr. L. Sathyanarayan Date of Birth: May 12, 1964 Father's name: Mr. Nerur Krishnamurthy Lakshmi Narasimhan Designation: Independent Director Address: No-1, Srivari Apartments, Chittirai Street Chinmayanagar, Chennai- 600092. DIN: 01966236	Appointed as Additional Director on September 10, 2010 Term: To hold office up to the date of next Annual General Meeting.	i. Gemini Communication Limited ii. Madras Fastners (P) Ltd

Name, Date of Birth, Father's Name, Address, Designation, DIN, Occupation & Nationality	Date of Appointment and Term	Other Directorships
Occupation: Professional Nationality: Indian		

Inter-se relationship between Directors: Mr. B. Sreekrishna is the cousin brother of Mr. R. Vijaykumar.

Brief biographies of the Directors of our Company:

Mr. B. Sreekrishna, aged 36 years is the Chairman and Managing Director of our Company. He completed his bachelor degree in computer science from Pune University in 1998 and Executive Masters degree in International Business from Indian Institute of Foreign Trade, Delhi in March 2006. He has over 13 years of experience in Information Technology. He joined the Board of our Company on June 13, 2006.

Mr. R. Vijaykumar, aged 40 years is the Non-Executive Director of our Company. He completed his bachelors degree in Mathematics from Madras University in 1991. He has over 18 years of experience in the communication field. He is one of the co-founder of our Promoter. He joined the Board of our Company on June 13, 2006.

Mr. Hari Sethuraman, aged 39 years is an Independent Director of our Company. He is an alumnus from the Indian Institute of Technology (IIT) Madras - Class of 1993 and has completed his degree in Technology in the field of Civil Engineering. He is also the Chairman of D'zine Garage Private Limited and a director of D'zine Interactive Limited, UK a wholly owned subsidiary of D'zine Garage focussed on the UK and European markets. He is a regular speaker at various national and international forums on organic farming, food security and food processing in India. He joined the Board of our Company on December 30, 2009.

Mr. L. Sathyanarayan, aged 46 years is an Independent Director of our Company. He has over 20 years of experience in the financial area. He completed his bachelor degree in commerce from University of Kerala in the year 1985 and has completed his intermediate course from The Institute of Chartered Accountants of India in November, 1984.

None of our Directors have been appointed pursuant to any arrangement or understanding with our Company's major shareholders, customers or suppliers or others.

Each member of our Board have confirmed that none of the shares of the listed companies, in which they are/were directors, have been/were suspended from being traded on the Bombay Stock Exchange Ltd. and/or National Stock Exchange of India Ltd and/or any other stock exchanges at any period during the last five years from the date of this Draft Red Herring Prospectus, except as disclosed hereunder:

S. No	Directors Name	Name of the Company	Name of the Stock Exchange listed on	Date of suspension of listing	Period and Reason for Suspension, if suspended for more than 3 months	Date of revocation of suspension (if suspension if revoked)	Date of Appointment as Director	Term of Direct orship
(1)	Mr. B. Sreekrishna	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2)	Mr. R. Vijaykumar	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(3)	Mr. Hari Sethuraman	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(4)	Mr. L. Sathyanarayan	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Each member of our Board have confirmed that none of the shares of the listed companies, in which they are/were directors have been/ were delisted on the Bombay Stock Exchange Ltd. and/or National Stock Exchange of India Ltd and/or any other stock exchanges, except as disclosed hereunder:

S. No	Directors Name	Name of the Company	Name of the Stock Exchange listed on	Date of delisting	Compulsory or Voluntary Delisting	Reason for delisting	Date of relisting (if relisted)	Name of the Stock Exchange relisted on	Date of Appointment as Director	Term of Directorship
(1)	Mr. B. Sreekrishna	Gemini Communication Ltd.	Delhi Stock Exchange	March 20, 2006	Voluntary Delisting	Nil Trading volume	Nil	Nil	June 13, 2006	Five years commencing from July 01, 2010 to June 30, 2015.
(2)	Mr. R. Vijaykumar	Gemini Communication Ltd.	Delhi Stock Exchange	March 20, 2006	Voluntary Delisting	Nil Trading volume	Nil	Nil	June 13, 2006	Liable to retire by rotation
(3)	Mr. Hari Sethuraman	Gemini Communication Ltd.	Delhi Stock Exchange	March 20, 2006	Voluntary Delisting	Nil Trading volume	Nil	Nil	December 30, 2009	Liable to retire by rotation
(4)	Mr. L. Sathyanarayan	Gemini Communication Ltd.							September 10, 2010	Liable to retire by rotation

Compensation of Chairman and Managing Director

Except as stated below none of our Directors have been paid any remuneration by our Company:

Terms and conditions of the remuneration of the Managing Director:

Pursuant to Board resolution dated September 10, 2010 and shareholders resolution dated September 27, 2010, Mr. B. Sreekrishna, was designated as the Chairman and Managing Director of our Company for a period of five years with effect from July 1, 2010 on the following terms:

Remuneration Details

Based on the recommendation of the Remuneration committee, the following are the terms and conditions of Salary and Perquisites of Mr. B. Sreekrishna.

Salary:

₹ 11.99 lakhs per annum or ₹ 99,999/- per month including dearness and other allowances, subject to TDS and other deductions.

Perquisites:

Perquisites will be allowed to Mr. B. Sreekrishna, in addition to the Salary restricted to an amount equal to his Annual Salary of ₹ 11.99 lakhs. For this purpose, Perquisites are classified into three categories as follows:

Category A

Housing I – The expenditure by our Company for hiring furnished accommodation for Mr. B. Sreekrishna will be subject to the following ceiling: 25% of the Salary over and above 10% payable by Mr. B. Sreekrishna.

Housing II – In case accommodation is owned by our Company, ten percent of the salary of Mr. B. Sreekrishna shall be deducted by our company.

Housing III – In case no accommodation is provided by our Company, Mr. B. Sreekrishna shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

- i. The expenditure incurred by our Company on Gas, Electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 as amended up to date. This shall however be subject to a ceiling of Ten Percent of the salary of Mr. B. Sreekrishna.
- ii. Medical reimbursement – expenses incurred for self and family subject to ceiling of one month salary in a year or three months salary over a period of three years.
- iii. Leave Travel Concession – for self and family once in a year incurred in accordance with the rules of our Company.
- iv. Club Fees – Fees of clubs subject to a maximum of two clubs. However admission and life membership fees not be allowed.
- v. Personal accident insurance – premium not to exceed ₹ 3000/- per month.

Explanation: For the purpose of Category A “family” means spouse, dependent children and dependent parents of the Chairman & Managing Director.

Category B

Our Company’s Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under Income Tax Act, 1961. Gratuity payable in accordance with the rules of our Company, not exceeding half month’s salary for each completed year of service.

Encashment of leave at the end of tenure payable in accordance with the rules of our Company. This will not be included in the computation of the ceiling on perquisites.

Category C

Our Company will provide a car with driver and a telephone at the residence of the Chairman and Managing Director. Pavilion long distance calls on telephone and use of car for private purposes shall be billed by us.

Commission

Remuneration by way of commission may be paid based on the net profits of our Company in a particular year, subject to the overall ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.

In any financial year, during the currency of tenure of Mr. B. Sreekrishna, our Company has no profits of inadequate profits, it may pay him remuneration within the ceiling provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 depending on the effective capital of our Company.

Terms and Conditions of Employment of Non-Executive Directors and Independent Directors

Though our Articles provides for payment of sitting fees of ₹ 2,000 to our non-executive directors and Independent directors for attending Board meeting. However, our Company has not been making any payment of any remuneration to our non-executive directors and Independent directors.

Contract providing termination benefits

None of our Directors have entered into any contract with our Company which provides for benefits to the Directors upon their termination.

Borrowing Powers of the Board

In terms of the Articles, the Board may, from time to time, at its discretion by a resolution passed at its meeting raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. However, if the moneys sought to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) should exceed the aggregate of the paid-up capital of our Company and our free reserves (not being reserves set apart for any specific purpose), the Board is required to obtain the consent of our Company in general meeting prior to undertaking such borrowing.

In this regard, our Company, in the meeting of our shareholders dated March 15, 2010 had resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board is authorised to borrow moneys (apart from temporary loans obtained from the bankers of our Company in ordinary course of business) for the purpose of Company's business in excess of the aggregate of the paid-up capital of our Company and its free reserves (not being reserves set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed ₹ 35,000 lakhs (Rupees thirty five thousand lakhs only) at any one time.

Bonus or Profit sharing plan

There is no bonus or profit sharing plan for the Directors of our Company.

Shareholding of the Directors in our Company

Our Articles do not require the Directors to hold any qualification shares. None of the Directors hold any Equity Shares in our Company as of the date of filing of this Draft Red Herring Prospectus except Mr. R. Vijaykumar, who holds 1 (one) Equity Share jointly with Gemini Communication Limited and Mr. B. Sreekrishna, Mr. Hari Sethuraman and Mr. L. Sathyanarayan who holds ten (10) Equity Shares each jointly with Gemini Communication Limited. However, the beneficial interest in the said Equity Shares lies with Gemini Communication Limited.

Interests of our Promoter, Directors and Key Managerial Personnels

Except as stated below and in the section titled "Related Party Transactions" on page 114, and to the extent of shareholding in our Company, the Promoter, Promoter Group, Directors and key managerial personnels do not have any other interest in our Company's business.

GCL has entered in to a memorandum of understanding on December 11, 2010 with our Company to enter into a lease agreement with respect to the premises at Himachal Pradesh upon receipt of necessary approvals from Himachal Pradesh State Industrial Corporation Limited.

Except as stated in this DRHP and in particular the section titled "**Financial Statements**" beginning on page 116 of this DRHP, our Directors have no interest in any property acquired by us within two years of the date of filing of this DRHP.

Except our Promoter, Gemini Communication Limited, none of our Directors are interested in the promotion of our Company.

However, all our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or Committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them pursuant to our Articles of Association and to the extent of remuneration paid to them for services rendered as officers of our Company.

Changes in the Board of Directors for the last three years

Name	Date of Appointment/ Change in designation	Date of Cessation	Reason
L. Satyanarayan	September 10, 2010	-	Appointed as Independent Director
R. Ramkumar	-	September 10, 2010	Resignation
B. Sreekrishna	July 01, 2010	-	Change in designation as Chairman and Managing Director
Hari Sethuraman	December 30, 2009	-	Appointed as Independent Director
C.V. Bhaskar	-	December 30, 2009	Resignation
R. Ramkumar	October 01, 2008	-	Change in designation as Chairman & Managing Director
B. Sreekrishna	October 01, 2008	-	Change in designation as Non – Executive Director

Corporate Governance

Our Company has complied with the requirements of the applicable regulations, including the Listing Agreement to be entered in to with the Stock Exchanges 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. Our Company has a Board constituted in compliance with the Companies Act and Listing Agreement to be entered in to with the Stock Exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Our Company undertakes to take all necessary steps to comply with all the requirements of the SEBI ICDR Regulations on corporate governance and adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

The chairman of the Board is an executive director. The Board of Director consists of 4 (four) Directors out of which 1 (one) is an executive director, 1 (one) is a non executive director and 2 (two) are independent directors in terms of Clause 49 of the Equity Listing Agreement.

Committees of the Board of Directors

Our Company has constituted the following committees in compliance with corporate governance requirements:

a) Audit Committee

The Audit Committee was constituted pursuant to the Board meeting held on October 06, 2010 and comprises of:

Sr. no	Name of Directors	Designation	Category
1	Mr. L. Sathyanarayan	Independent Director	Chairman
2	Mr. Hari Sethuraman	Independent Director	Member
3	Mr. R. Vijaykumar	Non Executive Director	Member

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement, as amended from time to time, and its terms of reference include the following:

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To have full access to information contained in the records of the company
3. To seek information from any employee.
4. To obtain outside legal or other professional advice.
5. To secure attendance of outsiders with relevant expertise, if it considers necessary

The audit committee provides directions to and reviews functions of the accounts department. The committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal MIS reports and other year-end certificates issued by the statutory auditors. Quarterly and annual accounts will be reviewed by the audit committee, prior to their presentation to the Board along with the recommendations of the audit committee. Besides, audit committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement:

1. 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.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (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.
5. To review the following information:
 - a. Management Discussion and Analysis of financial conditions and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the chief internal auditor.
6. To review, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
8. 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
9. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
10. 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.
11. Discussion with internal auditors any significant findings and follow up there on.
12. 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.
13. 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.
14. 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.
15. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
16. 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.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

b) Shareholders'/Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee was constituted pursuant to the Board meeting held on October 06, 2010 and comprises of;

Sl. No	Name of Directors	Designation	Category
1	Mr. Hari Sethuraman	Independent Director	Chairman
2	Mr. L. Sathyanarayan	Independent Director	Member
3	Mr. B. Sreekrishna	Executive Director	Member

The Shareholders'/ Investors' Grievance Committee inter alia performs the role/functions as set out in Clause 49 of the Listing Agreement, as amended from time to time, with the Stock Exchanges and it's terms of reference include:

1. The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities of our Company.
2. The Committee also looks, into redressal of shareholders' complaints related to transfer of shares, non receipt of balance sheet, non-receipt of declared dividends, etc.
3. The Committee oversees performance of the Registrars and Transfer Agents of our Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors the implementation and compliance of our Company's code of conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.
4. The Board has delegated the power of approving transfer of securities to the Committee members and our Company Secretary.
5. Chairman of the Committee shall always be an independent and non-executive Director who shall preside over the meeting of the Committee, have casting vote and shall sign the minutes of the meetings of the Committee.
6. Sitting fee for each meeting of the committee may be paid to every member of the Committee attending it at the rate of such sum per meeting besides reimbursement of conveyance and other incidental expenses for attending the meeting of the Committee.

c) Remuneration Committee

The Remuneration Committee was constituted pursuant to the Board meeting held on October 06, 2010 and comprises of:

Sl. No	Name of Directors	Designation	Category
1	Mr. Hari Sethuraman	Independent Director	Chairman
2	Mr. R. Vijaykumar	Non Executive Director	Member
3	Mr. L. Sathyanarayan	Independent Director	Member

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

1. To decide and approve the terms and conditions for appointment and re-appointment of executive directors and/ or whole time Directors and remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of our Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, 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.;
3. 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 packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;

4. To implement, supervise and administer any share or stock option scheme of our Company. To obtain such outside or professional advice as it may consider necessary to carry out its duties;
5. To invite any employee or such document as it may deem fit for exercising any of its functions;
6. To attend to such matters with respect to the remuneration of senior and other employees as may be submitted to it by the Managing Director;
7. To attend to any other responsibility as may be entrusted by the Board in writing;
8. To formulate strategies for attracting and retaining employees, employee development programmes;
9. To determine our Company's remuneration policy, having regard to performance standards and existing industry practice;
10. Chairman of the Committee shall always be an independent and Non-Executive Director who shall preside over the meeting of the Committee, have casting vote and shall sign the minutes of the meetings of the Committee.
11. The remuneration approved by the Committee shall be referred to the Board of Directors for its consideration. The Board will always have the powers to direct the Committee for reconsideration of any remuneration approved by it.
12. The provisions of the functioning of this Committee shall be applicable from the prospective effect, notwithstanding, amendment(s), if any required in the Articles of Association of our Company regarding Constitution of Compensation Committee and its functioning.
13. Sitting fee for each meeting of the committee may be paid to every member of the Committee attending it at the rate of such sum per meeting besides reimbursement of conveyance and other incidental expenses for attending the meeting of the Committee.

d) IPO Committee

The IPO Committee was constituted pursuant to the Board meeting held on October 06, 2010 and comprises of:

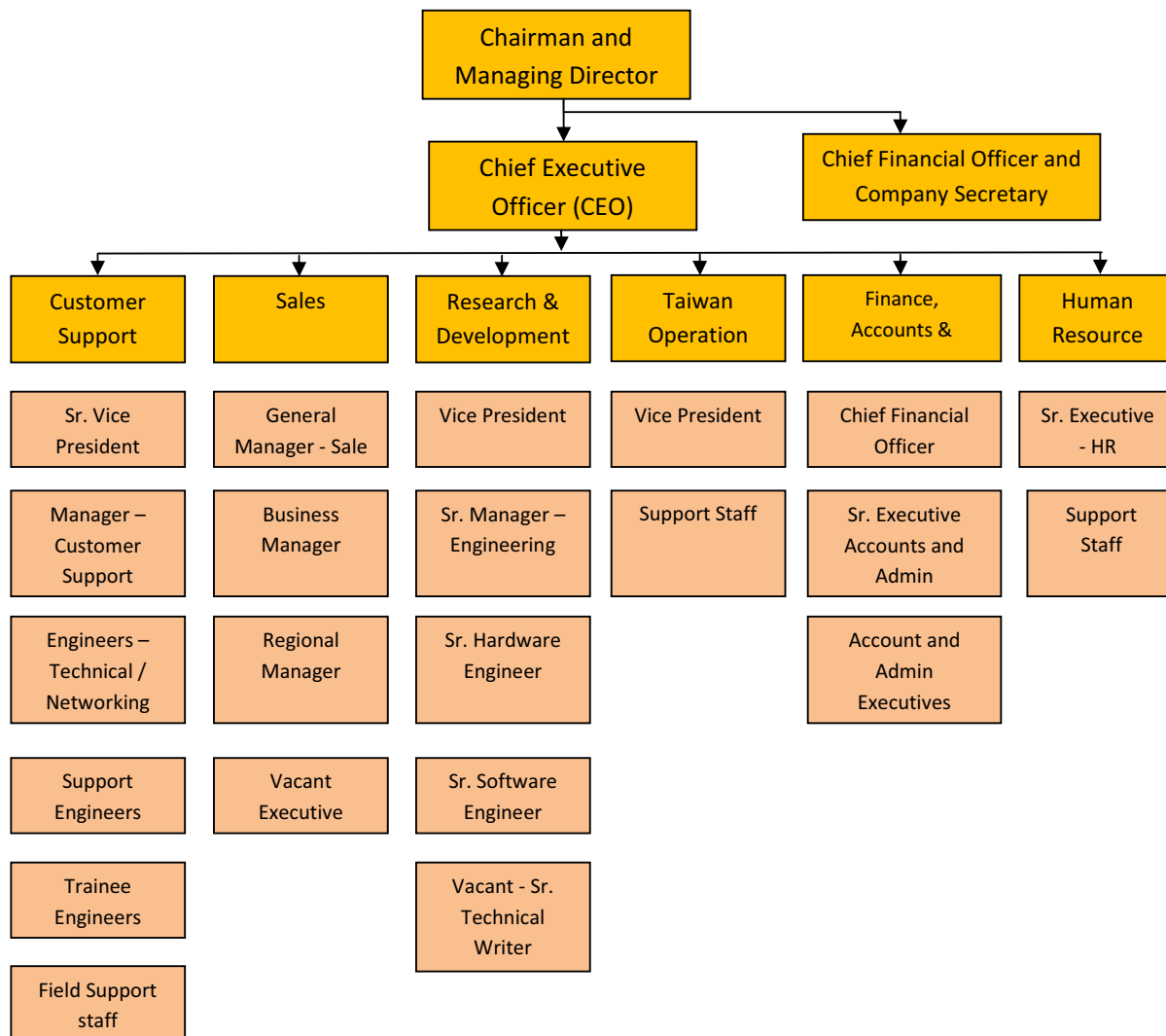
Sl. No	Name of Directors	Designation	Category
1	Mr. B. Sreekrishna	Executive Director	Chairman
2	Mr. R. Vijaykumar	Non Executive Director	Member
3	Mr. Hari Sethuraman	Independent Director	Member

The terms of reference of IPO Committee include:

The IPO Committee is authorised to do all such acts, deeds, matters and things as it may at its discretion deem necessary for such purpose including without limitation:

- (i) utilization of the issue proceeds,
- (ii) appointment of key intermediaries,
- (iii) finalizing the pricing, terms and conditions relating to the issue of the aforesaid Securities including amendments or modifications thereto as may be deemed fit by the Board / Committee,
- (iv) to sign and execute listing application(s)/ agreement(s) with the proposed stock exchange(s), obtaining in- principle approvals from the proposed stock exchange(s), various agreements, undertakings, deeds, declarations and all other documents and to do all such acts, deeds and things, and to comply with all the formalities as may be required in connection with and incidental to the aforesaid offering of Securities including for the post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to issue or allotment of such Securities as it may in its absolute discretion think fit.

Management Organisation Structure



Key Managerial Personnel of our Company

All our key managerial personnel are permanent employees of our Company.

Brief biographies of the Key Managerial Personnel of our Company:

Balaji Kulothungan - Chief Executive Officer

Mr. Balaji Kulothungan, aged 32 years, is the Chief Executive Officer of our Company. He joined our Company on June 14, 2006. He holds Bachelor's degree in engineering in the branch of electrical and electronics from Sri Venkateshwara College of Engineering, (State) in the year 1998. Prior to joining our company, he worked in Sprdweb as Sr. Marketing Engineer for two years and six years in Gemini Communication Ltd as Head Wireless and Telecom. The remuneration paid to him for the fiscal 2010 was ₹ 12.50 lakhs.

J. Chandramouli - Chief Financial Officer & Company Secretary

J Chandramouli, aged 47 years, is the Chief Financial Officer and the Company Secretary of our Company. He joined our Company on November 1, 2009. He has over twenty years of experience and was working with companies such as Chola mandalam Investment and Finance Co., Sanco Trans Ltd., Orient Group of Companies, Weizmann Ltd., Pinakini Finance Ltd., Great Lakes Institute of Management etc. He holds a Bachelor's degree in Commerce from Loyola College Nungambakkam, Chennai and he is also a member of ICAI, ICWAI and the

ICS. He is presently, Convener of the Taxation and Finance Panel of Tamil Nadu State Council of FICCI. The remuneration paid to him for the fiscal 2010 was ₹ 4.57 lakhs

Uma Krishnan – Head Commercials

Uma Krishnan, aged 31 years, is the Head-Commercials of our Company. She joined our Company on June 15, 2006. She holds a Master’s Degree in Commerce from Mysore University. Prior to joining our Company, she was working with Gemini Communication Ltd. from 2001. She has over five years of experience in Gemini Communication Limited. The remuneration paid to her for the fiscal 2010 was ₹ 6.69 lakhs.

Srikishen R Bahudhanam - Vice President Engineering

Srikishen R Bahudhanam, aged 43 years, is the Vice-President Engineering of our Company. He holds an M.S. in electrical and electronics from South Dakota State University, United States of America. He has over 16 years of experience in product development, for telecom and wireless products, developing MAC software and DSP software. He joined us on September 24, 2007. Prior to joining our Company, he was working with Aperto India, Bangalore. The remuneration paid to him for the fiscal 2010 was ₹ 36.00 lakhs.

Stanley S H Chen - Vice President Operation

Stanley S H Chen, aged 37 years is the Vice President Operations of our Company. He graduated from NTUST Taiwan in Mechanical Engineering Major. He has joined our Company on October 12, 2006. Prior to joining our Company, he has worked with Acer Group for more than 8 years. The remuneration paid to him for the fiscal 2010 was ₹ 17.80 lakhs.

N. Hari -Vice President Customer Services

N Hari, aged 55, is the Vice-President Customer Services of our Company. He holds an B.E. in electronics and communication from Indian Institute of Science Bangalore. He has over 32 years of experience in Services Division; overseeing Network Planning, Deployment of Broadband Wireless Access Network for major Service providers like TCL (VSNL), NIC, Ericsson, Airtel and GSM, CDMA BTS for ITI, BSNL, Huawei across the country. He joined us on August 31, 2010. Prior to joining our Company, he was working with RGV Telecom Pvt. Ltd, Bangalore.

Vikas B C – Product Manager

Vikas BC, aged 31 years, is the Product Manager of our Company. He holds a post graduate degree in Business Administration from Bangalore University. He started his career as a Sales Executive in 2001 with Gemini Communication Ltd. He joined our Company on May 15, 2007 and has over five years of experience. The remuneration paid to him for the fiscal 2010 was ₹ 4.90 lakhs.

Relation of the Key Managerial Personnel with our Promoter/Directors

None of our key managerial personnel are “related” to the Promoter or Directors of our Company within the meaning of Section 6 of the Companies Act, 1956.

Changes in the Key Managerial Personnel during the last three years:

The changes in our key managerial personnel in the three years prior to the date of filing of this DRHP are as follows:

Name & Designation	Date of appointment	Date of Cessation	Reason
N. Hari- Vice President-Customer Services	August 31, 2010	NA	Appointment
J. Chandramouli- Chief Financial Officer and Company Secretary	November 1, 2009	NA	Appointment
Srikishen R. Bahudhanam- Vice President Engineering	September 24, 2007	NA	Appointment
Vikas B. C.- Product Manager	May 15, 2007	NA	Appointment

Shareholding of Key Managerial Personnel

None of the key managerial personnel of our Company hold any Equity Shares of our Company as of the date of filing this Draft Red Herring Prospectus.

Bonus or profit sharing plan of the key management personnel

As on the date of this DRHP, our Company does not have a performance linked bonus or a profit sharing plan for the key management personnel.

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees.

Payment or Benefit to Officers of our Company

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, our Company have not paid any amounts or given any benefit to any Officers of our Company in a period of two years prior the date of this Draft Red Herring Prospectus, nor is such amount or benefit intended to be paid or given to any officer as on the date of this Draft Red Herring Prospectus.

PROMOTER AND GROUP COMPANIES

The Promoter of our Company is Gemini Communication Limited (GCL).

Corporate Information:

GCL was incorporated as a public limited company in Chennai on February 06, 1995 with company registration no. 18-30087 by the Registrar of Companies, Tamil Nadu. The Company was issued a Certificate of Commencement of Business under Section 149 (3) of the Companies Act, 1956 on March 22, 1995. The registered office of the Gemini Communication Limited is situated at No. 56, Dr. Ranga Road, Chennai - 600 018. Gemini Communication Limited was promoted by Mr. R. Vijaykumar and Mr. R. Ramkumar.

GCL is engaged in carrying on the business of design, manufacture, assemble, buy, sell, deal in, export and import of all types of equipment and systems relating to telecommunications, data communications, Local Area Networking, Wide Area Networking, cast Area Networking, Satellite Communication, voice mail, video conferencing, electronic data interchange, integrated services digital network, computers, computer software, electronic systems and equipment, digital and analog instrumentation systems, microprocessor based systems, display, control, data storage media and such other related areas etc.

GCL had launched a public issue of 18,08,200 equity shares of ₹10/- each for cash at par aggregating to ₹ 1,80,82,000/- in the year 1995 and consequently was listed on Delhi Stock Exchange and Madras Stock Exchange. Subsequently, the equity shares of GCL also got listed on BSE and NSE. The equity shares of GCL got delisted from the Delhi Stock Exchange on March 20, 2006.

Shareholding pattern as of October 31, 2010

Category of shareholder	Number of shareholders	Total number of shares	Total number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	No. of Shares	As a % of total no. of shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
(a) Individuals/ Hindu Undivided Family	8	4,37,70,108	3,59,58,600	40.95	40.95	2,70,90,567	61.89
(b) Bodies Corporate							
(c) Financial Institutions/ Banks							
(d) Any Other (specify)							
Trusts							
Sub-Total (A)(1)	8	4,37,70,108	3,59,58,600	40.95	40.95	2,70,90,567	61.89
(2) Foreign							
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)							
(b) Bodies Corporate							
(c) Institutions							
(d) Any Other (specify)							
Sub-Total (A)(2)							
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+ (A)(2)	8	4,37,70,108	3,59,58,600	40.95	40.95	2,70,90,567	61.89
(B) Public shareholding							
(1) Institutions							
(a) Mutual Funds/ UTI	1	22,000	0	0.02	0.02		

Category of shareholder		Number of shareholders	Total number of shares	Total number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
(b)	Financial Institutions/ Banks	1	2,500	2500	0.00	0.00		
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies	2	27,57,705	27,57,705	2.58	2.58		
(f)	Foreign Institutional Investors	2	70,79,625	70,79,625	6.62	6.62		
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
Sub-Total (B)(1)		6	98,61,830	98,39,830	9.23	9.23	-	-
(2) Non-institutions								
(a)	Bodies Corporate	341	1,89,68,246	1,89,66,246	17.74	17.74		
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	9323	1,37,63,153	1,14,85,125	12.88	12.88		
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	27	2,01,16,929	1,91,16,929	18.82	18.82		
(c)	Any Other (specify)							
	Trust	1	2,000	2,000	0.00	0.00		
	Clearing Member	79	95,021	95,021	0.09	0.09		
	Corporate CM/TM-Client Margin A/c	14	96,198	96,198	0.09	0.09		
	Corporate CM/TM-Client Beneficiary A/c	53	2,24,515	2,24,515	0.21	0.21		
Sub-Total (B)(2)		9,838	5,32,66,062	4,99,86,034	49.83	49.83	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)		9,844	6,31,27,892	5,98,25,864	59.05	59.05	-	-
TOTAL (A)+(B)		9,852	10,68,98,000	9,57,84,464	100.00	100.00	2,70,90,567	25.34
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)		9,852	10,68,98,000	9,57,84,464	N.A	100	2,70,90,567	25.34

Note: The face value of each equity share is ₹ 1.00

Board of Directors as on the date of filing of this Draft Red Herring Prospectus

- | | |
|----------------------|---------------------|
| 1. B.Sreekrishna | - Managing Director |
| 2. R. Vijaykumar | - Group Chairman |
| 3. R. Ramkumar | - Chairman |
| 4. Eswaran Annamalai | - Director |
| 5. B. Srinivasan | - Director |
| 6. V. K.Venugopal | - Director |
| 7. L. Sathyanarayan | - Director |
| 8. Hari Sethuraman | - Director |

Financial performance – Standalone

(₹ in lakhs except per share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Sales	21,337.29	19,547.74	20,164.36
Profit after tax ("PAT")	834.71	57.91	2,574.28
Reserves and Surplus (excluding revaluation reserves)	8,845.48	7,565.67	7,564.61
Equity share capital ⁽¹⁾	1,001.43	971.80	971.80
Earnings per share (Basic) (₹)	0.86	0.06	2.65
Earnings per share (Diluted) (₹)	0.87	0.33	2.56
Net Asset Value per share (NAV) (₹)	9.83	8.79	8.78

⁽¹⁾The face value of each equity share is ₹1/-

Information about Share Price

GCL's shares are listed on the Madras Stock Exchange, the BSE and the NSE. The stock market data of equity shares of face value of ₹1/- each for the past six (6) months is as under:

Stock Market data – BSE

Month	High (₹)	Low (₹)	No. of Shares traded
December, 2010	28.65	22.45	10,09,817
November, 2010	32.90	25.00	5,87,895
October, 2010	38.50	26.55	45,92,674
September, 2010	31.40	23.50	21,94,117
August, 2010	29.20	23.00	11,60,809
July, 2010	30.70	24.05	7,45,701

(Source: BSE)

Stock Market data - NSE

Month	High (₹)	Low (₹)	No. of Shares traded
December, 2010	28.00	22.65	16,38,525
November, 2010	32.90	25.30	5,22,606
October, 2010	38.55	26.00	72,30,511
September, 2010	32.00	23.40	25,34,149
August, 2010	29.25	23.30	11,88,717
July, 2010	31.00	24.10	9,03,797

(Source: NSE)

Investors Grievances Mechanism

GCL follows investor grievance mechanism as per the Listing Agreement. For redressal of investor grievances, it has nominated its Company Secretary as the compliance officer. The compliance officer is responsible for attending to investor queries and complaints.

Litigation/ Defaults

For details relating to legal proceedings involving our Promoter and members of the Promoter Group, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 183 of this Draft Red Herring Prospectus.

Interests of Promoter and Common Pursuits

Our Promoter is interested to the extent of their shareholding in our Company and also has entered in to a memorandum of understanding on December 11, 2010 with our Company to enter into a lease agreement with respect to the premises at Himachal Pradesh upon receipt of necessary approvals from Himachal Pradesh State Industrial Corporation Limited.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements in which our Promoter is 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 other than in the normal course of business.

Further, except as disclosed in this section our Promoter do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Payment of benefits to our Promoter in the last two years

Except as stated in the section titled “Financial Statements - Related Party Transactions” on page 136 of this Draft Red Herring Prospectus, no benefits have been paid or given to the Promoter within the two years preceding the date of this Draft Red Herring Prospectus.

Change in Promoters

There have been no changes in our Promoter and Promoter Group in the past three years.

Confirmations

Our Promoter or its directors have not been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoter or its directors in the past or are pending against them. Our Promoter, Promoter Group entities or persons in control of our Promoter or bodies corporate forming part of the Promoter Group have not been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Declaration

We confirm that the Permanent Account Number, Bank Account Numbers, the Company Registration Numbers and the addresses of the Registrar of Companies where our Promoter is registered will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus with the Stock Exchanges.

Group Companies

The companies indicated below form part of the Promoter Group:

1. Gemini Traze RFID Private Limited
2. Gemini Infotech Limited
3. Veeras Infotek Private Limited
4. Point Red Telecom Inc.

1. Gemini Traze RFID Private Limited (“GTRPL”)

Gemini Traze RFID Private Limited (“GTRPL”) bearing Corporate Identification Number (CIN) U32202TN2005PTC057795 was incorporated in Chennai, State of Tamil Nadu on October 13, 2005.

Registered Office:

GTRPL’s registered office address is situated at No.1, Dr. Ranga Road, Alwarpet, Chennai-600 018.

Main Objects:

The main objects of GTRPL are stated hereunder:

1. To develop, design and build radio frequency identification technology oriented applications in varied frequency platforms like 134.20 KHz, 13.56 MHz, 433.00 MHz, 865.00 MHz, 2.45 GHz.
2. To develop, design and build RFID readers for integration with biometric products which include “finger print”, “hand geometry”, “facial recognition”, “Iris recognition” and the like.
3. To design and manufacture radio frequency identification readers and antennas operating on varied platforms.
4. To set up a tag manufacturing plant to manufacture RFID transponders and to build additional modules for packaging RFID transponders to suit different applications operating in varied environment.

5. To develop and build all kinds of application software(s) that will work with integrated RFID solutions.
6. To offer and provide managed RFID services and to provide consultancy work in the RFID technology area which includes RFID enabled business and engineering solutions.

Board of Directors as on the date of filing of this Draft Red Herring Prospectus

1. R. Ramkumar
2. R. Vijaykumar
3. Hari Sethuraman

Capital Structure:

The authorised share capital of GTRPL is ₹ 6,00,00,000/- (Rupees Six crores only) divided into 60,00,000(Sixty lakhs) equity shares of ₹ 10/- each. The paid up capital of GTRPL is ₹ 5,68,50,000/-(Rupees Five crore sixty eight lakhs fifty thousand only) divided into 56,85,000(Fifty six lakhs eighty five thousand only) equity shares of ₹ 10/-(Rupees Ten only) each.

Shareholding Pattern:

The shareholding pattern of GTRPL as on the date of filing of this Draft Red Herring Prospectus.

Name of the shareholders	Number of equity shares	% of shareholding
Gemini Communication Limited	56,84,999	100
R.Vijaykumar jointly with Gemini Communication Limited	1	Negligible
Total	56,85,000	100

Financial performance:

(₹ in lakhs except per share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Income	1,627.44	2,300.96	1,709.23
Profit/loss after tax ("PAT")	(1.89)	(6.60)	101.22
Reserves and Surplus (excluding revaluation reserves)	205.74	207.63	214.23
Equity share capital	568.50	568.50	568.50
Earnings per share (Basic and Diluted) (₹)	(0.03)	(0.12)	7.43
Net Asset Value per share (₹)	13.62	13.65	13.77

Note: The face value of each equity share is ₹ 10/-

GTRPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company as defined under SICA, it is not under winding-up and does not have a negative networth..

2. Gemini Infotech Limited (GIL)

Gemini Infotech Limited (GIL) was incorporated in Hong Kong on March 03, 2008 under the laws of Hong Kong. The registration number as reflected in the certificate of incorporation is 1214598. GIL is a wholly owned subsidiary of Gemini Communication Limited.

Registered office:

The registered office of GIL is situated at 7/F, Man on Commercial Building, 12-13 Jubilee Street, Central, Hong Kong.

Main Objects:

The main object of GIL is sourcing of components and products at a competitive price from global markets for other group companies of our Promoter.

Board of Directors as on the date of filing of this Draft Red Herring Prospectus

1. R. Ramkumar
2. R. Vijaykumar

Capital Structure:

The authorised share capital of GIL is HK \$ 6,00,00,000 divided into 6,00,00,000 shares of HK\$ 1.00 each and paid up share capital of GIL is HK\$ 6,00,00,000 divided into 6,00,00,000 shares of HK\$ 1.00 each.

Shareholding Pattern:

The shareholding pattern of GIL as on the date of filing of this Draft Red Herring Prospectus.

Name of the shareholders	Number of equity shares	% of shareholding
Gemini Communication Limited	6,00,00,000	100
Total	6,00,00,000	100

Financial performance (Consolidated):

(Figures in USD)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008*
Total Sales	1,65,10,963.00	1,28,38,237.00	NA
Profit/loss after tax ("PAT")(after minority interest)	9,28,221.00	14,46,779.00	NA
Reserves and Surplus (excluding revaluation reserves)	2,373,000.00	14,44,780.00	NA
Equity share capital ⁽¹⁾	77,41,234.00	46,45,080.00	NA
Earnings per share (Basic and Diluted) (USD)	0.02	0.04	NA
Net Asset Value per share (USD)	0.17	0.17	NA

⁽¹⁾ The face value of each equity share is HK\$1.00.

* GIL was incorporated on March 03, 2008 so the financials of GIL have not been prepared.

GIL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company as defined under SICA, it is not under winding-up and does not have a negative networth.

3. Veeras Infotek Private Limited (VIPL)

Veeras Infotek Private Limited (VIPL) was incorporated in Chennai, State of Tamil Nadu on March 04, 1999 bearing registration number 18-42010. The Corporate Identification Number (CIN) is U72200TN1999PTC042010.

Registered office:

The registered office of VIPL is situated at 5B, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai-600 017.

Main Objects:

The main objects of VIPL are stated hereunder:

1. To carry on the activity of the development of software and hardware products, provision of software and hardware services and sale of the developed software products in India and abroad. To provide computer system consultancy services and to develop total solutions for computer oriented problems involving hardware, software interfaces and techniques and to provide computing facility to computerised applications to users.
2. To sell computer software, hardware and to offer consultancy and data processing and other services that are normally offered by computer centres/data processing centres to industrial, business and other types of

customers and to organize, impart training on electronic data processing, computer software and hardware to customers in India and abroad.

3. To licence or otherwise authorise others to engage in the foregoing and to engage in general research, training and development in the areas related to or involving to the foregoing and to design, develop special and other application software to meet indigenous requirements as well as for exports.
4. To carry on the business or vacation of acting as advisers and consultants of all matters and problems related to the computer software, and training to be appointed as technical consultants for the identification of appropriate manpower requirements of computer industry and to prepare and submit overall and detailed plans for execution to any company, corporation, body corporate, industries, firms, association or any person with regard to identification of computer configuration requirements and/or improving and expansion of the existing system and to enter into any arrangement by way of turnkey project involving supply of technical and other know-how and undertaking for and on behalf of the client to set up any computer hardware and software project in India or outside India.

Board of Directors as on the date of filing of this Draft Red Herring Prospectus

1. R. Ramkumar
2. R. Vijaykumar
3. B. Sreekrishna
4. Ranganathan Sudarsan
5. Sudarsan Rekha
6. Vijayaraghavachariar Ranganathan

Capital Structure:

The authorised share capital of VIPL is ₹ 30,00,000/- (Rupees Thirty lakhs only) divided into 3,00,000(Three lakhs) equity shares of ₹10/- each. The paid up capital of VIPL is ₹ 24,48,980/-(Rupees Twenty four lakhs forty eight thousand nine hundred and eighty only) divided into 2,44,898 (Two lakhs forty four thousand eight hundred and ninety eight) equity shares of ₹ 10/-(Rupees Ten only) each.

Shareholding Pattern

The shareholding pattern of VIPL as on the date of filing of this Draft Red Herring Prospectus.

Name of the shareholders	Number of equity shares	% of shareholding
Ranganathan Sudarsan	96,010	39.20
Sudarsan Rekha	23,990	9.80
Gemini Infotech Limited	1,24,898	51.00
Total	2,44,898	100

Financial performance:

(₹ in lakhs except per share data)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Income	4,314.15	4,167.57	4,600.18
Profit/loss after tax ("PAT")	74.28	3.38	(185.96)
Reserves and Surplus (excluding revaluation reserves)	310.11	235.82	(110.52)
Equity capital ⁽¹⁾	24.49	24.49	12.00
Earnings per share (Basic and Diluted) (₹)	30.33	1.39	(154.97)
Net Asset Value per share (₹)	136.63	106.30	(82.10)

⁽¹⁾ The face value of each equity share is ₹10.

VIPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company as defined under SICA, it is not under winding-up and does not have a negative networth..

4. Point Red Telecom Inc.

Point Red Telecom Inc (PRTI) was incorporated in the State of New Jersey on April 21, 2010 under the laws of New Jersey Business Corporation Act. The registration number as reflected in the certificate of incorporation is 0101008399. The registered office of PRTI is situated at 527, Grove Av, Edison, New Jersey.

Board of Directors as on the date of filing of this Draft Red Herring Prospectus

1. R. Ramkumar
2. R. Vijaykumar
3. B. Sreekrishna

Main Objects

PRTI is basically sales and support company and incorporated to address large 4G contracts in India and to address North and South American markets. As of the date of this DRHP, PRTI has not commenced any operational activity.

Shareholding Pattern

As of date no shares are issued and subscribed in PRTI.

Financial performance:

PRTI has not undertaken any operations and therefore, financials of the company have not been prepared.

Details of the acquisition proposed by our Promoter, GCL

Rosy Blue Wireless Africa (Proprietary) Limited (RBWAL)

Rosy Blue Wireless Africa (Proprietary) Limited (RBWAL) was originally incorporated under the name and style "Tuffsan Trading 259 (Proprietary) Limited in the Republic of South Africa on November 08, 2007 under the laws of Companies Act, 1973. The registration number as reflected in the certificate of incorporation is 2007/032193/07. Subsequently the name was changed to Rosy Blue Wireless Africa(Proprietary) Limited by way of special resolution as reflected on the certificate of change of name of company dated June 20, 2008 issued by Companies Registration Office. The main object of RBWAL is to provide telecommunication and broadband convergence services.

Capital Structure:

The authorised share capital of RBWAL is ZAR 1,000 divided into 1,000 ordinary par value shares of 1 rand/cent each. The paid up share capital of RBWAL is ZAR 100 divided into 100 equity shares of ZAR 1 each.

Shareholding pattern:

The shareholding pattern of RBWAL as on the date of filing of this Draft Red Herring Prospectus.

Name of the shareholders	Number of equity shares	% of shareholding
Baobab Broadband Limited	100	100
Total	100	100%

Share Transfer Agreement

GCL (Purchaser) intends to acquire the shares of RBWAL and has entered in to a share transfer agreement ("Agreement") dated June 12, 2010 with Baobab Broadband Limited(Vendor/Shareholder), RBWAL, Mr. Vishal Mehta and Mr. Somen Das ("Directors"). The relevant terms and conditions of the Agreement are stated hereunder:

1. Transfer of shares

The Purchaser has agreed to take over the said shares at the agreed rate of USD 20,000 (Twenty thousand US dollars) per share. At the end of three years from the date of execution of the Agreement, Vendor shall get the consideration being USD 2,000,000 for the transfer of take in RBWAL by the Vendor to the Purchaser in either of the form and manner provided below:

- (a) The Vendor shall be entitled to equity shares of the RBWAL at an entry level valuation; or
- (b) The Vendor shall be entitled to get the Purchaser's equity shares worth USD 2,000,000 at its market price prevailing at that time in compliance with applicable laws either by way of primary or secondary deal; or
- (c) The Purchaser shall make payment of USD 2,000,000.

On the execution of the share transfer form, the present directors of RBWAL shall resign from the board of directors and new directors will be appointed.

2. Obligation of the Purchaser

The Purchaser shall be responsible for all legal compliances with respect to funds being remitted from India in fulfilment of the obligations under the Agreement and the memorandum of understanding.

3. Governing law, jurisdiction and arbitration

The Agreement shall be governed by the laws of India and subject to the provisions for arbitration the courts of New Delhi shall have exclusive jurisdiction with respect to any other matter arising out of the Agreement. In the event of dispute arising amongst the parties, the same shall be sought to be resolved and settled amicably within 15 days of such dispute arising, failing which the same shall be referred to a sole arbitrator in accordance with the Arbitration and Conciliation Act, 1996 of India. The venue of arbitration shall be New Delhi and the language of arbitration shall be English.

RELATED PARTY TRANSACTIONS

For details of related party transactions, please see the section entitled “Financial Statements - Related Party Transactions” on pages 136 and 160 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The Board of Directors of our Company may, at its discretion, recommend dividend to be paid to the members of our Company. The factors that may be considered by our Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of our Company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Our Company has not declared any dividends on Equity Shares since its incorporation.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation of our Board. The Board may also from time to time pay interim dividend to the members if it considers justified by the profits generated by our Company.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT

(as required by Part II of Schedule II to the Companies Act, 1956)

The Board of Directors
Point Red Telecom Limited
18 / 11B, Roopena, Agrahara,
Begur Hobli, Hosur Main Road,
Bangalore 560 068

At your request, we have examined the attached restated consolidated financial information of **Point Red Telecom Limited** and its subsidiary PR Wireless Tech Limited, Hong Kong as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956, as amended ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations'), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 12th August 2010 in connection with the proposed issue of equity shares of the Company.

- 1 These information have been extracted by the Management from the financial statement for the years ended 31st March 2006, 2007 and from the consolidated financial statements for the years ended 31st March 2008, 2009, 2010 and for the half year ended 30th September 2010 which have been audited by us. These information have been extracted by the Management from the standalone financial statements for the year ended 31st March 2006 was carried out by M/s Ajay Sethi & Associates ('the previous auditor') and for the year ended 31st March 2007 which was carried out by M/s. CNGSN & Associates, Chartered Accountants ('the previous auditor') and from the consolidated financial statements for the years ended 31st March 2008 which was carried out by M/s. CNGSN & Associates, Chartered Accountants ('the previous auditor') and for the year ended 31st March, 2009 and 2010 which have been audited by Mr. Parthasarathy, Chartered Accountant ('the previous auditor'). We have not carried out any audit tests or review procedures on the financial statements of M/s Point Red Telecom Limited for the financial years ended 31st March, 2009, 2008, 2007 and 2006 whose reports have been furnished to us and accordingly relied upon by us. We have audited the consolidated financial statements of the Company and its subsidiary for the year ended 31st March 2010 and for the half year ended 30th September, 2010.
2. In accordance with the requirements of Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, the Guidance note on 'Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, and the terms of our engagement agreed with you, we further report that:
 - (a) The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at 31st March 2006, 2007, 2008, 2009 and 2010 and as at 30th September, 2010 are examined by us, as set out in Annexure I to this report read with the significant accounting policies and related notes in Annexure IV are after making such adjustments and regroupings as in our opinion are appropriate and more fully described in schedules to the Restated Consolidated Summary Statements enclosed as Annexure IV to this report.
 - (b) The Restated Consolidated Summary Statement of Profits or Losses of the Company for the years ended 31st March 2006, 2007, 2008, 2009 and 2010 and for the half year ended 30th September, 2010 are as set out in Annexure II to this report read with the significant accounting policies and related notes in Annexure IV are after making such adjustments and regroupings as in our opinion are appropriate and more fully described in Schedules to the Restated Consolidated Summary Statements enclosed as Annexure IV to this report.
 - (c) Based on the above, we are of the opinion that the restated consolidated financial information have been made after incorporating:

- i. Adjustments for the changes in accounting policies retrospectively in respective financial years / period to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods.
 - ii. Adjustments for the material amounts in the respective financial years / period to which they relate.
 - iii. *Auditors in the report on the consolidated financial statements of the Company for the financial years ended 31st March 2010, 2009 and 2008, had included certain qualifications for which, in the absence of any quantifications, no adjustments have been made in the Consolidated Statements of Assets and Liabilities and Profits and Losses, as restated*
 - iv. And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
- (d) We have also examined the following consolidated financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company and its subsidiaries and associate for the years ended 31st March 2006, 2007, 2008, 2009 and 2010 and for the half year ended 30th September, 2010.
- i. Annexure III containing statement of consolidated cash flows, as restated;
 - ii. Annexure V containing statement of accounting ratios, as restated;
 - iii. Annexure VI containing details of other income, as restated;
 - iv. Annexure VII containing details of secured loans, as restated;
 - v. Annexure VIII containing details of unsecured loans, as restated;
 - vi. Annexure IX containing statement of sundry debtors; as restated;
 - vii. Annexure X containing statement of loans and advances; as restated;
 - x. Annexure XI containing capitalization statement as at March 31, 2010;
 - xi. Annexure XII containing details of list of related parties, transactions and balances outstanding with them; and
 - xii. Annexure XIII containing statement of tax shelter

In respect of the 'Consolidated Financial Information as per the audited financial statements' and 'Consolidated Other Financial Information' contained in this report, we have relied upon the audited financial statements for the years ended 31st March 2009, 2008, 2007 and 2006 which were audited by another firm of Chartered Accountants as referred above.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.

In our opinion, the above financial information contained in Annexure I to XIII of this report read along with the significant accounting policies and related notes (Refer Annexure IV) and have been prepared in accordance with Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations and the Guidance note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you.

Our report is intended solely for use of the Management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not to be used, referred to or distributed for any other purpose without our written consent.

For **M/S. P.CHANDRASEKAR**
Chartered Accountants

P. Chandrasekaran
Partner
Membership Number: 26037
Firm Registration Number: 000580S

Place: Bangalore
Date: November 29, 2010

ANNEXURE I: STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED
(₹ in Lakhs)

	Particulars	As at 31 March					As at September 30, 2010
		2006	2007	2008	2009	2010	
1	FIXED ASSETS:						
	Gross Block	0.12	7.31	208.00	361.16	522.30	963.97
	Less: Accumulated depreciation	0.12	0.34	2.26	9.41	23.01	82.45
	Net Block	-	6.97	205.74	351.75	499.29	881.52
	Capital work-in-progress including capital advances	-	-	111.43		-	
	Total	-	6.97	317.17	351.75	499.29	881.52
2	CURRENT ASSETS, LOANS AND ADVANCES :						
	Inventories	1.82	42.27	55.57	94.82	281.02	348.05
	Sundry debtors	3.21	1,250.04	1,161.59	2,303.63	5,970.45	11,290.73
	Cash and bank balances	3.84	5.54	14.92	14.53	375.80	1,896.68
	Loans and advances	1.21	1.21	203.96	98.56	825.81	7,915.57
	Other Current Assets	-	3.15	6.19	24.16	384.69	520.08
	Total	10.08	1,302.21	1,442.23	2,535.70	7,837.77	21,971.11
3	LIABILITIES AND PROVISIONS :						
	Secured loans	-	-			1,516.61	9,324.63
	Unsecured loans	-	176.60	7.80	3.22	1,796.78	5,487.66
	Current liabilities and provisions	20.21	1,045.75	578.78	1,419.29	1,660.65	2,799.43
	Deferred tax liability (net)	-	0.05	1.79	13.04	27.65	89.89
	Total	20.21	1,222.40	588.37	1,435.55	5,001.69	17,701.61
4	SHAREHOLDERS' FUNDS (1 + 2 -3)	(10.13)	86.78	1,171.03	1,451.89	3,335.37	5,151.03
	NET WORTH REPRESENTED BY						
5	SHARE CAPITAL						
	Equity Share Capital	1.00	1.00	1,013.11	1,013.11	1,013.11	1,013.11
6	RESERVES AND SURPLUS	(11.13)	85.78	157.92	438.78	2,322.25	4,137.92
7	SHAREHOLDERS' FUNDS (5 + 6)	(10.13)	86.78	1,171.03	1,451.89	3,335.37	5,151.03

Note:

- "The above statement should be read with the significant accounting policies and notes to restated summary statments as appearing in Annexures IV."
- Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE II: STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
INCOME :						
Income from operations	9.38	1,994.12	2,073.50	3,861.42	9,836.40	5,715.85
Other income	0.31	12.89	2.41	154.22	0.92	51.00
Total	9.69	2,007.01	2,075.91	4,015.64	9,837.32	5,766.85
EXPENDITURE :						
Contract materials and supplies consumed	3.42	1,737.30	1,701.25	3,469.23	7,281.61	2,634.83
Personnel costs	3.85	65.40	94.99	106.67	144.55	158.13
Administrative and selling expenses	12.59	56.96	161.36	137.13	462.54	111.73
Finance charges	0.13	0.49	0.16	2.33	36.94	343.31
Depreciation	0.12	0.22	1.91	7.19	13.60	51.66
Total	20.12	1,860.37	1,959.67	3,722.55	7,939.23	3,299.66
Profit before tax	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Less: Provision for tax						
a) Current tax	-	49.21	41.85	-	-	589.29
b) Earlier years	-	-	-	-	-	-
c) Fringe benefit tax	0.70	0.47	0.50	0.99	-	-
d) Deferred tax	-	0.05	1.74	11.26	14.61	62.24
Total	0.70	49.73	44.09	12.25	14.61	651.53
Profit after tax, as restated	(11.13)	96.91	72.14	280.84	1,883.48	1,815.66
Add: Balance in profit and loss account brought forward, as restated	-	(11.13)	85.78	157.92	438.76	2,322.26
Amount available for appropriation	(11.13)	85.78	157.92	438.76	2,322.24	4,137.92
Balance carried forward to balance sheet	(11.13)	85.78	157.92	438.76	2,322.24	4,137.92

Note:

1. "The above statement should be read with the significant accounting policies and notes to restated summary statments as appearing in Annexures IV."
2. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE III: STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED
(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
A) Cash flow from operating activities						
Net profit before tax, as restated	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Adjustments for:						
Depreciation	-	0.22	1.91	7.19	13.60	51.66
Interest and finance charges	0.13	0.49	0.16	2.33	36.94	343.31
Interest income	(0.31)	(12.81)	(0.41)	(0.20)	(0.12)	(13.47)
Operating profit before changes in working capital	(10.61)	134.54	117.90	302.41	1,948.50	2,848.69
Adjustments for:						
(Increase) / decrease in inventories	(1.82)	(40.45)	(13.29)	(39.25)	(186.20)	(67.03)
(Increase) / decrease in trade receivables	(3.21)	(1,246.83)	88.46	(1,142.04)	(3,666.82)	(5,320.28)
(Increase) / decrease in loans and advances	(1.21)	-	(202.75)	105.40	(727.25)	(6,154.61)
(Increase) / decrease in other current assets	-	(3.15)	(3.05)	(17.97)	(360.53)	(135.38)
Increase / (decrease) in trade payables and others	19.51	976.56	(459.66)	881.88	241.37	(547.19)
Cash outflow from operating activities	2.66	(179.33)	(472.39)	90.43	(2,750.93)	(9,375.80)
Adjustments for:						
Income tax paid/ (refunded)	-	(0.70)	(49.68)	(42.38)	-	169.30
Net cash flow from operating activities [A]	2.66	(180.03)	(522.07)	48.05	(2,750.93)	(9,206.50)
B) Cash flow from investing activities						
Purchase of fixed assets	-	(7.19)	(312.11)	(41.73)	(161.14)	(441.67)
Interest received	0.31	12.81	0.41	0.20	0.12	13.47
Net cash flow from investing activities [B]	0.31	5.62	(311.70)	(41.53)	(161.03)	(428.20)
C) Cash flow from financing activities:						
Proceeds from issue of share capital	1.00	-	1,012.11	-		
Term loans taken						4,000.00
Interest paid	(0.13)	(0.49)	(0.16)	(2.33)	(36.94)	(343.31)
Loans taken from holding, subsidiary and associate companies	-	176.60	-	-	1,793.56	3,711.32
Repayment of loans to holding, subsidiary and associate companies	-	-	(168.80)	(4.58)	-	(20.50)
Working Capital and Other Loans from Banks	-	-	-	-	1,516.61	4,623.15
Reduction in Working Capital and Other Loans from Banks	-	-	-	-	-	(815.09)
Net cash flow from financing activities [C]	0.87	176.11	843.15	(6.91)	3,273.23	11,155.57
Net Increase / (decrease) in cash and cash equivalents [A+B+C]	3.84	1.70	9.39	(0.39)	361.27	1,520.87
Cash and cash equivalents at the beginning of the year / period		3.84	5.54	14.92	14.53	375.80
Cash and cash equivalents at the end of the year / period	3.84	5.54	14.92	14.53	375.80	1,896.68

Note: 1) The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements as prescribed under by the Companies (Accounting Standards) Rules, 2006.

2) Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE IV: SIGNIFICANT ACCOUNTING POLICIES AND RELATED NOTES TO THE RESTATED CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP

I) Significant accounting policies

a) Basis of preparation

The financial statements are prepared on accrual basis, under the historical cost convention and in accordance with Indian Generally Accepted Accounting Principles (GAAP) and accounting standards issued by, the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for leave encashment and gratuity.

c) Principles of consolidation

The Company's consolidated financial statements include Pointred Telecom Private Limited and its subsidiary, PR Wireless Tech Limited. All significant intercompany transactions and balances have been eliminated in the consolidated statements.

Name of the Company	% Holding by Holding Company	Place of Incorporation	With effect from
PR Wireless Tech Limited	100%	Hong Kong	25 th November 2008

d) Revenue recognition

- Revenue from network products are recognized on completion of respective works contract.
- In respect of fixed price service activities, income is recognized on time and material basis.
- In respect of other contracts, revenue is recognized on the achievement of the milestones set out in the contracts.
- Interest is recognized using the Time-Proportion method, based on the rates implicit in the transaction.
- Commission income is recognized on completion of supplies by the principal against the relevant orders.

e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. All costs relating to acquisition and installation of fixed assets are capitalized. Advances paid towards acquisition of fixed assets before the financial year-end are classified as capital work in progress.

Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. Expenditure directly relating to expansion is capitalized only if it increases the value of the asset beyond its original standard of performance.

f) Depreciation

Depreciation is provided on straight-line method at the rates specified in SCHEDULE XIV of the Companies Act, 1956. Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.

The management estimates useful life for the various fixed assets as under.

Asset	Estimated useful life of asset
Building	60 to 65 years

Computer Equipment	5 to 6 years
Plant & Machinery	6 to 21 years
Furniture & Office Equipments	3 to 9 years
Software	3 to 5 years

g) Impairment of assets

All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

h) Inventory

Inventory comprises stock of ₹ 348.05 Lakhs (as at 30/09/2010) and is carried at the lower of cost and net realizable value. Cost includes all expenses incurred in bringing the goods to their present location and condition and is determined on a Weighted Average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

i) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions, other than those related to fixed assets are recognized in the profit and loss account. Exchange differences in respect of liabilities, incurred to acquire fixed assets are adjusted in the carrying cost of fixed assets.

j) Retirement benefits

The Company provides for Contributions payable to the recognized provident fund and Employee State Insurance Scheme, which are defined contribution schemes, are charged to the profit and loss account as incurred.

k) Leave encashment

The Company provides for the leave encashment liability at the balance sheet date based on the accumulated leave balance of the employees and the last drawn salary.

l) Taxes on income

Tax expense comprises both current and deferred taxes. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Provisions and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

II) NOTES TO THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED

1) Adjustments on account of qualifications in Auditors' reports for HY ended September 2010:

a) As regards to Notes to the Financial Statements:

Attention is invited to in notes on accounts with regards pending confirmation of balances from Sundry Creditors, Sundry Debtors in few cases, Loans & Advances and Deposits wherein the effect, if any, on the financials are not quantifiable.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Consolidated Statements of Assets and Liabilities and Profits and Losses, as Restated.

2) Adjustments on account of qualifications in Auditors' reports for FY 2009-10

The auditor of the Group Mr.K. Parthasarathy Chartered Accountant, Pondicherry had qualified the report to the members of the Company on the Consolidated Financial statements for the Years ended March 2010 and 2009, M/s CNGSN and Associates Chartered Accountants, Chennai for the Years ended March 2008 and 2007 attributable to (a) in correct accounting practices or (b) failures to make provisions or other adjustments. These qualifications along with the related notes to the accounts are reproduced below, to the extent necessary based on the currently available informations.

a) As regards to Notes to the Financial Statements of 2009-2010

Attention is invited to note 9 in notes on accounts with regards pending confirmation of balances from Sundry Creditors, Sundry Debtors in few cases, Loans & Advances and Deposits wherein the effect, if any, on the financials are not quantifiable.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Consolidated Statements of Assets and Liabilities and Profits and Losses, as Restated.

b) As regards to Notes to the Financial Statements of 2008-2009

Attention is invited to note 8: In some of the cases, the confirmations of balances from Sundry Creditors, Sundry Debtors, Loans and Advances, Deposits and Other current assets are yet to be received / reconciled.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Consolidated Statements of Assets and Liabilities and Profits and Losses, as Restated.

c) As regards to Notes to the Financial Statements of 2007-2008

Attention is invited to note 8: In some of the cases, the confirmations of balances from Sundry Creditors, Sundry Debtors, Loans and Advances, Deposits and Other current assets are yet to be received / reconciled.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Consolidated Statements of Assets and Liabilities and Profits and Losses, as Restated

3) Adjustments resulting from changes in accounting policies

a) Depreciation

Accordingly the depreciation for the five and half financial years ended 30 September 2010, 31 March 2010, 2009,2008,2007 and 2006 has been charged based on the straight line basis and assets individually costing less than Rs 5,000 have been depreciated fully in the year of purchase

with the impact for each of the years presented being adjusted in the respective years in the 'Consolidated Statement of Assets and Liabilities, as Restated' and the 'Consolidated Statement of Profits and Losses, as Restated and has been consistently followed.

b) Deferred taxation

The Company adopted the provisions of AS 22 -Accounting for taxes on Income, issued by the ICAI for the first time for the accounting period commencing effective 1st April 2002 and has been consistently followed.

4) Adjustments relating to previous years

- a. Prior period expenses : There was no prior period expenses.
- b. Accounting for gratuity : Gratuity provision not applicable since there are no employee covered under the act for the half year ended 2010 and all the financial years ended March 2010, 2009, 2008, 2007 and 2006.
- c. Write back of excess Provisions Pertaining to prior Years : During the respective years, the Company has written back to the profit and loss account provisions and accruals made on estimates which had been provided for in earlier years but are no longer considered payable. Accordingly, the effect of these write backs has been considered in the respective year in which these accruals were originally recorded with a corresponding reduction in the expenses in the 'Consolidated Statement of Profit and Loss, as Restated' and has been consistently followed.

5) Other material adjustments

- a) Employee state insurance dues
Nil

6) Material reclassifications

Nil

7) Material changes in activities

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable, except a sum of ₹ 93,430 towards service tax for the financial year 2007-08. However, we have been informed that this was remitted during the subsequent years. No comments were noticed in respect of other financial years.

8) SECURED LOANS

(₹ in Lakhs)

Particulars	As at March 31 ,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Central Bank of India (Cash Credit)	-	-	-	-	-	954.82
Punjab National Bank (Cash Credit)	-	-	-	-	-	2,718.55
State Bank of India						
Cash Credit	-	-	-	-	123.52	491.16
Foreign Letter of Credit	-	-	-	-	1,393.09	1,160.00
L & T Infrastructure Company Limited (Term Loan)	-	-	-	-	-	4,000.00
Total	-	-	-	-	1,516.61	9,324.53

The Secured loan from banks represents the Letter Of Credit outstanding for purchases made and Cash Credit. The loan is secured by hypothecation of all current assets, goods purchased under LC, Land & Building, personal guarantee of Directors R. Vijay Kumar and R. Ram Kumar and further loans are secured by corporate guarantees from Gemini Communication Ltd, Holding company and Term loan from L & T Infrastructure Company Ltd.

The CC/LC limit of

1. LC: ₹ 1,650.00 lakhs is from SBI, Industrial Finance Branch, Chennai, carrying an interest rate of 12.25% p.a.
2. CC: ₹ 1,750.00 Lakhs and FLC: ₹ 3,250.00 Lakhs are from Central Bank of India, Chennai, carrying an interest rate of 12.50%

3. ₹ 2,750.00 Lakhs (CC) and ₹ 6,250.00 Lakhs (FLC) is from Punjab National Bank, Chennai, carrying an interest rate of 12.50%

Term Loan limit of ₹ 5,000.00 Lakhs is from L & T Infrastructure Company Ltd, Chennai, carrying an interest on 12.50% p.a

9) UNSECURED LOANS

(₹ in Lakhs)

Particulars	As at March 31 ,					As at September 30, 2010
	2006	2007	2008	2009	2010	
From Promoter Group		176.60	7.80	3.22	1,796.78	5,487.66
Total	-	176.60	7.80	3.22	1,796.78	5,487.66

The amount outstanding represents interest free loan obtained from Holding Company, viz. Gemini Communication Limited and Gemini Traze RFID Private Limited, an Associate Company.

10) SUNDRY DEBTORS

(₹ in Lakhs)

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Unsecured, considered good						
Debts outstanding for a period exceeding six months from						
- Related parties			10.53	74.39	2,277.01	6,264.10
- Others			802.57	11.01	391.24	1,145.17
Total (A)	-	-	813.11	85.40	2,668.25	7,409.27
Others Debt						
- Related parties		10.46	7.67	687.78	937.38	2,033.82
- Others	3.21	1,239.58	340.81	1,530.45	2,364.82	1,847.64
Total (B)	3.21	1,250.04	348.48	2,218.23	3,302.20	3,881.46
TOTAL (A+B)	3.21	1,250.04	1,161.59	2,303.63	5,970.45	11,290.73

Note: Related parties dues pertain to holding company.

11) LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Advances recoverable in cash or kind or for the value to be received						
Loans and advances to:						
- others	1.21	1.21	2.21	98.56	825.81	4,417.43
- group companies (including subsidiary and associate)			201.74			3,498.14
Total	1.21	1.21	203.96	98.56	825.81	7,915.57

Note:

- Advances include ₹ 201.74 lakhs to Gemini Traze RFID Private Limited (Group Company) which is nature of trade transaction and is free of interest for the year ended March 2007-2008
- Advances include ₹ 3,457.34 lakhs loans to Gemini Communication Limited (Holding Company) for the half year ended 30th September 2010.
- All other advances are nature of trade advances, staff advances and other recoverable dues.

12) OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Interest income	0.31	12.81	0.41	0.20	0.12	13.47
Other Income	-	-	2.01	6.84	0.75	-
Foreign exchange gain, net	-	0.08	-	147.17	0.05	37.53
Total	0.31	12.89	2.42	154.22	0.92	51.00

13) Leases

The operating leases entered into by the company are cancelable on giving a notice of one to three months.

14) Commitments and contingencies

a) Litigation

here are no litigations pending against the Company. However, there are few litigations pending pertaining to its holding company viz Gemini Communication Limited.

b) Other commitments and contingencies- Nil

15) Foreign Exchange Transactions

The Following are the transactions in foreign exchange

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
F.O.B Value of Imports	-	-	19.02	-	-	-
Earnings in Foreign Currency	-	-	-	-	-	-
Expenditure in Foreign Currency	-	42.16	9.06	16.85	388.34	62.26

16) Related party transactions

DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Key Management Personnel		Mr.B.Sreekrishna	Mr.B.Sreekrishna	Mr.B.Sreekrishna	Mr.R.Ramkumar	Mr. Hari Sethuraman
		Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar
		Mr.R.Ramkumar	Mr.R.Ramkumar	Mr.R.Ramkumar	Mr.B.Sreekrishna	Mr.B.Sreekrishna
			Mr.C.V.Bhaskar	Mr.C.V.Bhaskar	Mr.C.V.Bhaskar	Mr.L.Sathyanarayan
Subsidiary				PR Wireless Tech Limited	PR Wireless Tech Limited	PR Wireless Tech Limited
Holding Company		Gemini Comunnication Ltd	Gemini Comunnication Ltd	Gemini Comunnication Ltd	Gemini Comunnication Ltd	Gemini Comunnication Ltd
Group Companies		Gemini Traze RFID pvt Ltd	Gemini Traze RFID pvt Ltd	Gemini Traze RFID pvt Ltd	Gemini Traze RFID pvt Ltd	Gemini Traze RFID pvt Ltd
				Gemini Infotech Limited, Hongkong	Gemini Infotech Limited, Hongkong	Gemini Infotech Limited, Hongkong
				Veeras Infotek Private Limited	Veeras Infotek Private Limited	Veeras Infotek Private Limited

Mr. B.Sreekrishna, Managing Director of the Company, who is in the payroll since October 2010, is related to Mr. R.Vijaykumar, Director of the Company

DISCLOSURES OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(₹ in Lakhs)

Particulars	Nature of	For the year ended March 31 ,	For the half
-------------	-----------	-------------------------------	--------------

	Relationship	2006	2007	2008	2009	2010	year ended September 30, 2010
Unsecured loans taken	Holding Company	-	182.31	1,004.45	6.53	1,480.07	2,132.21
Unsecured loans repaid	Holding Company	-	5.71	996.65	11.11	0.51	86.79
Purchases	Group Companies	-	959.98	102.55	0.65	-	-
Sales	Holding Company	-	10.94	226.38	2,131.65	5,711.11	5,267.51
Issue of Equity Shares	Holding Company	-	206.22	1,012.11	-	-	-
Advances	Group Companies	-	-	201.74	-	3.51	-
Remuneration to Directors	Key Management Personnel	-	-	-	-	-	3.00

DETAILS OF RELATED PARTIES OUTSTANDING BALANCES

(₹ in Lakhs)

Particulars	Nature of Relationship	As at March 31 ,					As At September 30, 2010
		2006	2007	2008	2009	2010	
Issue of Equity Shares	Holding Company	-	-	1,218.33	-	-	-
Current assets, loans and advances	Group Companies	-	-	201.74	-	3.44	-
Sundry debtors	Holding Company	-	10.46	233.89	762.17	3,214.39	8,297.92
Unsecured loans	Holding Company	-	176.60	7.80	3.22	1,482.78	3,528.20
Sundry creditors	Group Companies	-	959.97	447.55	0.44	-	-

17) Segmental Information

The Company operates under one segment – networking i.e. designing, developing, producing and managing telecommunication and Internet related network equipment and related services. Further the Company derives its entire revenues from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

Consolidated Cash Flow Statement, As Restated

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
A) Cash flow from operating activities						
Net profit before tax, as restated	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Adjustments for:						
Depreciation	-	0.22	1.91	7.19	13.60	51.66
Interest and finance charges	0.13	0.49	0.16	2.33	36.94	343.31
Interest income	(0.31)	(12.81)	(0.41)	(0.20)	(0.12)	(13.47)
Operating profit before changes in working capital	(10.61)	134.54	117.90	302.41	1,948.50	2,848.69
Adjustments for:						
(Increase) / decrease in inventories	(1.82)	(40.45)	(13.29)	(39.25)	(186.20)	(67.03)
(Increase) / decrease in trade receivables	(3.21)	(1,246.83)	88.46	(1,142.04)	(3,666.82)	(5,320.28)
(Increase) / decrease in loans and advances	(1.21)	-	(202.75)	105.40	(727.25)	(6,154.61)
(Increase) / decrease in other current assets	-	(3.15)	(3.05)	(17.97)	(360.53)	(135.38)
Increase / (decrease) in trade payables and others	19.51	976.56	(459.66)	881.88	241.37	(547.19)
Cash outflow from operating activities	2.66	(179.33)	(472.39)	90.43	(2,750.93)	(9,375.80)

Adjustments for:						
Income tax paid/ (refunded)	-	(0.70)	(49.68)	(42.38)	-	169.30
Net cash flow from operating activities [A]	2.66	(180.03)	(522.07)	48.05	(2,750.93)	(9,206.50)
B) Cash flow from investing activities						
Purchase of fixed assets	-	(7.19)	(312.11)	(41.73)	(161.14)	(441.67)
Interest received	0.31	12.81	0.41	0.20	0.12	13.47
Net cash flow from investing activities [B]	0.31	5.62	(311.70)	(41.53)	(161.03)	(428.20)
C) Cash flow from financing activities:						
Proceeds from issue of share capital	1.00	-	1,012.11	-		
Term loans taken						4,000.00
Interest paid	(0.13)	(0.49)	(0.16)	(2.33)	(36.94)	(343.31)
Loans taken from holding, subsidiary and associate companies	-	176.60	-	-	1,793.56	3,711.32
Repayment of loans to holding, subsidiary and associate companies	-	-	(168.80)	(4.58)	-	(20.50)
Working Capital and Other Loans from Banks	-	-	-	-	1,516.61	4,623.15
Reduction in Working Capital and Other Loans from Banks	-	-	-	-	-	(815.09)
Net cash flow from financing activities [C]	0.87	176.11	843.15	(6.91)	3,273.23	11,155.57
Net Increase / (decrease) in cash and cash equivalents [A+B+C]	3.84	1.70	9.39	(0.39)	361.27	1,520.87
Cash and cash equivalents at the beginning of the year / period		3.84	5.54	14.92	14.53	375.80
Cash and cash equivalents at the end of the year / period	3.84	5.54	14.92	14.53	375.80	1,896.68

CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31 ,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Net worth (A) (Rs in Lakhs)	(10.13)	86.78	1,171.03	1,451.89	3,335.36	5,151.03
Restated Profit after Tax (B) (Rs in Lakhs)	(11.13)	96.91	72.14	280.84	1,883.48	1,815.66
Weighted average number of equity shares outstanding during the year / period						
- For basic / diluted earnings per share (C)	10,000	10,000	37,653	10,131,100	10,131,100	10,131,150
Earnings Per Share ₹ 10 each						
- Basic / Diluted, Earnings per share (₹) (E - B/C)	(111.30)	969.10	191.59	2.77	18.59	17.92
Return on Net Worth (%) (G - B/A)	109.87%	111.67%	6.16%	19.34%	56.47%	35.25%
Number of Shares outstanding at the end of the year / period (H)	10,000	10,000	10,131,100	10,131,100	10,131,100	10,131,150
Net Assets Value per share of ₹ 10 each (I - A/H) (refer Note 1(c))	(101.30)	867.80	11.56	14.33	32.92	50.84

Notes

1) These ratios have been computed as follows:

- a) Earnings/(loss) per share(₹) = Net profit attributable to equity shareholders/ Weighted average number of equity shares outstanding during the period,
 - b) Net Asset Value per share (₹) = Net Worth excluding revaluation reserve at the end of the period or year / Weighted average number of equity shares outstanding during the period
 - c) Return /(loss) on Net Worth (%)= Net profit loss attributable to equity shareholders/ Net Worth excluding revaluation reserve at the end of the period or year
- 2) Net profit (loss) and net worth as appearing in the 'Summary statement of Profit & Loss, as Restated' has been used for the computation of these ratios.
 - 3) Earnings per share have been computed in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

CONSOLIDATED STATEMENT OF TAX SHELTERS, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Profits before current and restated taxes as per books, as restated (A)	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Income tax rates (including surcharge and education cess) applicable (B)	-	33.56%	33.99%	0.00%	0.00%	23.89%
Tax at notional rates(C)	-	49.21	39.51	-	-	589.29
Permanent differences						
Amounts disallowed u/s.43B, net	-	(15.22)	-	-	-	190.92
Interest on Income tax	-		2.33	-	-	
Other disallowances u/s 36(1)(va)	-		1.15	-	-	
Total permanent differences (D)	-	(15.22)	3.48	-	-	190.92
Timing differences						
Differences between book depreciation and tax depreciation	-	(0.44)	(5.18)			(190.90)
Total timing differences (E)	-	(0.44)	(5.18)	-	-	(190.90)
Net adjustments(F)=(D+E)	-	(15.66)	(1.70)	-	-	0.02
Tax impact of adjustments (G)=(F)*(B)	-	(5.26)	(0.58)	-	-	0.00
Tax provision based on taxable income as per tax laws (C+G)	-	43.95	38.93	-	-	589.29
Interest payable under section 234 of Income tax Act 1961	-	5.26	2.92	-	-	-
Fringe benefit tax	0.70	0.47	0.50	0.99	-	-
Tax expenses (H)	0.70	49.68	42.35	0.99	0.00	589.29
Deferred tax charge / (credit) on unabsorbed depreciation and brought forward losses (I)	-	-	-	-	-	-
Deferred tax charge / (credit) on expenses debited to Profit and Loss Account in the current year but allowable for tax purpose in following year (net of reversal of earlier periods) (J)	-	-	-	-	-	-
Deferred tax Charges/ (Credit) on differences between book depreciation and depreciation under the Income Tax Act, 1961 (K)	-	0.05	1.74	11.26	14.61	62.24
Deferred tax impact on timing differences (L)	-	0.05	1.74	11.26	14.61	62.24
Total tax expenses / (credit) (H+I)	0.70	49.73	44.09	12.25	14.61	651.53

CONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED*(₹ in Lakhs)*

Particulars	Pre- Issue as at March 31, 2010	As at September 30, 2010	Post Issue
Short term debt	1,516.61	5,324.53	
Long term debt (A)	-	4,000.00	
Total Debt (C)	1,516.61	9,324.53	
Shareholders funds			
Share capital	1,013.11	1,013.11	
Reserves and surplus	2,322.25	4,137.92	
Total shareholders funds (B)	3,335.37	5,151.03	
Long term debt/Equity (A/B)	0.00	0.78	
Total debt / Equity (C/B)	0.45	1.81	

Note:

- a) Short-term Debts are debts maturing within the next one year from the date of above statement and interest accrued and due on loans.
- b) Total long term debt /Total shareholders funds
- c) Total debt/Total shareholders' funds

As per our report of even date**For M/S.P.CHANDRASEKAR***Chartered Accountants***P. Chandrasekaran**

Partner

Membership Number: 26037

Form Registration Number: 000580S

Place: Chennai

Date: 29th November, 2010

ANNEXURE V: STATEMENT OF ACCOUNTING RATIOS
(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Net worth (A) (Rs in Lakhs)	(10.13)	86.78	1,171.03	1,451.89	3,335.36	5,151.03
Restated Profit after Tax (B) (Rs in Lakhs)	(11.13)	96.91	72.14	280.84	1,883.48	1,815.66
Weighted average number of equity shares outstanding during the year / period						
- For Basic / Diluted earnings per share (C)	10,000	10,000	37,653	10,131,100	10,131,100	10,131,150
Earnings Per Share ₹ 10 each						
- Basic / Diluted earnings per share (₹) (E - B/C)	(111.30)	969.10	191.59	2.77	18.59	17.92
Return on Net Worth (%) (G - B/A)	109.87%	111.67%	6.16%	19.34%	56.47%	35.25%
Number of Shares outstanding at the end of the year / period (H)	10,000	10,000	10,131,100	10,131,100	10,131,100	10,131,150
Net Assets Value per share of ₹ 10 each (I - A/H) (refer Note 1(c))	(101.30)	867.80	11.56	14.33	32.92	50.84

Notes:

1. The above ratios are calculated as under:

- Earnings per share = Net profit after tax, as restated / Weighted average number of shares as at year or period end.
- Return of Net worth (%) = Net profit after tax, as restated / Net worth

"Net worth" means the sum total of the paid-up capital and free reserves

"Free reserves" means all reserves created out of the profits and share premium account but does not include reserves created out of revaluation of assets, write back of depreciation provisions and amalgamation;

- Net asset value (₹) = Net worth as restated / Number of equity shares as at year or period end.
- The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
 - Earning per shares (EPS) calculation are done in accordance with Accounting Standard 20 "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006.
 - Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years.

ANNEXURE VI: DETAILS OF OTHER INCOME, AS RESTATED
(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Interest income	0.31	12.81	0.41	0.20	0.12	13.47
Other Income	-	-	2.01	6.84	0.75	-
Foreign exchange gain, net	-	0.08	-	147.17	0.05	37.53
Total	0.31	12.89	2.42	154.22	0.92	51.00

Note:

- The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
- Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE VII: STATEMENT OF SECURED LOANS, AS RESTATED
(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
- Central Bank of India (Cash Credit)	-	-	-	-	-	954.82
- Punjab National Bank (Cash Credit)	-	-	-	-	-	2,718.55
- State Bank of India (Cash Credit)	-	-	-	-	123.52	491.16
- State Bank of India Foreign Letter of Credit	-	-	-	-	1,393.09	1,160.00
L & T Infrastructure Company Ltd (Term Loan)	-	-	-	-	-	4,000.00
Total	-	-	-	-	1,516.61	9,324.53

Note:

- 1) The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
- 2) Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

STATEMENT OF SECURED LOANS, AS RESTATED (continued)

S. No.	Bank	Amount Sanctioned (Rs in Lakhs)	Amount outstanding as of September 30, 2010 (Rs in Lakhs)	Rate of Interest	Repayment terms	Security offered
1	Central Bank of India Cash Credit Foreign Letter of Credit	1,750.00 3,250.00	954.82	12.50%	On demand	<ul style="list-style-type: none"> • First Charge on fixed assets of the Company. • First charge on Escrow/TRA under tri-partite agreement among lenders of Point Red Telecom Ltd / Gemini communication Ltd. • Pledge of 13,24,836 shares of Promoter in the Company.
2	Punjab National Bank Cash Credit Foreign Letter of Credit	2,750.00 6,250.00	2,718.55 4,328.91	12.50%	On demand	<ul style="list-style-type: none"> • First charge by way of hypothecation of all the movable assets of the borrower, present and future. • Pledge of 38,42,025 shares of Promoters in the Company. • First charge by way of hypothecation on the book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future, Intangibles, goodwill, uncalled capital, present and future. • First charge cum assignment on all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, Insurance contracts duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; • Escrow of receivables of Gemini Communication Limited from BSNL. Assignment cum charge of all the Borrower, rights and interests related to the proposed project under letter of credit, guarantee or performance bond provided but any party for

						<p>any contract related to the Project in favor of the Borrower.</p> <ul style="list-style-type: none"> • First charge on the reserve accounts including but not limited to the DSRA build up along with dues if any. • The above security will rank pari-passu with other lenders and Working Capital Lenders of the Borrower.
3	<p>State Bank of India</p> <p>Cash Credit Foreign Letter of Credit</p>	<p>1,650.00</p> <p>(Sub limit of ₹ 1,650.00)</p>	<p>491.16</p> <p>1,160.00</p>	12.25%	On demand	<ul style="list-style-type: none"> • Hypothecation of all current assets such as stocks and book debts. • Goods purchased under LC • EM of Land and Building at Roopena Agrahara Village, Begur Hobli, Bangalore South Taluka Total Area of land – 4,650 sq. ft belonging to the Company. • Personal Guarantee of Mr.R.Vijayakumar and Mr.R.Ramkumar • Corporate Guarantee of Gemini Communication Limited
4	<p>L & T Infrastructure Company Ltd</p> <p>Term Loan</p>	5,000.00	4,000.00	12.50%	24 equal monthly repayments commencing 6 months from first disbursement	<ul style="list-style-type: none"> • First Charge by way of hypothecation of all the movable assets of the Borrower, present and future. • First charge by way of hypothecation on the book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future. Intangibles, goodwill, uncalled capital, present and future. • First charge cum assignment on all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, Insurance contracts duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time. • Escrow of receivables of Gemini Communication Limited from BSNL. • Assignment cum charge of all the Borrower's rights and interests related to the proposed Project under letter of Credit (if any), guarantee or performance bond provided but any party for any contract related to the Project in favor of the Borrower. • Corporate Guarantee of Gemini Communication Limited. • Irrevocable and unconditional Personal Guarantee of the Promoters, Mr Vijaykumar and Mr Ramkumar • First charge on the reserve accounts including but not limited to the DSRA build up along with dues if any • The above security will rank pari-passu with other lenders and Working Capital lenders of the Borrower.

ANNEXURE VIII: DETAILS OF UNSECURED LOAN, AS RESTATED*(₹ in Lakhs)*

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
From Promoter Group	-	176.60	7.80	3.22	1,796.78	5,487.66
Total	-	176.60	7.80	3.22	1,796.78	5,487.66

Note:

1. Unsecured Loan from Promoters outstanding as at September 30, 2010 is interest free and will be repaid in 36 months from July 1, 2010
2. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years

ANNEXURE IX: STATEMENT OF SUNDRY DEBTORS, AS RESTATED*(₹ in Lakhs)*

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Unsecured, considered good						
Debts outstanding for a period exceeding six months from						
- Related parties	-	-	10.53	74.39	2,277.01	6,264.10
- Others	-	-	802.57	11.01	391.24	1,145.17
Total (A)	-	-	813.11	85.40	2,668.25	7,409.27
Others Debt						
- Related parties	-	10.46	7.67	687.78	937.38	2,033.82
- Others	3.21	1,239.58	340.81	1,530.45	2,364.82	1,847.64
Total (B)	3.21	1,250.04	348.48	2,218.23	3,302.20	3,881.46
TOTAL (A+B)	3.21	1,250.04	1,161.59	2,303.63	5,970.45	11,290.73

Note:

1. The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
2. The following are the balances of the related parties included in the above
3. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years.

(₹ in Lakhs)

Name of the party	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Gemini Communication Ltd	-	10.46	18.21	762.17	3,214.39	8,297.92
Total	-	10.46	18.21	762.17	3,214.39	8,297.92

ANNEXURE X: STATEMENT OF LOANS AND ADVANCES AS RESTATED*(₹ in Lakhs)*

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Advances recoverable in cash or kind or for the value to be received						
Loans and advances to:						
- others	1.21	1.21	2.21	98.56	825.81	4,417.43
- group companies (including subsidiary and associate)	-	-	201.74	-	-	3,498.14
TOTAL	1.21	1.21	203.96	98.56	825.81	7,915.57

Note:

1. The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
2. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years
3. The following are the related party balances included above:

(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Loans and advances						
<i>Loans and advances - to employees</i>						
Advance to Employees	-	-	1.02	0.72	-	-
Salary & Travel Advance	-	-	-	-	0.64	-
<i>Other Advances</i>						
Civil Point	-	-	-	49.00	-	-
Institute of Electrical and Electronics	-	-	-	0.88	0.89	-
Prahar Foundation	-	-		25.00	-	-
Other Advances	1.21	1.21	1.19	22.96	160.02	4,277.45
Tera software Ltd	-	-	-	-	270.42	-
Emerald Systems Ltd	-	-	-	-	128.00	-
Gujarat Chem Plast Ltd	-	-	-	-	50.00	-
Everonn Systems Ltd	-	-	-	-	75.00	-
Silvermist Marketing Ltd	-	-	-	-	140.83	139.98
<i>Advances to Group Companies</i>						
Gemini Communication Ltd	-	-	-	-	-	3,457.34
Gemini GEOSS	-	-	-	-	-	40.80
Gemini Communication Ltd - TSD	-	-	-	-	-	-
<i>Inter corporate Deposits - group companies (including subsidiary and associates)</i>						
Gemini Traze RFID Private Ltd	-	-	201.74	-	-	-
Total	1.21	1.21	203.96	98.56	825.81	7,915.57

ANNEXURE XI: CAPITALISATION STATEMENT*(₹ in Lakhs)*

Particulars	Pre Issue		Post Issue
	As at 31 March, 2010	As At 30, September 2010	
Short term debt	1,516.61	5,324.53	
Long term debt (A)	-	4,000.00	
Total Debt (C)	1,516.61	9,324.53	
Shareholders' funds			
Share capital	1,013.11	1,013.11	
Reserves and surplus	2,322.25	4,137.92	
Total Shareholders' Funds (B)	3,335.37	5,151.03	
Long Term Debt/ Equity (A/B)	0.00	0.78	
Total Debt / Equity (C/B)	0.45	1.81	

Note: The figures disclosed above are based on the restated financial information of PointRed Telecom Limited

ANNEXURE XII: DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	For the financial year ended March 31,					Half Year ended 30 September 2010
Key Management Personnel	2006	2007	2008	2009	2010	
		Mr.B. Sreekrishna	Mr.B. Sreekrishna	Mr.B. Sreekrishna	Mr.R.Ramkumar	Mr. Hari Sethuraman
		Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar
		Mr.R.Ramkumar	Mr.R.Ramkumar	Mr.R.Ramkumar	Mr.B. Sreekrishna	Mr.B. Sreekrishna
			Mr.C.V. Bhaskar	Mr.C.V. Bhaskar	Mr.C.V. Bhaskar	Mr.L. Sathyanarayan
Subsidiary				PR Wireless Tech Limited	PR Wireless Tech Limited	PR Wireless Tech Limited
Holding Company	Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited
Group Companies		Gemini Traze RFID Private Ltd	Gemini Traze RFID Private Ltd	Gemini Traze RFID Private Ltd	Gemini Traze RFID Private Ltd	Gemini Traze RFID Private Ltd
				Gemini Infotech Limited, Hong Kong	Gemini Infotech Limited, Hong Kong	Gemini Infotech Limited, Hong Kong
				Veeras Infotek Private Limited	Veeras Infotek Private Limited	Veeras Infotek Private Limited

Note 1: The figures disclosed above are based on the restated financial information of Point Red Telecom Limited

Note 2: Mr. B.Sreekrishna, Managing Director of our Company, who is in the payroll since October 2010, is related to Mr. R.Vijayakumar, Director of our Company

Note 3: Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006.

DISCLOSURES OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(₹ in Lakhs)

Particulars	Nature of relationship	For the financial year ended March 31,					For the half year ended September 30, 2010
		2006	2007	2008	2009	2010	
Unsecured loans taken	Holding Company	-	182.31	1,004.45	6.53	1,480.07	2,132.21
Unsecured loans repaid	Holding Company	-	5.71	996.65	11.11	0.51	86.79
Purchases	Group Companies	-	959.98	102.55	0.65	-	-
Sales	Holding Company	-	10.94	226.38	2,131.65	5,711.11	5,267.51
Issue of Equity Shares	Holding Company	-	206.22	1,012.11	-	-	-
Advances	Group Companies	-	-	201.74	-	3.51	-
Remuneration to Directors	Key Managerial Personnel	-	-	-	-	-	3.00

Note:

- The figures disclosed above are based on the restated financial information of PointRed Telecom Limited
- Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006.
- Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years.

DETAILS OF RELATED PARTIES OUTSTANDING BALANCES

(₹ in Lakhs)

Particulars	Nature of Relationship	As at 31st March					As at September 30, 2010
		2006	2007	2008	2009	2010	
Issue of Equity Shares	Holding Company	-	-	1,218.33	-	-	-
Current assets, loans and advances	Group Companies	-	-	201.74	-	3.44	-
Sundry debtors	Holding Company	-	10.46	233.89	762.17	3,214.39	8,297.92
Unsecured loans	Holding Company	-	176.60	7.80	3.22	1,482.78	3,528.20
Sundry creditors	Group Companies	-	959.97	447.55	0.44	-	-

Note :

1. The figures disclosed above are based on the restated financial information of PointRed Telecom Limited
2. Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006.
3. Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years.

ANNEXURE XIII: STATEMENT OF TAX SHELTER

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Profits before current and restated taxes as per books, as restated (A)	(10.43)	146.64	116.24	293.09	1,898.09	2,467.19
Income tax rates (including surcharge and education cess) applicable (B)	-	33.56%	33.99%	0.00%	0.00%	23.89%
Tax at notional rates(C)	-	49.21	39.51	0.00	0.00	589.29
Permanent differences						
Amounts disallowed u/s.43B, net	-	(15.22)	-	-	-	190.92
Interest on Income tax	-	-	2.33	-	-	-
Other disallowances u/s 36(1)(va)	-	-	1.15	-	-	-
Total permanent differences (D)	-	(15.22)	3.48	-	-	190.92
Timing differences						
Differences between book depreciation and tax depreciation	-	(0.44)	(5.18)	-	-	(190.90)
Total timing differences (E)	-	(0.44)	(5.18)	-	-	(190.90)
Net adjustments(F)=(D+E)	-	(15.66)	(1.70)	-	-	0.02
Tax impact of adjustments (G)=(F)*(B)	-	(5.26)	(0.58)	-	-	-
Tax provision based on taxable income as per tax laws (C+G)	-	43.95	38.93	-	-	589.29
Interest payable under section 234 of Income tax Act 1961		5.26	2.92	-	-	-
Fringe benefit tax	0.70	0.47	0.50	0.99	-	-
Tax expenses (H)	0.70	49.68	42.35	0.99	0.00	589.29
Deferred tax charge / (credit) on unabsorbed depreciation and brought forward losses (I)	-	-	-	-	-	-

Deferred tax charge / (credit) on expenses debited to Profit and Loss Account in the current year but allowable for tax purpose in following year (net of reversal of earlier periods) (J)	-	-	-	-	-	-
Deferred tax Charges/ (Credit) on differences between book depreciation and depreciation under the Income Tax Act, 1961 (K)	-	0.05	1.74	11.26	14.61	62.24
Deferred tax impact on timing differences (I)	-	0.05	1.74	11.26	14.61	62.24
Total tax expenses / (credit) (H+I)	0.70	49.73	44.09	12.25	14.61	651.53

Note: Figures of fiscal 2006 and fiscal 2007 represents standalone numbers as there is no consolidation in these years.

AUDITOR'S REPORT

(as required by Part II of Schedule II to the Companies Act, 1956)

The Board of Directors
Point Red Telecom Limited
18 / 11B, Roopena Agrahara,
Begur Hobli, Hosur Main Road,
Bangalore 560 068

At your request, we have examined the attached standalone restated financial information of **Point Red Telecom Limited** as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956, as amended ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations'), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 12th August 2010 in connection with the proposed issue of equity shares of the Company.

1. These information have been extracted by the Management from the standalone financial statements for the year ended 31st March 2006 was carried out by M/s. Ajay Sethi & Associates ('the previous auditor') and for the year ended 31st March 2007 and 2008 by M/s. CNGSN & Associates, Chartered Accountants ('the previous auditor') and for the years ended 31st March 2009 and 31st March 2010, which have been audited by Mr. Parthasarathy, Chartered Accountant. We have not carried out any audit tests or review procedures on the financial statements of M/s Point Red Telecom Limited for the financial years ended 2009, 2008, 2007 and 2006 but have audited the standalone financial statements for the financial year ended 31st March, 2010 and half year ended 30th September, 2010.
2. In accordance with the requirements of Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, the Guidance note on 'Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, and the terms of our engagement agreed with you, we further report that:
 - (a) The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at 31 March 2006, 2007, 2008, 2009 and 2010 and half year ended 30th September 2010 examined by us, as set out in Annexure I to this report read with the significant accounting policies and related notes in Annexure IV are after making such adjustments and regroupings as in our opinion are appropriate and more fully described in schedules to the Restated Standalone Summary Statements enclosed as Annexure IV to this report.
 - (b) The Restated Standalone Summary Statement of Profits or Losses of the Company for the years ended 31 March 2006, 2007, 2008, 2009 and 2010 and half year ended 30th September 2010 are as set out in Annexure II to this report read with the significant accounting policies and related notes in Annexure IV are after making such adjustments and regroupings as in our opinion are appropriate and more fully described in Schedules to the Restated Standalone Summary Statements enclosed as Annexure IV to this report.
 - (c) Based on the above, we are of the opinion that the restated standalone financial information have been made after incorporating:
 - i. Adjustments for the changes in accounting policies retrospectively in respective financial years / period to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods.
 - ii. Adjustments for the material amounts in the respective financial years / period to which they relate.
 - iii. *The previous auditors in the report on the standalone financial statements of the Company for the financial years ended March 2010, 2009, 2008 and 2007 had included certain qualifications, for which, in the absence of any quantifications, no adjustments have been made in the Standalone Statements of Assets and Liabilities and Profits and Losses, as restated*
 - iv. And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

- (d) We have also examined the following financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the years ended 31 March 2006, 2007, 2008, 2009 and 2010 and for the half year ended 30th September 2010.
- i. Annexure III containing statement of standalone cash flows, as restated;
 - ii. Annexure V containing statement of accounting ratios, as restated;
 - iii. Annexure VI containing details of other income, as restated;
 - iv. Annexure VII containing details of secured loans, as restated;
 - v. Annexure VIII containing details of unsecured loans, as restated;
 - vi. Annexure IX containing details of investments; as restated;
 - vii. Annexure X containing statement of sundry debtors; as restated;
 - viii. Annexure XI containing statement of loans and advances; as restated;
 - ix. Annexure XII containing capitalisation statement as at 30th September 2010;
 - x. Annexure XIII containing details of list of related parties, transactions and balances outstanding with them; and
 - xi. Annexure XIV containing statement of tax shelter

In respect of the 'Standalone Financial Information as per the audited financial statements' and 'Standalone Other Financial Information' contained in this report, we have relied upon the audited financial statements for the years ended March 2009, 2008, 2007 and 2006 which were audited by another firm of Chartered Accountants as referred above.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.

In our opinion, the above financial information contained in Annexure I to XIV of this report read along with the significant accounting policies and related notes (Refer Annexure V) and Schedules to the Restated Summary Statements (Refer Annexure IV) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations and the Guidance note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you.

Our report is intended solely for use of the Management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not to be used, referred to or distributed for any other purpose without our written consent.

For **M/S. P. CHANDRASEKAR**
Chartered Accountants

P. Chandrasekaran
Partner
Membership Number: 26037
Firm Registration Number: 000580S
Date: November 29, 2010

ANNEXURE I: STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

	Particulars	As at March 31,					As at September 30, 2010
		2006	2007	2008	2009	2010	
1	FIXED ASSETS :						
	Gross block	0.12	7.31	208.00	361.16	522.30	963.97
	Less : Accumulated depreciation	0.12	0.34	2.26	9.41	23.01	82.45
	Net block	-	6.97	205.74	351.74	499.29	881.52
	Capital work-in-progress including capital advances	-	-	111.43		-	
	Total	-	6.97	317.17	351.74	499.29	881.52
2	INVESTMENTS				0.60	0.60	0.60
3	CURRENT ASSETS, LOANS AND ADVANCES :						
	Inventories	1.82	42.27	55.57	94.82	281.02	348.05
	Sundry debtors	3.21	1,250.04	1,161.59	778.54	3,280.47	8,627.96
	Cash and bank balances	3.84	5.54	14.92	14.53	375.11	1,895.03
	Loans and advances	1.21	1.21	203.96	98.56	684.97	7,526.90
	Other Current Assets	-	3.15	6.19	24.16	214.53	702.49
	Total	10.08	1,302.21	1,442.23	1,010.61	4,836.10	19,100.43
4	LIABILITIES AND PROVISIONS :						
	Secured loans	-	-	-	-	1,516.61	9,324.63
	Unsecured loans	-	176.60	7.80	2.71	1,549.16	5,204.81
	Current liabilities and provisions	20.21	1,045.75	578.78	195.21	1,363.15	2,723.60
	Deferred tax liability (net)	-	0.05	1.79	13.04	27.65	89.89
	Total	20.21	1,222.40	588.37	210.96	4,456.56	17,342.93
5	SHAREHOLDERS' FUNDS (1 + 2 + 3 -4)	(10.13)	86.78	1,171.03	1,151.99	879.43	2,639.62
	NET WORTH REPRESENTED BY						
6	SHARE CAPITAL						
	Equity share capital	1.00	1.00	1,013.11	1,013.11	1,013.11	1,013.11
7	RESERVES AND SURPLUS	(11.13)	85.78	157.92	138.88	(133.68)	1,626.51
8	SHAREHOLDERS' FUNDS (6+7)	(10.13)	86.78	1,171.03	1,151.99	879.43	2,639.62

Note: The above statement should be read with the significant accounting policies and notes to restated summary statements as appearing in Annexure IV.

ANNEXURE II: STATEMENT OF STANDALONE PROFITS AND LOSSES, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
INCOME :						
Income from operations	9.39	1,994.12	2,073.50	2,467.32	4,611.41	5,502.19
Other income	0.31	12.89	2.41	128.31	0.91	38.12
Total	9.70	2,007.01	2,075.91	2,595.63	4,612.32	5,540.31
EXPENDITURE :						
Contract materials and supplies consumed	3.43	1,737.30	1,701.25	2,353.95	4,224.74	2,463.89
Personnel costs	3.85	65.40	94.99	106.48	142.62	158.13
Administrative and selling expenses	12.60	56.96	161.36	132.50	459.83	111.73
Finance charges	0.13	0.49	0.16	2.33	29.49	343.15
Depreciation	0.12	0.22	1.91	7.19	13.60	51.67
Total	20.13	1,860.37	1,959.67	2,602.45	4,870.27	3,128.57
Profit before tax	(10.43)	146.64	116.24	(6.81)	(257.95)	2,411.74
Less: Provision for tax						
a) Current tax	-	49.21	41.85			589.30
c) Fringe benefit tax	0.70	0.47	0.50	0.99		
d) Deferred tax	-	0.05	1.74	11.26	14.61	62.24
Total	0.70	49.73	44.09	12.25	14.61	651.54
Profit after tax, as restated	(11.13)	96.91	72.14	(19.06)	(272.56)	1,760.20
Add: Balance in profit and loss account brought forward, as restated	-	(11.13)	85.78	157.92	138.87	(133.68)
Amount available for appropriation	(11.13)	85.78	157.92	138.86	(133.68)	1,626.52
Balance carried forward to balance sheet	(11.13)	85.78	157.92	138.86	(133.68)	1,626.52

Note: The above statement should be read with the significant accounting policies and notes to restated summary statements as appearing in Annexure IV.

ANNEXURE III: STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
A) Cash flow from operating activities						
Net profit before tax, as restated	(10.43)	146.64	116.24	(6.81)	(257.95)	2,411.74
Adjustments for:						
Depreciation	-	0.22	1.91	7.19	13.60	51.67
Interest and finance charges	0.13	0.49	0.16	2.33	29.49	343.15
Interest income	(0.31)	(12.81)	(0.41)	(0.20)	0.12	(13.47)
Operating profit before changes in working capital	(10.61)	134.54	117.90	2.51	(214.99)	2,793.09
Adjustments for:						
(Increase) / decrease in inventories	(1.82)	(40.45)	(13.29)	(39.25)	(186.20)	(67.03)
(Increase) / decrease in trade receivables	(3.21)	(1,246.83)	88.46	383.05	(2,501.93)	(5,347.49)
(Increase) / decrease in loans and advances	(1.21)	-	(202.75)	105.40	(586.41)	(6,841.93)
(Increase) / decrease other current assets	-	(3.15)	(3.04)	(17.97)	(190.37)	(647.26)
Increase / (decrease) in trade payables and others	19.51	976.56	(459.66)	(342.20)	1,167.94	768.87
Cash outflow from operating activities	2.66	(179.33)	(472.38)	91.54	(2,511.95)	(9,341.76)
Adjustments for:						
Income tax paid/ (refunded)	-	(0.70)	(49.68)	(42.36)	-	169.30
Fringe benefit tax	-	-	-	-	-	-
Net cash flow from operating activities [A]	2.66	(180.03)	(522.06)	49.16	(2,511.95)	(9,172.45)
B) Cash flow from investing activities						
Purchase of fixed assets	-	(7.19)	(312.11)	(41.73)	(161.14)	(441.67)
Investments in subsidiary	-	-	-	(0.60)	-	-
Interest received	0.31	12.81	0.41	0.20	0.12	13.47
Net cash flow from investing activities [B]	0.31	5.62	(311.70)	(42.13)	(161.02)	(428.19)
C) Cash flow from financing activities:						
Proceeds from issue of share capital	1.00	-	1,012.11	-	-	
Term loans taken	-	-	-	-	-	4,000.00
Interest paid	(0.13)	(0.49)	(0.16)	(2.33)	(29.49)	(343.15)
Loans taken from holding, subsidiary and associate companies	-	176.60	-	-	1,546.45	3,676.15
Repayment of loans to holding, subsidiary and associate companies	-	-	(168.80)	(5.09)	-	(20.50)
Working capital and other loans from banks	-	-	-	-	1,516.61	4,623.15
Reduction in working capital and	-	-	-	-	-	(815.09)

other loans from Banks						
Net cash flow from financing activities [C]	0.87	176.11	843.15	(7.42)	3,033.57	11,120.56
Net Increase / (decrease) in cash and cash equivalents [A+B+C]	3.84	1.70	9.39	(0.39)	360.59	1,519.91
Cash and cash equivalents at the beginning of the year / period	-	3.84	5.54	14.92	14.53	375.11
Cash and cash equivalents at the end of the year / period	3.84	5.54	14.92	14.53	375.11	1,895.02

Note: The cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements as prescribed under by the Companies (Accounting Standards) Rules, 2006.

ANNEXURE IV: SIGNIFICANT ACCOUNTING POLICIES AND RELATED NOTES TO THE RESTATED STANDALONE SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP.

I. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared on accrual basis, under the historical cost convention and in accordance with Indian Generally Accepted Accounting Principles (GAAP) and accounting standards issued by, the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for leave encashment and gratuity.

c) Revenue recognition

- Revenue from network products are recognized on completion of respective works contract.
- In respect of fixed price service activities, income is recognized on time and material basis.
- In respect of other contracts, revenue is recognized on the achievement of the milestones set out in the contracts.
- Interest is recognized using the Time-Proportion method, based on the rates implicit in the transaction.
- Commission income is recognized on completion of supplies by the principal against the relevant orders.

d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. All costs relating to acquisition and installation of fixed assets are capitalized. Advances paid towards acquisition of fixed assets before the financial year-end are classified as capital work in progress.

Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to use. The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. Expenditure directly relating to expansion is capitalized only if it increases the value of the asset beyond its original standard of performance.

e) Depreciation

Depreciation is provided on straight-line method at the rates specified in SCHEDULE XIV of the Companies Act, 1956. Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.

The management estimates useful life for the various fixed assets as under.

Asset	Estimated useful life of asset
Building	60 to 65 years
Computer Equipment	5 to 6 years
Plant& Machinery	6 to 21 years
Furniture & Office Equipments	3 to 9 years
Software	3 to 5 years

f) Impairment of assets

All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

g) Inventory

Inventory comprises stock of ₹ 348.05 Lakhs (as at 30/09/2010) and is carried at the lower of cost and net realizable value. Cost includes all expenses incurred in bringing the goods to their present location and condition and is determined on a Weighted Average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

h) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions, other than those related to fixed assets are recognized in the profit and loss account. Exchange differences in respect of liabilities, incurred to acquire fixed assets are adjusted in the carrying cost of fixed assets.

i) Retirement benefits

The Company provides for Contributions payable to the recognized provident fund and Employee State Insurance Scheme, which are defined contribution schemes, are charged to the profit and loss account as incurred.

j) Leave encashment

The Company provides for the leave encashment liability at the balance sheet date based on the accumulated leave balance of the employees and the last drawn salary.

k) Taxes on income

Tax expense comprises both current and deferred taxes. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m) Provisions and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

II. NOTES TO THE STANDALONE STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED

1) Adjustments on account of qualifications in Auditors' reports for HY ended September 2010:

1. As regards to Notes to the Financial Statements:

Attention is invited to notes on accounts with regards pending confirmation of balances from Sundry Creditors, Sundry Debtors in few cases, Loans & Advances and Deposits wherein the effect, if any, on the financials are not quantifiable.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Standalone Statements of Assets and Liabilities and Profits and Losses, as Restated

2) Adjustments on account of qualifications in auditors' reports for FY 2009-10

The auditor of the Group Mr.K.Parthasarathy Chartered Accountant, Pondicherry had qualified the report to the members of the Company on the Standalone Financial statements for the Years ended March 2010 and 2009, M/s CNGSN and Associates Chartered Accountants, Chennai for the Years ended March 2008, 2007 attributable to (a) in correct accounting practices or (b) failures to make provisions or other adjustments. These qualifications along with the related notes to the accounts are reproduced below, to the extent necessary based on the currently available informations.

1. As regards to Notes to the Financial Statements of 2009-2010

Attention is invited to note 9 in notes on accounts with regards pending confirmation of balances from Sundry Creditors, Sundry Debtors, Loans & Advances and Deposits wherein the effect, if any, on the financials are not quantifiable.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Standalone Statements of Assets and Liabilities and Profits and Losses, as Restated.

2. As regards to Notes to the Financial Statements of 2008-2009

Attention is invited to note 8, In some of the cases, the confirmations of balances from Sundry Creditors, Sundry Debtors, Loans and Advances, Deposits and Other current assets are yet to be received / reconciled.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Standalone Statements of Assets and Liabilities and Profits and Losses, as Restated.

3. As regards to Notes to the Financial Statements of 2007-2008

Attention is invited to note 8, In some of the cases, the confirmations of balances from Sundry Creditors, Sundry Debtors, Loans and Advances, Deposits and Other current assets are yet to be received / reconciled.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Standalone Statements of Assets and Liabilities and Profits and Losses, as Restated

4. As regards to Notes to the Financial Statements of 2006-2007

Attention is invited note no.6: In some of the cases, the confirmations of balances from Sundry Creditors, Sundry Debtors in few cases, Loans and Advances, Deposits and Other current assets are yet to be reconciled.

Since the effect of the qualifications have not been quantified, it has not been possible to adjust the differences in the 'Standalone Statements of Assets and Liabilities and Profits and Losses, as Restated.

3) Adjustments resulting from changes in accounting policies

1. Depreciation

Accordingly the depreciation for the five years ended 31 March 2010, 2009, 2008, 2007 and 2006 has been charged based on the straight line basis and assets individually costing less than ₹ 5,000 have been depreciated fully in the year of purchase with the impact for each of the years presented being adjusted in the respective years in the 'Standalone Statement of Assets and Liabilities, as Restated' and the 'Standalone Statement of Profits and Losses, as Restated and has been consistently followed.

2. Deferred taxation

The Company adopted the provisions of AS 22 -Accounting for taxes on Income, issued by the ICAI for the first time for the accounting period commencing effective 1st April 2002 and has been consistently followed.

4) Adjustments relating to previous years

1. Prior period expenses

No Comments.

2. Accounting for gratuity

Gratuity provision not applicable since there are no employee covered under the act for half year ended 30th September 2010 and all the years ended March 2010, 2009, 2008, 2007 and 2006.

3. Write back of excess Provisions Pertaining to prior Years

During the respective years, the Company has written back to the profit and loss account provisions and accruals made on estimates which had been provided for in earlier years but are no longer considered payable. Accordingly, the effect of these write backs has been considered in the respective year in which these accruals were originally recorded with a corresponding reduction in the expenses in the 'Standalone Statement of Profit and Loss, as Restated' and has been consistently followed.

5) Other material adjustments

1. Employee state insurance dues

Nil

6) Material reclassifications

Nil

7) Material changes in activities

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2008 for a period of more than six months from the date they became payable, except a sum of ₹ 93,430 towards service tax for the financial year 2007-08. However, we have been informed that the same was remitted during the subsequent years. No comments were noticed in respect other years.

8) SECURED LOANS

(₹ in Lakhs)

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Central Bank of India (Cash Credit)	-	-	-	-	-	954.82
Punjab National Bank (Cash Credit)	-	-	-	-	-	2,718.55
State Bank of India						
Cash Credit	-	-	-	-	123.52	491.16
Foreign Letter of Credit	-	-	-	-	1,393.09	1,160.00

L & T Infrastructure Company Limited (Term Loan)	-	-	-	-	-	4,000.00
Total	-	-	-	-	1,516.61	9,324.53

The Secured loan from banks represents the Letter Of Credit outstanding for purchases made and Cash Credit. The loan is secured by hypothecation of all current assets, goods purchased under LC, Land & Building, personal guarantee of Directors R. Vijay Kumar and R Ram Kumar and further loans are secured by corporate guarantees from Gemini Communication Ltd, Holding company, and Term loan from L & T Infrastructure Company Ltd,

The CC/LC limit of

1. LC: ₹ 1,650.00 lakhs is from SBI, Industrial Finance Branch, Chennai, carrying an interest rate of 12.25% p.a.
2. CC: ₹ 1,750.00 Lakhs and FLC: ₹ 3,250.00 Lakhs are from Central Bank of India, Chennai, carrying an interest rate of 12.50%
3. ₹ 2,750.00 Lakhs (CC) and ₹ 6,250.00 Lakhs (FLC) is from Punjab National Bank, Chennai, carrying an interest rate of 12.50%
4. The Term Loan limit of ₹ 5,000.00 Lakhs is from L & T Infrastructure Company Ltd, Chennai, carrying an interest on 12.50% p.a

9) UNSECURED LOANS

(₹ in Lakhs)

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
From Promoter Group		176.60	7.80	2.71	1,549.16	5,204.81
Total	-	176.60	7.80	2.71	1,549.16	5,204.81

The amount outstanding represents interest free loan obtained from Holding Company, viz. Gemini Communication Limited and Gemini Traze Limited, an Associate Company.

10) SUNDRY DEBTORS

(₹ in Lakhs)

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Unsecured, considered good						
Debts outstanding for a period exceeding six months from						
- Related parties	-	-	10.53	88.81	2,154.48	5,210.58
- Others	-	-	802.57	-	55.99	1,071.06
Total (A)	-	-	813.11	88.81	2,210.47	6,281.64
Debts outstanding for a period not exceeding six months from						
- Related parties	-	10.46	7.67	689.73	-	2,258.39
- Others	3.21	1,239.58	340.81	-	1,070.00	87.93
Total (B)	3.21	1,250.04	348.48	689.73	1,070.00	2,346.32
TOTAL (A+B)	3.21	1,250.04	1,161.59	778.54	3,280.47	8,627.96

11) LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Advances recoverable in cash or kind or for the value to be received						
Loans and advances to:						
- others	1.21	1.21	2.21	98.56	684.97	4,028.76
- group companies (including subsidiary and associate)	-	-	201.74	-	-	3,498.14
TOTAL	1.21	1.21	203.96	98.56	684.97	7,526.90

Note:

- Advances include ₹ 201.74 lakhs to Gemini Traze RFID Private Limited (Group Company) which is nature of trade transaction and is free of interest for the year ended March 2007-2008
- Advances include ₹ 3,457.34 lakhs loans to Gemini Communication Limited (Holding Company) for the half year ended 30th September 2010.
- All other advances are nature of trade advances, staff advances and other recoverable dues.

12) OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Interest income	0.31	12.81	0.41	0.20	0.12	13.47
Other Income	-	-	2.01	6.84	0.75	-
Foreign exchange gain, net	-	0.08	-	121.27	0.05	24.65
Total	0.31	12.89	2.42	128.31	0.92	38.12

13) Leases

The operating leases entered into by the company are cancelable on giving a notice of one to three months.

14) Commitments and contingencies

1. Litigation

There are no litigations pending related to the Company. However, there are few litigations pending pertaining to holding company viz Gemini Communication Limited.

2. Other commitments and contingencies – Nil

15) Foreign Exchange Transactions

The Following are the transactions in foreign exchange

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
F.O.B Value of Imports	-	-	19.02	-	-	-
Earnings in Foreign Currency	-	-	-	-	-	-
Expenditure in Foreign Currency	-	42.16	9.06	16.85	388.34	62.26

16) Related party transactions

DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	As at March 31 ,					As At September 30, 2010
	2006	2007	2008	2009	2010	
Key Management Personnel		Mr.B.Sreekrishna	Mr.B.Sreekrishna	Mr.B.Sreekrishna	Mr.B.Sreekrishna	Mr.B.Sreekrishna
		Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar	Mr.R.Vijayakumar
		Mr.R.Ramkumar	Mr.R.Ramkumar	Mr.R.Ramkumar	Mr.R.Ramkumar	Hari Sethuraman
			Mr.C.V.Bhaskar	Mr.C.V.Bhaskar	Mr.C.V.Bhaskar	L.Sathyanarayan
Subsidiary Company				PR Wireless Tech Limited	PR Wireless Tech Limited	PR Wireless Tech Limited
Holding Company		Gemini Comunnication Limited	Gemini Comunnication Limited	Gemini Comunnication Limited	Gemini Comunnication Limited	Gemini Comunnication Limited
Group Companies		Gemini Traze RFID Pvt Ltd	Gemini Traze RFID Pvt Ltd	Gemini Traze RFID Pvt Ltd	Gemini Traze RFID Pvt Ltd	Gemini Traze RFID Pvt Ltd
				Gemini Infotech Limited, Hongkong	Gemini Infotech Limited, Hongkong	Gemini Infotech Limited, Hongkong
				Veeras Infotek Private Limited	Veeras Infotek Private Limited	Veeras Infotek Private Limited

Mr. B.Sreekrishna, Managing Director of the Company, who is in the payroll since October 2010, is related to Mr. R.Vijaykumar, Director of the Company

DISCLOSURES OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(₹ in Lakhs)

Particulars	Nature of Relationship	As at March 31 ,					As At September 30, 2010
		2006	2007	2008	2009	2010	
Investments	Subsidiary Company	-	-	-	0.60	-	-
Unsecured loans taken	Holding Company	-	182.31	1,004.45	3.09	1,474.98	1,840.37
Unsecured loans repaid	Holding Company	-	5.71	996.65	8.18	-	1,112.30
Purchases	Group Company	-	959.98	102.55	0.65	-	-
Sales	Holding Company	-	10.94	226.38	2,131.65	3620.63	5,267.51
Issue of Equity Shares	Holding Company	-	206.22	1,012.11	-	-	-
Advances	Group Company	-	-	201.74	-	-	-
Remuneration to Directors	Key Management Personnel	-	-	-	-	-	3.00

DETAILS OF RELATED PARTIES OUTSTANDING BALANCES

(₹ in Lakhs)

Particulars	Nature of Relationship	As at March 31 ,					As At September 30, 2010
		2006	2007	2008	2009	2010	
Issue of Equity shares	Holding Company	-	206.22	1,218.33	-	-	-
Investments	Subsidiary	-	-	-	0.60	0.60	0.60
Current assets, loans and advances	Group Company	-	-	201.74	-	-	-
Sundry debtors	Holding Company	-	10.46	233.89	762.17	2154.48	7468.97
Unsecured loans	Holding Company	-	176.60	7.80	2.71	1,477.69	3,315.36
Sundry creditors	Group Company	-	959.97	447.55	0.44	-	-

17) Segmental Information

The Company operates under one segment – networking i.e. designing, developing, producing and managing telecommunication and Internet related network equipment and related services. Further the Company derives its entire revenues from services rendered in India. Consequently, the disclosure of business and geographic segment-wise information is not applicable to the Company.

Standalone Cash Flow Statement, As Restated

(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
A) Cash flow from operating activities						
Net profit before tax, as restated	(10.43)	146.64	116.24	(6.81)	(257.95)	2,411.74
Adjustments for:						
Depreciation	-	0.22	1.91	7.19	13.60	51.67
Interest and finance charges	0.13	0.49	0.16	2.33	29.49	343.15
Interest income	(0.31)	(12.81)	(0.41)	(0.20)	(0.12)	(13.47)
Operating profit before changes in working capital	(10.61)	134.54	117.90	2.51	(214.99)	2,793.09
Adjustments for:						
(Increase) / decrease in inventories	(1.82)	(40.45)	(13.29)	(39.25)	(186.20)	(67.03)
(Increase) / decrease in trade receivables	(3.21)	(1,246.83)	88.46	383.05	(2,501.93)	(5,347.49)
(Increase) / decrease in loans and advances	(1.21)	-	(202.75)	105.40	(586.41)	(6,841.93)
(Increase) / decrease other current assets	-	(3.15)	(3.04)	(17.97)	(190.37)	(647.26)
Increase / (decrease) in trade payables and others	19.51	976.56	(459.66)	(342.20)	1,167.94	768.87
Cash outflow from operating activities	2.66	(179.33)	(472.38)	91.54	(2,511.95)	(9,341.76)
Adjustments for:						
Income tax paid/ (refunded)	-	(0.70)	(49.68)	(42.36)	-	169.30
Fringe benefit tax	-	-	-	-	-	-
Net cash flow from operating activities [A]	2.66	(180.03)	(522.06)	49.16	(2,511.95)	(9,172.45)
B) Cash flow from investing activities						
Purchase of fixed assets	-	(7.19)	(312.11)	(41.73)	(161.14)	(441.67)
Investments in subsidiary	-	-	-	(0.60)	-	-
Interest received	0.31	12.81	0.41	0.20	0.12	13.47
Net cash flow from investing activities [B]	0.31	5.62	(311.70)	(42.13)	(161.02)	(428.19)
C) Cash flow from financing activities:						
Proceeds from issue of share capital	1.00	-	1,012.11	-	-	-
Term loans taken	-	-	-	-	-	4,000.00
Interest paid	(0.13)	(0.49)	(0.16)	(2.33)	(29.49)	(343.15)
Loans taken from holding, subsidiary and associate companies	-	176.60	-	-	1,546.45	3,676.15
Repayment of loans to holding,	-	-	(168.80)	(5.09)	-	(20.50)

subsidiary and associate companies						
Working capital and other loans from banks	-	-	-	-	1,516.61	4,623.15
Reduction in working capital and other loans from Banks	-	-	-	-	-	(815.09)
Net cash flow from financing activities [C]	0.87	176.11	843.15	(7.42)	3,033.57	11,120.56
Net Increase / (decrease) in cash and cash equivalents [A+B+C]	3.84	1.70	9.39	(0.39)	360.59	1,519.91
Cash and cash equivalents at the beginning of the year / period	-	3.84	5.54	14.92	14.53	375.11
Cash and cash equivalents at the end of the year / period	3.84	5.54	14.92	14.53	375.11	1,895.02

STANDALONE STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31 ,					For the year ended September 30, 2010
	2006	2007	2008	2009	2010	
Net worth (A)	(10.13)	86.78	1,171.03	1,151.99	879.43	2,639.62
Restated Profit after Tax (B)	(11.13)	96.91	72.14	(19.06)	(272.56)	1,760.20
Weighted average number of equity shares outstanding during the year / period						
- For basic & diluted earnings per share (C)	10,000	10,000	37,653	10,131,100	10,131,100	10,131,150
Earnings Per Share ₹10 each						
- Basic / Diluted Earnings per share (₹) (E - B/C)	(111.30)	969.10	191.59	(0.19)	(2.69)	17.37
Return on Net Worth (%) (G - B/A)	109.87%	111.67%	6.16%	-1.65%	-30.99%	66.68%
Number of Shares outstanding at the end of the year / period (H)	10,000	10,000	10,131,100	10,131,100	10,131,100	10,131,150
Net Assets Value per share of ₹ 10 each (I - A/H) (refer Note 1(c))	(101.30)	867.80	11.56	11.37	8.68	26.05

Notes

- These ratios have been computed as follows:
 - Earnings/(loss) per share(₹) = Net profit attributable to equity shareholders/ Weighted average number of equity shares outstanding during the period,
 - Net Asset Value per share (₹) = Net Worth excluding revaluation reserve at the end of the period or year / Weighted average number of equity shares outstanding during the period
 - Return/(loss) on Net Worth (%) = Net profit loss attributable to equity shareholders/ Net Worth excluding revaluation reserve at the end of the period or year
- Net profit (loss) and net worth as appearing in the 'Summary statement of Profit & Loss, as Restated' has been used for the computation of these ratios.
- Earnings per share have been computed in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

STANDALONE STATEMENT OF TAX SHELTERS, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Profits before current and restated taxes as per books, as restated (A)	(10.43)	146.64	116.24	(6.81)	(257.95)	2,411.74
Income tax rates (including surcharge and education cess) applicable (B)	0.00%	33.56%	33.99%	0.00%	0.00%	24.44%
Tax at notional rates(C)		49.21	39.51	-	-	589.30
Permanent differences						
Amounts disallowed u/s.43B, net	-	(15.22)	-	-	-	190.92
Prior period expenses - other expenses debited	-	-	-	-	-	-
Interest on Income tax	-	-	2.33	-	-	-
Other disallowances u/s 36(1)(va)	-	-	1.15	-	-	-
Total permanent differences (D)	-	(15.22)	3.48	-	-	190.92
Timing differences						
Differences between book depreciation and tax depreciation	-	(0.44)	(5.18)	-	-	(190.90)
Set off of carry forward losses	-	-	-	-	-	-
Total timing differences (E)	-	(0.44)	(5.18)	-	-	(190.90)
Net adjustments(F)=(D+E)	-	(15.66)	(1.70)	-	-	0.02
Tax impact of adjustments (G)=(F)*(B)	-	(5.26)	(0.58)	-	-	0.01
Tax provision based on taxable income as per tax laws (C+G)	-	43.95	38.93	-	-	589.30
Interest payable under section 234 of Income tax Act 1961	-	5.26	2.92	-	-	-
Income tax, net of MAT credit	-	-	-	-	-	-
Fringe benefit tax	0.70	0.47	0.50	0.99	-	-
Income tax of earlier years	-	-	-	-	-	-
Tax expenses (H)	0.70	49.68	42.35	0.99	0.00	589.30
Deferred tax charge / (credit) on unabsorbed depreciation and brought forward losses (I)	-	-	-	-	-	-
Deferred tax charge / (credit) on expenses debited to Profit and Loss Account in the current year but allowable for tax purpose in following year (net of reversal of earlier periods) (J)	-	-	-	-	-	-
Deferred tax Charges/ (Credit) on differences between book depreciation and depreciation under the Income Tax Act, 1961 (K)	-	0.05	1.74	11.26	14.61	62.24
Deferred tax impact on timing differences (I)	-	0.05	1.74	11.26	14.61	62.24
Total tax expenses / (credit) (H+I)	0.70	49.73	44.09	12.25	14.61	651.54

STANDALONE CAPITALISATION STATEMENT, AS RESTATED*(₹in Lakhs)*

Particulars	Pre- Issue as at March 31, 2010	As at September 30, 2010	Post Issue
Short term debt	1,516.61	5,324.60	
Long term debt (A)		4,000.00	
Total Debt (C)	1,516.61	9,324.62	
Shareholders funds			
Share capital	1,013.11	1,013.11	
Reserves and surplus	(133.68)	1,626.51	
Total shareholders funds (B)	879.43	2,639.62	
Long term debt/Equity (A/B)	-	1.52	
Total debt / Equity (C/B)	1.72	3.53	

Note:

- Short-term Debts are debts maturing within the next one year from the date of above statement and interest accrued and due on loans.
- Total long term debt /Total shareholder's funds
- Total debt/Total shareholders' funds

As per our report of even date**For M/S.P.CHANDRASEKAR***Chartered Accountants***P. Chadrasekaran**

Partner

Membership Number: 26037

Place: Chennai

Date: 29th November, 2010

ANNEXURE V: STATEMENT OF ACCOUNTING RATIOS
(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Net worth (A)	(10.13)	86.78	1,171.03	1,151.99	879.43	2,639.62
(Excluding share application money pending allotment and preference share capital)						
Restated Profit after Tax (B)	(11.13)	96.91	72.14	(19.06)	(272.56)	1,760.20
Weighted average number of equity shares outstanding during the year / period						
- For Basic & Diluted earnings per share (C)	10,000	10,000	37,653	10,131,100	10,131,100	10,131,150
Earnings Per Share ₹ 10 each						
- Basic / Diluted Earnings per share (₹) (E - B/C)	(111.30)	969.10	191.59	(0.19)	(2.69)	17.37
Return on Net Worth (%) (G - B/A)	109.87%	111.67%	6.16%	-1.65%	-30.99%	66.68%
Number of Shares outstanding at the end of the year / period (H)	10,000	10,000	10,131,100	10,131,100	10,131,100	10,131,150
Net Assets Value per share of ₹ 10 each (I - A/H) (refer Note 1(c))	(101.30)	867.80	11.56	11.37	8.68	26.05

Notes:

- The above ratios are calculated as under:
 - Earnings per share = Net profit after tax, as restated / Weighted average number of shares as at year or period end.
 - Return of Net worth (%) = Net profit after tax, as restated / Net worth
"Net worth" means the sum total of the paid-up capital and free reserves
"Free reserves" means all reserves created out of the profits and share premium account but does not include reserves created out of revaluation of assets, write back of depreciation provisions and amalgamation;
 - Net asset value (₹) = Net worth as restated / Number of equity shares as at year or period end.
- The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
- Earning per shares (EPS) calculation are done in accordance with Accounting Standard 20 "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006.

ANNEXURE VI: DETAILS OF OTHER INCOME, AS RESTATED
(₹ in Lakhs)

Particulars	For the Year Ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Interest income	0.31	12.81	0.41	0.20	0.12	13.47
Other Income	-	-	2.01	6.84	0.75	-
Foreign exchange gain, net	-	0.08	-	121.27	0.05	24.65
Total	0.31	12.89	2.42	128.31	0.92	38.12

Note:

- The figures disclosed above are based on the restated financial information of Point Red Telecom Limited

ANNEXURE VII: STATEMENT OF SECURED LOANS, AS RESTATED
(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Fund based limit from banks						
- Central Bank of India (Cash Credit)	-	-	-	-	-	954.82
- Punjab National Bank (Cash Credit)	-	-	-	-	-	2,718.55
- State Bank of India (Cash Credit)	-	-	-	-	123.52	491.16
- State Bank of India Foreign Letter of Credit	-	-	-	-	1,393.09	1,160.00
L & T Infrastructure Company Ltd (Term Loan)	-	-	-	-	-	4,000.00
Total	-	-	-	-	1,516.61	9,324.53

Note: The figures disclosed above are based on the restated financial information of Point Red Telecom Limited

STATEMENT OF SECURED LOANS, AS RESTATED (continued)

S. No.	Bank	Amount Sanctioned (Rs in Lakhs)	Amount outstanding as of September 30, 2010 (Rs in Lakhs)	Rate of Interest	Repayment terms	Security offered
1	Central Bank of India Cash Credit Foreign Letter of Credit	1,750.00 3,250.00	954.82	12.50%	On demand	<ul style="list-style-type: none"> First Charge on fixed assets of the Company. First charge on Escrow/TRA under tri-partite agreement among lenders of Point Red Telecom Ltd / Gemini communication Ltd. Pledge of 13,24,836 shares of Promoter in the Company.
2	Punjab National Bank Cash Credit Foreign Letter of Credit	2,750.00 6,250.00	2,718.55 4,328.91	12.50%	On demand	<ul style="list-style-type: none"> First charge by way of hypothecation of all the movable assets of the borrower, present and future. Pledge of 38,42,025 shares of Promoter in the Company. First charge by way of hypothecation on the book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future, Intangibles, goodwill, uncalled capital, present and future. First charge cum assignment on all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, Insurance contracts duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; Escrow of receivables of Gemini Communication Limited from BSNL. Assignment cum charge of all the Borrower, rights and interests related to the proposed

S. No.	Bank	Amount Sanctioned (Rs in Lakhs)	Amount outstanding as of September 30, 2010 (Rs in Lakhs)	Rate of Interest	Repayment terms	Security offered
						<p>project under letter of credit, guarantee or performance bond provided but any party for any contract related to the Project in favor of the Borrower.</p> <ul style="list-style-type: none"> • First charge on the reserve accounts including but not limited to the DSRA build up along with dues if any. • The above security will rank pari-passu with other lenders and Working Capital Lenders of the Borrower.
3	State Bank of India Cash Credit Foreign Letter of Credit	1,650.00 (Sub limit 1,650.00)	491.16 1,160.00	12.25%	On demand	<ul style="list-style-type: none"> • Hypothecation of all current assets such as stocks and book debts. • Goods purchased under LC • EM of Land and Building at Roopena Agrahara Village, Begur Hobli, Bangalore South Taluka Total Area of land – 4,650 sq. ft belonging to the Company. • Personal Guarantee of Mr.R.Vijayakumar and Mr.R.Ramkumar • Corporate Guarantee of Gemini Communication Limit
4	L & T Infrastructure Company Ltd Term Loan	5,000.00	4,000.00	12.50%	24 equal monthly repayments commencing 6 months from first disbursement	<ul style="list-style-type: none"> • First Charge by way of hypothecation of all the movable assets of the Borrower, present and future. • First charge by way of hypothecation on the book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future. Intangibles, goodwill, uncalled capital, present and future. • First charge cum assignment on all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, Insurance contracts duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time. • Escrow of receivables of Gemini Communication Limited from BSNL. • Assignment cum charge of all the Borrower's rights and interests related to the proposed Project under letter of Credit (if any), guarantee or performance bond provided but any party for any contract related to the Project in favor of the Borrower. • Corporate Guarantee of Gemini Communication Limited. • Irrevocable and unconditional Personal Guarantee of the Promoters, Mr Vijaykumar and Mr Ramkumar • First charge on the reserve accounts including but not limited to the DSRA build up along with dues if any

S. No.	Bank	Amount Sanctioned (Rs in Lakhs)	Amount outstanding as of September 30, 2010 (Rs in Lakhs)	Rate of Interest	Repayment terms	Security offered
						<ul style="list-style-type: none"> The above security will rank pari-passu with other lenders and Working Capital lenders of the Borrower.

ANNEXURE VIII: DETAILS OF UNSECURED LOAN, AS RESTATED

(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
From Promoter Group		176.60	7.80	2.71	1,549.16	5,204.81
Total	-	176.60	7.80	2.71	1,549.16	5,204.81

Note: Unsecured Loan from Promoters outstanding as at September 30, 2010 is interest free and will be repaid in 36 months from July, 2010

ANNEXURE IX: DETAIL OF INVESTMENT, AS RESTATED

(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Unquoted - in subsidiary company	-	-	-	0.60	0.60	0.60
Total	-	-	-	0.60	0.60	0.60

Note: The figures disclosed above are based on the restated financial statements.

ANNEXURE X: STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Unsecured, considered good						
Debts outstanding for a period exceeding six months from						
- Related parties	-	-	10.53	88.81	2,154.48	5,210.58
- Others	-	-	802.57	-	55.99	1,071.06
Total (A)	-	-	813.11	88.81	2,210.47	6,281.64
Debts outstanding for a period not exceeding six months from						
- Related parties	-	10.46	7.67	689.73	-	2,258.39
- Others	3.21	1,239.58	340.81		1,070.00	87.93
Total (B)	3.21	1,250.04	348.48	689.73	1,070.00	2,346.32
TOTAL (A+B)	3.21	1,250.04	1,161.59	778.54	3,280.47	8,627.96

Note:

1. The figures disclosed above are based on the restated financial information of Point Red Telecom Limited
2. The following are the balances of the related parties included in the above

(₹ In Lakhs)

Name of the Party	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Gemini Communication Ltd	-	10.46	18.21	778.54	2,154.48	7,468.97

ANNEXURE XI: STATEMENT OF LOANS AND ADVANCES AS RESTATED

(₹ In Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Advances recoverable in cash or kind or for the value to be received						
Loans and advances to:						
- others	1.21	1.21	2.22	98.56	684.97	4,028.76
- Group companies (including subsidiary and associate)	-	-	201.74	-	-	3,498.14
TOTAL	1.21	1.21	203.96	98.56	684.97	7,526.90

Note:

1. The figures disclosed above are based on the restated financial information of Point Red Telecom Limited.
2. The following are the related party balances included above:

(₹ in Lakhs)

Particulars	As at March 31,					As at September 30, 2010
	2006	2007	2008	2009	2010	
Loans and advances						
<i>Loans and advances - to subsidiary / Associate</i>						
Gemini Communication Ltd	-	-	-	-	-	3,457.34
Gemini GEOSS						40.80
<i>Loans and advances - to employees</i>						
Advance to Employees	-	-	1.03	0.72	-	-
Salary & Travel Advance	-	-			0.64	-
<i>Advances towards Others</i>						
Civil Point	-	-	-	49.00	-	
Institute of Electrical and Electronics	-	-	-	0.88	0.89	-
Prahar Foundation	-	-		25.00	-	-
Refundable Deposit	-	-	-	1.09	-	-
Advance to Suppliers			-	2.88		4,028.76
Prepaid Purchase Material	-	-	-	18.99	-	-
Tera software Ltd	-	-	-	-	270.42	-
Emerald Systems	-	-		-	128.00	
Gujarat Chem Plast	-	-	-		50.00	-
Everonn Systems	-	-	-	-	75.00	-
Other Advances	1.21	1.21	1.19	-	160.02	-
<i>Inter corporate Deposits - group companies (including subsidiary and associates)</i>						
Gemini Trazee RFID Private Limited	-	-	201.74	-	-	-
Grand Total	1.21	1.21	203.96	98.56	684.97	7,526.90

ANNEXURE XII: CAPITALISATION STATEMENT

(₹ in Lakhs)

PARTICULARS	Pre Issue		Post Issue
	As at March 31, 2010	At 30, September 2010	
Short term debt	1,516.61	5,324.60	
Long term debt (A)	-	4,000.00	
Total Debt (C)	1,516.61	9,324.62	
SHAREHOLDERS' Funds			
Share capital	1,013.11	1,013.11	
Reserves and surplus	(133.68)	1,626.51	
Total Shareholders' Funds (B)	879.43	2,639.62	
Long Term debt/Equity (A/B)	-	1.52	
Total Debt / Equity (C/B)	1.72	3.53	

Note: The figures disclosed above are based on the restated financial information of Point Red Telecom Limited

ANNEXURE XIII: DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	For the year ended March 31,					Half Year ended 30 September 2010
	2006	2007	2008	2009	2010	
Key Management Personnel		Mr.B. Sreekrishna	Mr.B. Sreekrishna	Mr.B. Sreekrishna	Mr.B. Sreekrishna	Mr.B. Sreekrishna
		Mr.R. Vijayakumar	Mr.R. Vijayakumar	Mr.R. Vijayakumar	Mr.R. Vijayakumar	Mr.R. Vijayakumar
		Mr.R. Ramkumar	Mr.R. Ramkumar	Mr.R. Ramkumar	Mr.R. Ramkumar	Hari Sethuraman
			Mr.C.V. Bhaskar	Mr.C.V. Bhaskar	Mr.C.V. Bhaskar	L. Sathyanarayan
Subsidiary				PR Wireless Tech Limited	PR Wireless Tech Limited	PR Wireless Tech Limited
Holding Company		Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited	Gemini Communication Limited
Group Companies		Gemini Trazé RFID Private Ltd	Gemini Trazé RFID Private Ltd	Gemini Trazé RFID Private Ltd	Gemini Trazé RFID Private Ltd	Gemini Trazé RFID Private Ltd
				Gemini Infotech Limited, Hongkong	Gemini Infotech Limited, Hongkong	Gemini Infotech Limited, Hongkong
				Veeras Infotek Private Limited	Veeras Infotek Private Limited	Veeras Infotek Private Limited

Note 1: The figures disclosed above are based on the restated financial information of Point Red Telecom Limited

Note 2: Mr. B. Sreekrishna, Managing Director of our Company, who is in the payroll since October 2010, is related to Mr. R. Vijaykumar, Director of our Company

Note 3: Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006.

DISCLOSURES OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

(₹ In Lakhs)

Particulars	Nature of Relationship	For the year ended March 31,					For the half year ended September 30, 2010
		2006	2007	2008	2009	2010	
Investment	Subsidiary	-	-	-	0.60	-	-
Unsecured loans taken	Holding Company	-	182.31	1,004.45	3.09	1,474.98	1,840.37
Unsecured loans repaid	Holding Company	-	5.71	996.65	8.18	-	1,112.30
Purchases	Group Companies	-	959.98	102.55	0.65	-	-
Sales	Holding Company	-	10.94	226.38	2,131.65	3,620.63	5,267.51
Issue of Equity Shares	Holding Company	-	206.22	1,012.11	-	-	-
Advances	Group Companies	-	-	201.74	-	-	-

Remuneration to Directors	Key Managerial Personnel	-	-	-	-	-	3.00
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DETAILS OF RELATED PARTIES OUTSTANDING BALANCES

(₹ in Lakhs)

Particulars	Nature of Relationship	As at March 31,					As at September 30, 2010
		2006	2007	2008	2009	2010	
Issue of Equity shares	Holding Company	-	206.22	1,218.33	-	-	-
Investments	Subsidiary	-	-	-	0.60	0.60	0.60
Current assets, loans and advances	Group Companies	-	-	201.74	-	-	-
Sundry debtors	Holding Companies	-	10.46	233.89	762.17	2,154.48	7,468.97
Unsecured loans	Holding Companies	-	176.60	7.80	2.71	1,477.69	3,315.36
Sundry creditors	Group Companies	-	959.97	447.55	0.44	-	-

Note 1: The figures disclosed above are based on the restated financial information of Point Red Telecom Limited

Note 2: Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006.

ANNEXURE XIV: STATEMENT OF TAX SHELTER

(₹ in Lakhs)

Particulars	For the year ended March 31,					For the half year ended September 30, 2010
	2006	2007	2008	2009	2010	
Profits before current and restated taxes as per books, as restated (A)	(10.43)	146.64	116.24	(6.81)	(257.95)	2,411.74
Income tax rates (including surcharge and education cess) applicable (B)	-	33.56%	33.99%	0.00%	0.00%	24.44%
Tax at notional rates(C)	-	49.21	39.51	0.00	0.00	589.30
Permanent differences						
Amounts disallowed u/s.43B, net	-	(15.22)				190.92
Prior period expenses - other expenses debited	-	-	-	-	-	-
Interest on Income tax	-	-	2.33	-	-	-
Other disallowances u/s 36(1)(va)	-	-	1.15	-	-	-
Total permanent differences (D)	-	(15.22)	3.48	-	-	190.92
Timing differences						
Differences between book depreciation and tax depreciation	-	(0.44)	(5.18)	-	-	(190.90)
Set off of carry forward losses	-			-	-	
Total timing differences (E)	-	(0.44)	(5.18)	-	-	(190.90)
Net adjustments(F)=(D+E)	-	(15.66)	(1.70)	-	-	0.01
Tax impact of adjustments (G)=(F)*(B)	-	(5.26)	(0.58)	-	-	-
Tax provision based on taxable income as per tax laws (C+G)	-	43.95	38.93	-	-	589.29
Interest payable under section 234 of Income tax Act 1961	-	5.26	2.92	-	-	-
Income tax, net of MAT credit	-	-	-	-	-	-
Fringe benefit tax	0.70	0.47	0.50	0.99	-	-
Income tax of earlier years						
Tax expenses (H)	0.70	49.68	42.35	0.99	-	589.30
Deferred tax charge / (credit) on	-	-	-	-	-	-

unabsorbed depreciation and brought forward losses (I)						
Deferred tax charge / (credit) on expenses debited to Profit and Loss Account in the current year but allowable for tax purpose in following year (net of reversal of earlier periods) (J)	-	-	-	-	-	-
Deferred tax Charges/ (Credit) on differences between book depreciation and depreciation under the Income Tax Act, 1961 (K)	-	0.05	1.74	11.26	14.61	62.24
Deferred tax impact on timing differences (I)	-	0.05	1.74	11.26	14.61	62.24
Total tax expenses / (credit) (H+I)	0.70	49.73	44.09	12.25	14.61	651.54

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion and analysis of our consolidated financial condition and results of operations together with our restated consolidated summary statements included in this Draft Red Herring Prospectus. You should also read the section "Risk Factors" beginning on page xiii of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion is based on our restated consolidated summary statements which have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the ICDR Regulations. We have not provided a reconciliation of our financial statements to IFRS or U.S. GAAP and have not otherwise quantified or identified the impact of the differences between Indian GAAP and IFRS or U.S. GAAP as applied to our financial statements. As there are significant differences between Indian GAAP and IFRS and U.S. GAAP, there may be substantial differences in the results of our operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP.

Our fiscal year ends on March 31, so, unless otherwise stated, all references to a particular fiscal year are to the twelve-month period ended March 31 of such year.

Overview

Our Company is the only Indian company manufacturing WiMAX equipments which are certified by WiMAX Forum. Our Company is principally engaged in designing, manufacturing and supplying of pre-WiMAX, mobile WiMAX, LTE and 4G (fourth generation) products to telecom operators worldwide. Being headquartered in Bangalore, India, provides us access to quality resources thus enabling innovation, productization and leadership.

We were incorporated in India in March 2005 and subsequently were acquired by GCL. in June 2006. At the time of acquisition, our Company had TDM and back haul solutions under the brand name of "MicroRed". It was based on proprietary and WiFi technology. Post acquisition, our Company designed, developed and commercialised MicroRed NGN, PointMAX (WiMAX) and PointLite (LTE/LTE Advanced) range of products.

Our Company has manufacturing facility in Tao Yuan, Taiwan and R&D facility in Bangalore India. By this, our Company leverages quality manufacturing from Taiwan and innovative product development in India. This enables us to have a significant techno-commercial advantage over our competitors.

Post acquisition of our Company by GCL, our Company has successfully commercialized its mobile WiMAX range of products. It continues to innovate and develop its WiMAX capabilities having an eye on the future technologies like WiMAX 2 and LTE/LTE Advanced. Our Company has already started investing in to these future technologies and is in an advanced stage of product roll out.

Our Company's products are deployed across various global telecom operators such as BSNL, Tata Tele Services Ltd., Tata Communications Limited, Unwired Broadband, United Nations OPS etc. Our wholly owned subsidiary in Hong Kong, value adds to our global supply chain management. We have our sales and marketing team strategically posted in Delhi, Mumbai, Bangalore, Chennai and Taiwan to address the growing wireless broadband market. . We market our products in Europe, South America and CIS countries through our partners and sales consultants

As on date, our Company has the distinction of having received the maximum number of products certified by the WiMAX Forum. Six of our products such as PointMAX 10000, Point MAX 2500, PointMAX 3000, PointMAX 3000V, PointMAX 3000VW and PointMAX 1100 are certified by WiMAX Forum. The certification received by our Company allows us to establish our product strength and deployment capabilities in the global market. It also gives our Company a substantial advantage over non-certified competitors and we intend to leverage our certified status to further improve our market share.

We are accredited by the International Organization for Standardization, with our quality management systems certified to ISO 9001:2000 standards.

Our Promoter, GCL, is one of the leading system/network integrators in India having a global presence. GCL has nationwide presence in over 194 locations and has deployed over 1800 field engineers at these locations.

We leverage the recognition and position enjoyed by GCL by teaming up with GCL in various projects having specific qualification criteria, wherein we could capitalize the track record of GCL. As of October 31, 2010, our unexecuted order book stood at ₹ 30,360.03 lakhs.

For the financial year ended March 31, 2009 and 2010, we had consolidated total income of ₹ 4,015.64 lakhs and ₹ 9,837.32 lakhs respectively and a consolidated net profit, as restated, of ₹ 280.84 lakhs and ₹ 1,883.48 lakhs respectively. For the half year ended September 30, 2010, we had achieved a consolidated total income of ₹ 5,766.85 lakhs and net profit, as restated, of ₹ 1,815.66 lakhs.

Factors affecting our results of operations

Ability to manage growth: We have experienced high growth in recent years primarily due to an increased contribution from the mobile WiMAX business. Until FY 2009, our Company was only in the outdoor wireless business and was aiming to break into the core network telecom business. We successfully won contracts in the core network telecom business in subsequent financial year in FY 2010 and FY 2011. After achieving substantial growth in recent years, the onus is on us to sustain the same. In order to sustain, our company has taken key R&D initiatives which includes continued investment into WiMAX and LTE/LTE advanced technologies. As a company, we believe, a product company's sustained growth is due to its ability to identify and adopt early, latest technologies in its R&D roadmap. Such growth has presented and may continue to present challenges in design and development of latest technologies for an early mover advantage.

Ability to source and manage cost effective funding and working capital requirements: Our business requires a significant amount of working capital. We have experienced negative net cash flow from operating activities. For our working capital, banks fund up to 75% of our gross current assets (with reductions for outstanding sundry creditors) with the remaining 25% provided by us from long-term sources such as fresh share capital, internal accruals and borrowings. Any inability to maintain limits required under our working capital facilities or the non-payment or delayed collection of the receipt of our outstanding payment could materially and adversely affect our liquidity, financial condition and results of operations. Our operating results and future growth will depend on our ability to optimize the working capital cycle time and to continue to source adequate working capital commensurate with the size of our business. Our debt service costs as well as overall cost of funds depend on many factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the equity and debt markets.

Changes in our order book: Our unexecuted order book as at October 31, 2010 was ₹ 30,360.03 lakhs. Delays, if any occurs in execution of these orders due to force majeure will affect our expected margins and result of operations of our company. Although projects in the order book represent business that we consider firm, cancellations or adjustments in the scope of work may occur. Due to changes in project scope and schedule, we cannot predict with any certainty when or if the projects in our order book will be performed and will generate revenue.

Government policies and budgetary allocations: Our business and revenues are substantially dependent on projects awarded by government authorities, including central, state and local authorities and agencies and public sector undertakings (Government-owned companies). Any adverse changes in government policies and budgetary allocation for the telecom sector could materially and adversely affect our financing, capital expenditure, revenues, development or operations relating to our existing and future projects as well as our ability to participate in competitive bidding or negotiations for our future projects.

Dependence on small number of customers and ability to win business: We derive a high proportion of our revenues from a small number of customers. This is primarily to reduce the financial cost incurred due to direct selling expenses. Our Company adopts indirect selling methodology as a part of sales and marketing strategy. In a given fiscal year, a single client may contribute significantly to our total income as per the restated consolidated financial statements. For example, in fiscal 2010, we derived ₹ 2670.92 lakhs, or 27.15% of our total income from BSNL WiMAX Rural I project. We may not be successful in winning significant business each year from our existing or future clients as the award of project is dependent on various factors, with the lowest price, competitive edge being a major factor. Since our revenues are derived primarily from these contracts, our results of operations and cash flows could be adversely affected or fluctuate materially from period to period depending on our ability to win new contracts.

Product Development: To grow our product portfolio, we continually invest in research and development. We regularly update existing technology, design and develop new technology to cater to enterprise and the telecom segment. We must ensure that our research and development efforts result in the addition of new products to our

existing products offering. Any inability to innovate or evolve technology in response to changes in the market could impact our financial condition and our results of operations.

Competition: Our business is subject to intense price competition. We compete against various multi-national companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. In selecting vendor for major projects, clients generally limit the tender to vendors where they have to be pre-qualified based on technical and financial criteria. The technical criteria includes prior experience, technical ability, past performance, reputation for quality, safety record and the size of previous contracts executed in similar technologies with them or otherwise.

Exchange rate fluctuations: Changes in currency exchange rates affect our results of operations. Although most of our income is denominated in Indian rupees, currently a small percentage of our income, relating to income from sales in European, Asean, African, Middle East and CIS countries is denominated in United States Dollar (USD). We expect the percentage of income generated in currencies other than Indian rupees to increase in the future with the expansion of our export sales. In addition, a significant portion of our expenditure, relating to purchase of raw materials such as components, cables, assemblies etc in Taiwan, are denominated in USD as well as NTD. Such imports were ₹ 385.41 lakhs in the financial year 2010, represented 4.85% of our total expenditure in these periods. We expect a significant portion of our expenditure to continue to be denominated in USD in the future. We also expect our future capital expenditure in connection with our proposed manufacturing facility to include expenditure in foreign currencies for imported equipment and machinery. Appreciation or Depreciation of the Indian rupee against the USD and other relevant foreign currencies may affect our results of operations by increasing or decreasing the cost of procurement of raw materials imported by us for manufacturing of various products or any proposed capital expenditure in foreign currencies.

Interest rate fluctuations: Certain of our borrowings are subject to floating rates of interest, which exposes us to the risk of interest rate fluctuations and increased cost of funds.

Ability to attract, recruit and retain skilled personnel: A significant number of our employees are highly skilled personnels and we face strong competition to attract, recruit and retain these and other skilled and professionally qualified staff. The loss of any of the members of our senior management or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

General economic and business conditions: We are affected by general global and Indian economic conditions. India's GDP, economic and other conditions of the States in which we operate or intend to operate has been and will continue to be of importance in determining our operating results and future growth.

Critical Accounting Policies

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards notified by Companies (Accounting Standards) Rules, 2006, as amended, and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenditure. Certain key accounting policies relevant to our business and operations have been described below. Our significant accounting policies are more fully described in Annexure IV of the restated consolidated summary statements included in the section titled "Financial Statements" beginning on page 116 of this Draft Red Herring Prospectus.

- **System of accounting:** The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The financial statements comply with the applicable mandatory Accounting Standards
- **Revenue recognition:**
 - Revenue from network products are recognized on completion of respective works contract.
 - In respect of fixed price service activities, income is recognized on time and material basis.
 - In respect of other contracts, revenue is recognized on the achievement of the milestones set out in the contracts.
 - Interest is recognized using the Time-Proportion method, based on the rates implicit in the transaction.

- Commission income is recognized on completion of supplies by the principal against the relevant orders.
- **Principles of consolidation:** Our Company's consolidated financial statements include Point Red Telecom Limited and its subsidiary, PR Wireless Tech Limited. All significant inter company transactions and balances have been eliminated in the consolidated statements.

Name of the Company	% Holding by Holding Company	Place of Incorporation
PR Wireless Tech Limited	100%	Hong Kong

- **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for leave encashment and gratuity.
- **Fixed Assets:** Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized and include financing costs relating to borrowed funds attributable to acquisition up to the date the assets are ready for use.
- **Depreciation:** Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and up to the day on which assets have been disposed off.

The management estimates the useful life for the various fixed assets as under.

Asset	Estimated useful life of asset
Buildings	60 to 65 years
Computer Equipment	5 to 6 years
Plant and Machinery	6 to 21 years
Furniture and Office equipments	3 to 9 years
Software	5 years

- **Inventories:** Stock-in-trade is valued at lower of cost and net realizable value. Cost is determined on FIFO basis. Cost includes all expenses incurred in bringing the goods to their present location and condition and is determined on a Weighted Average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.
- **Foreign currency transactions:** Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions, other than those related to fixed assets are recognized in the profit and loss account. Exchange differences in respect of liabilities, incurred to acquire fixed assets are adjusted in the carrying cost of fixed assets.
- **Retirement Benefits:** The Company provides for Contributions payable to the recognized provident fund and Employee State Insurance Scheme, which are defined contribution schemes and are charged to the profit and loss account as incurred.
- **Leave encashment:** The Company provides for the leave encashment liability at the balance sheet date based on the accumulated leave balance of the employees and the last drawn salary.

- **Taxes on income:** Tax expense comprises both current and deferred taxes. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

- **Earnings Per Share:** The company reports basic and diluted earnings per share in accordance with the Accounting Standard – 20-‘Earnings per Share’.
- **Segment Reporting:** The company operates under one segment i.e., designing, developing, producing, and managing telecommunication and Internet related networking equipments and related activities.
- **Impairment of Assets:** All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.
- **Provision and Contingencies:** The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Summary Results of Operations

The table below provides our statement of profit and loss as per our Restated Consolidated Summary Statements for the fiscal 2007, 2008, 2009, 2010 and for the half year ended September 30, 2010.

Particulars	For the financial year ended March 31,								For the half year ended September 30, 2010	% of total income
	2007	% of total income	2008	% of total income	2009	% of total income	2010	% of total income		
INCOME :										
Income from operations	1,994.12	99.36%	2,073.50	99.88%	3,861.42	96.16%	9,836.40	99.99%	5,715.85	99.12%
Other income	12.89	0.64%	2.41	0.12%	154.22	3.84%	0.92	0.01%	51.00	0.88%
Total Income	2,007.01	100.00%	2,075.91	100.00%	4,015.64	100.00%	9,837.32	100.00%	5,766.85	100.00%
EXPENDITURE :										
Contract materials and supplies consumed	1,737.30	86.56%	1,701.25	81.95%	3,469.23	86.39%	7,281.61	74.02%	2,634.83	45.69%
Personnel costs	65.40	3.26%	94.99	4.58%	106.67	2.66%	144.55	1.47%	158.13	2.74%
Administrative and selling expenses	56.96	2.84%	161.36	7.77%	137.13	3.41%	462.54	4.70%	111.73	1.94%
Finance charges	0.49	0.02%	0.16	0.01%	2.33	0.06%	36.94	0.38%	343.31	5.95%
Depreciation	0.22	0.01%	1.91	0.09%	7.19	0.18%	13.60	0.14%	51.66	0.90%

Total Expenditure	1,860.37	92.69%	1,959.67	94.40%	3,722.55	92.70%	7,939.23	80.71%	3,299.66	57.22%
Profit before tax	146.64	7.31%	116.24	5.60%	293.09	7.30%	1,898.09	19.29%	2,467.19	42.78%
Less: Provision for tax										
a) Current tax	49.21		41.85		-		-		589.29	
b) earlier years			-		-		-		-	
c) Fringe benefit tax	0.47		0.50		0.99		-		-	
d) Deferred tax	0.05		1.74		11.26		14.61		62.24	
Total	49.73	2.48%	44.09	2.12%	12.25	0.31%	14.61	0.15%	651.53	11.30%
Profit after tax, as restated	96.91	4.83%	72.14	3.48%	280.84	6.99%	1,883.48	19.15%	1,815.66	31.48%

Principal Components of our Statement of Profit and Loss Account

Income

Our income from operations consists of sale of products viz. MicroRed, PointMAX range of products and its accessories. Our income from operation also consists of revenue from various services such as product AMCs, network integration services, customization services, OSS/BSS integration services, network planning, core network installation services etc.

Other Income

Our other income primarily includes interest income, net exchange gain/loss difference and other miscellaneous income.

Expenditure

Our total expenditure primarily consists of costs in relation to materials and supplies consumed, personnel expenses, administrative and selling expenses, interest and finance charges and depreciation/ amortisation.

Cost of materials and supply consumed

Cost of materials and supply primarily consists of components, PCBs, cables, cable assemblies, antennas, moulds, connectors and electronic manufacturing services cost.

Personnel Expenses

Personnel expenses primarily comprises salaries and wages and bonuses, contribution to employee's provident fund and other funds and welfare expenses.

Administrative and Selling Expenses

Administrative expenses primarily comprises Professional charges, carriage expenses, travelling and conveyance expenses, audit fees, insurance premium, printing and stationery expenses, postage and telephone expenses, electricity expenses, office maintenance expenses, rates and taxes, training expenses and other sundry expenses.

Selling expenses primarily comprises sales promotion expenses, advertisement expenses and commission and discounts.

Finance charges

Our finance charges comprise interest payments in relation to our indebtedness and associated fees including upfront fees, bank guarantee fees, letter of credit commissions, bank charges and processing charges related to such borrowings. Our finance charges as well as our outstanding indebtedness may increase in the future as our business and operations grow.

Depreciation/Amortization

Depreciation and amortisation expenses primarily consist of depreciation/amortisation on the fixed assets of the Company which primarily includes building, plant and machinery, networking equipments, office equipments, computers, furniture and fixtures and software. Amortization expenses primarily include amortization of goodwill.

Provision for Tax

Income taxes are accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (“AS-22”), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax and fringe benefit tax, as applicable.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to the Company under the provisions of the I. T. Act.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax liability on such timing differences subject to prudent considerations in respect of deferred tax assets.

Half year ended September 30, 2010

Total income: Our total income for the half year ended September 30, 2010 was ₹ 5,766.85 lakhs. Our total income primarily consisted of revenue from the operating activities viz. sale of products, its accessories and related services and other income.

Income from Operation: Our revenue from the operation for the half year ended September 30, 2010 was ₹ 5,715.85 lakhs. Our revenue from the operation was attributable to income derived from sale of MicroRed and PointMAX range of products and its accessories to GCL for BSNL Rural WiMAX I and II projects as well as to other customers which includes Tata Communications, ITI to name a few.

Other Income: Our other income for the half year ended September 30, 2010 was ₹ 51.00 lakhs. Our other income primarily consisted of net foreign exchange gains of ₹ 37.53 lakhs and interest and other income received of ₹ 13.47 lakhs.

Total expenditure. Our total expenditure for the half year ended September 30, 2010 was ₹ 3,299.66 lakhs. Our total expenditure primarily consisted of cost of materials and supply consumed, administrative and selling expenses, finance charges and depreciation/ amortization.

Cost of materials and supply consumed: Our cost of materials and supply consumed for the half year ended September 30, 2010 was ₹ 2,634.83 lakhs. Our cost of materials and supply consumed primarily consisted components, PCBs, cables, cable assemblies, antennas, moulds, connectors and electronic manufacturing services cost.

Personnel Expenses: Our Company has incurred a personnel costs of ₹ 158.13 lakhs for the half year ended September 30, 2010, constituting approximately 2.74% of our total income.

Administrative and Selling expenses: Our administrative expenses for the half year ended September 30, 2010 was ₹ 111.73 lakhs. Our administrative expenses primarily consisted of professional charges of ₹ 28.13 lakhs, travelling and conveyance expenses of ₹ 10.80 lakhs, rates & taxes of ₹ 8.74 lakhs, rent of ₹ 3.13 lakhs, freight expenses of ₹ 11.50 lakhs, audit fee of ₹ 5.52 lakhs and other sundry expenses of ₹ 32.53 lakhs.

Our selling expenses for the half year ended September 30, 2010 was ₹ 0.39 lakhs.

Finance Charges: The finance charges incurred for the half year ended September 30, 2010 was ₹ 343.31 lakhs, constituting approximately 5.95% of our total income. Our finance charges primarily on account of interest on term loans and cash credit facilities.

Depreciation/ amortization: The depreciation/ amortization for the half year ended September 30, 2010 was ₹ 51.66 lakhs, constituting approximately 0.90% of our total income.

Provision for Tax: Our provision for tax for the half year ended September 30, 2010 was ₹ 651.53 lakhs. The tax provision includes our Company's current tax expense of ₹ 589.29 lakhs and deferred tax provision of ₹ 62.24 lakhs.

Profit after Tax, as restated: For the half year ended September 30, 2010, our net profit after tax, as restated, was ₹ 1,815.66 lakhs, constituting approximately 31.48% of our total income.

Results of Operations for Fiscal 2010 compared to Fiscal 2009

Income

Total income: Our total income for the year ended March 31, 2010 increased by 144.98% to ₹ 9,837.32 lakhs as compared to ₹ 4,015.64 lakhs in the financial year ended March 31, 2009, primarily due to an increase in sale of our products, particularly due to additional revenue from new products viz. PointMAX 20000, PointMAX 11000, Access service network, PointMAX 10000 Base Station, PointMAX 1100, PointMAX 3000& 3000 V, PointMAX 2500, PointMAX 3000VW, its accessories and services related to integration of the above mentioned products.

Income from Operation: Our income from operation increased by 154.74% to ₹ 9,836.40 lakhs in the financial year ended March 31, 2010 from ₹ 3,861.42 lakhs in the financial year ended March 31, 2009. The increase in income from operations is mainly due to a significant increase in income from operations of our Company which had executed a larger order, enabling higher volume of income from operations during the financial year ended March 31, 2010. The higher income from operations of our Company is primarily from projects executed in India for BSNL Rural WiMAX I project through GCL, TTSL, TCL, ITI to name a few.

Other Income: Our other income for the financial year ended March 31, 2010 was ₹ 0.92 lakhs as compared to ₹ 154.22 lakhs in the financial year ended March 31, 2009. In the financial year 2009, our other income primarily consisted of net foreign exchange gains of ₹ 147.17 lakhs and interest income of ₹ 6.84 lakhs as compared to ₹ 0.05 lakhs and ₹ 0.75 lakhs respectively in the financial year ended March 31, 2010.

Expenditure

Total expenditure for the year ended March 31, 2010 increased to ₹ 7,939.23, or 113.27%, as compared to ₹ 3,722.55 lakhs in the financial year ended March 31, 2009, primarily due to the significant increase in volume of products manufactured and purchased, reflecting the growth in our business and operations.

Cost of materials and supply consumed: Commensurate with the increase in income, Our cost of materials and supply consumed for the financial year ended March 31, 2010 increased to ₹ 7,281.61 lakhs from ₹ 3,469.23 lakhs in the financial year ended March 31, 2009 primarily due to the increase in expenses towards material costs corresponding to an increase in our income from operation. Cost of materials and supply consumed as a percentage of total income decreased to 74.02% in the financial year ended March 31, 2010 from 86.39% in the financial year ended March 31, 2009. In the financial year ended March 31, 2010, our Company's operations increased, resulting into efficient sourcing of materials and services on account of improvised design and improved project management resulted in lower costs due to timely execution of projects.

Personnel Expenses: Personnel cost increased by 35.51% to ₹ 144.55 lakhs in the financial year ended March 31, 2010 from ₹ 106.67 lakhs in the financial year ended March 31, 2009, primarily due to the recruitment of certain experienced personnel by our Company during the financial year ended March 31, 2010. The personnel cost as a percentage of total income decreased to 1.47% in the financial year ended March 31, 2010 from 2.66% in the financial year ended March 31, 2009.

Administrative and Selling expenses: Commensurate with the increase in our income from operations, Our administrative and selling expenses for the financial year ended March 31, 2010 increased by 237.40% to ₹

462.54 lakhs from ₹ 137.13 lakhs in the financial year ended March 31, 2009. The Administrative and Selling expenses as a percentage of total income increased to 4.70% in the financial year ended March 31, 2010 from 3.41% in the financial year ended March 31, 2009, primarily on account of an expenditure incurred of ₹ 195.97 lakhs towards product certification charges in the financial year 2010, an increase in business promotion expenses to ₹ 21.27 lakhs in the financial year 2010 from ₹ 5.65 lakhs in the financial year 2009 and an increase in other sundry expenses to ₹ 65.29 lakhs in the financial year ended March 31, 2010 as compared to ₹ 14.38 lakhs in the financial year ended March 31, 2009.

Finance Charges: The finance charges incurred by our Company have increased to ₹ 36.94 lakhs in the financial year ended March 31, 2010 from ₹ 2.33 lakhs in the financial year ended March 31, 2009. The finance charges as a percentage of total income increased to 0.38% in the financial year ended March 31, 2010 from 0.06% in the financial year ended March 31, 2009, primarily on account of bank charges for availing letters of credit facilities.

Depreciation/ amortization: The depreciation/ amortization expenses increased by 89.13% to ₹ 13.60 lakhs in the financial year ended March 31, 2010 from ₹ 7.19 lakhs in the financial year ended March 31, 2009, reflecting an increased fixed assets base. Depreciation and amortization, expressed as a percentage of total income, was 0.18% in the financial year ended March 31, 2009 and 0.14% in the financial year ended March 31, 2010.

Provision for Tax: Our Company has not provided for current tax for the financial year ended March 31, 2010 and 2009, as there was no taxable income. Provision for deferred tax liabilities increased by 29.75% to ₹ 14.61 lakhs in the financial year ended March 31, 2010 from ₹ 11.26 lakhs in the financial year ended March 31, 2009.

Profit after Tax, as restated: As a result of the foregoing, our net profit after tax, as restated, increased by 570.66% to ₹ 1,883.48 lakhs, representing 19.15% of the total income in the financial year ended March 31, 2010 from ₹ 280.84 lakhs, representing 6.99% of the total income in the financial year ended March 31, 2009.

Results of Operations for Fiscal 2009 compared to Fiscal 2008

Income

Total income: Our total income for the year ended March 31, 2009 increased by 93.44% to ₹ 4,015.64 lakhs, as compared to ₹ 2,075.91 lakhs in the financial year ended March 31, 2008, primarily due to an increase in sale of our products, particularly due to revenue from new products viz. MicroRed NGN E1 TDM Radios. During the financial year 2009, our Company has generated a revenue from sale of MicroRed range of products and its accessories through its newly incorporated subsidiary namely PR Wireless Tech Limited in Hong Kong.

Income from Operation: Our income from operation increased by 86.23% to ₹ 3,861.42 lakhs in the financial year ended March 31, 2009 from ₹ 2,073.50 lakhs in the financial year ended March 31, 2008, primarily due to execution of larger orders. The increase in income from operations is mainly due to significantly larger order booking, enabling higher volume of income from operations during the financial year ended March 31, 2009. The higher income, primarily from operations, of our Company is from projects executed primarily in India, Africa and CIS countries.

Other Income: Our other income for the financial year ended March 31, 2009 was ₹ 154.22 lakhs as compared to ₹ 2.41 lakhs in the financial year ended March 31, 2008. Our other income primarily consisted of net foreign exchange gains, interest and other income. During the financial year ended March 31, 2009, the increase in other income is primarily on account of a foreign exchange gain of ₹ 147.17 lakhs as there was no foreign exchange gain during the financial year ended March 31, 2008.

Expenditure

Total expenditure for the year ended March 31, 2009 increased by 89.96% to ₹ 3,722.55, as compared to ₹ 1,959.67 lakhs in the financial year ended March 31, 2008, primarily due to the significant increase in volume of products manufactured and purchased, reflecting the growth in our business and operations.

Cost of materials and supply consumed: Commensurate with the increase in income, Our cost of materials and supply consumed for the financial year ended March 31, 2009 increased to ₹ 3,469.23 lakhs from ₹ 1,701.25 lakhs in the financial year ended March 31, 2008 primarily due to the increase in expenses towards material costs corresponding to an increase in our income from operation. Cost of materials and supply consumed as a

percentage of total income increased to 86.39% in the financial year ended March 31, 2009 from 81.95% in the financial year ended March 31, 2008. In the financial year ended March 31, 2009, our Company's operations increased and sourcing of materials and services became more efficient on account of improvised design and improved project management resulted in lower costs due to timely execution of projects.

Personnel Expenses: Personnel cost increased by 12.30% to ₹ 106.67 lakhs in the financial year ended March 31, 2009 from ₹ 94.99 lakhs in the financial year ended March 31, 2008, primarily due to the recruitment of experienced personnel by our Company for our research and development department during the financial year 2009. The personnel cost as a percentage of total income decreased to 2.66% in the financial year ended March 31, 2009 from 4.58% in the financial year ended March 31, 2008.

Administrative and Selling expenses: Our administrative and selling expenses for the financial year ended March 31, 2009 decreased by 15.02% to ₹ 137.13 lakhs from ₹ 161.36 lakhs in the financial year ended March 31, 2008. The Administrative and Selling expenses as a percentage of total income decreased to 3.41% in the financial year ended March 31, 2009 from 7.77% in the financial year ended March 31, 2008, primarily on account of a decrease in sundry expenses to ₹ 14.38 lakhs in the financial year 2009 from ₹ 97.67 lakhs in the financial year ended March 31, 2008. Further, Company has not incurred any exchange rate fluctuation loss in the financial year ended March 31, 2009 as compared to ₹ 13.39 lakhs in the financial year ended March 31, 2008.

Finance Charges: The finance charges incurred by our Company have been increased to ₹ 2.33 lakhs in the financial year ended March 31, 2009 from ₹ 0.16 lakhs in the financial year ended March 31, 2008. The finance charges as a percentage of total income increased to 0.06% in the financial year ended March 31, 2009 from 0.01% in the financial year ended March 31, 2008, primarily on account of bank charges for availing the letters of credit facility.

Depreciation/ amortization: The depreciation/ amortization expenses increased by 276.44% to ₹ 7.19 lakhs in the financial year ended March 31, 2009 from ₹ 1.91 lakhs in the financial year ended March 31, 2008, reflecting an increased fixed assets base. Depreciation and amortization, expenses as a percentage of total income, was 0.09% in the financial year ended 2008 and 0.18% in the financial year ended 2009.

Provision for Tax: Our Company has made a provision for current tax of ₹ 41.85 lakhs in the financial year 2008 as compared to nil in the financial year 2009, as there was no taxable income generated during the financial year ended March 31, 2009. Provision for deferred tax liabilities increased to ₹ 11.26 lakhs in the financial year ended March 31, 2009 from ₹ 1.74 lakhs in the financial year ended March 31, 2008.

Profit after Tax, as restated: As a result of the foregoing, our net profit after tax, as restated, increased by 289.30% to ₹ 280.84 lakhs in the financial year ended March 31, 2009 from ₹ 72.14 lakhs in the financial year ended March 31, 2008.

Results of Operations for Fiscal 2008 compared to Fiscal 2007

Income

Total income: Our total income for the year ended March 31, 2008 increased to ₹ 2,075.91 lakhs, or 3.43%, as compared to ₹ 2,007.01 lakhs in the financial year ended March 31, 2007.

Income from Operation: Our income from operation increased marginally by 3.98% to ₹ 2,073.50 lakhs in the financial year ended March 31, 2008 from ₹ 1,994.12 lakhs in the financial year ended March 31, 2007.

Other Income: Our other income for the financial year ended March 31, 2008 was ₹ 2.41 lakhs as compared to ₹ 12.89 lakhs in the financial year ended March 31, 2007. Our other income primarily consisted of net foreign exchange gains, interest and other income. During the financial year ended March 31, 2008, the decrease in other income is primarily on account of a decrease in interest income from ₹ 12.81 lakhs in the financial year ended March 31, 2007 to ₹ 0.41 lakhs in the financial year ended March 31, 2008.

Expenditure

Total expenditure for the year ended March 31, 2008 increased by 5.34% to ₹ 1,959.67, as compared to ₹ 1,860.37 lakhs in the financial year ended March 31, 2007, primarily due to increase in the administrative and selling expenses.

Cost of materials and supply consumed: Our cost of materials and supply consumed for the financial year ended March 31, 2008 decreased to ₹ 1,701.25 lakhs from ₹ 1,737.30 lakhs in the financial year ended March 31, 2007 primarily due to decrease in expenses towards material costs. Cost of materials and supply consumed as a percentage of total income decreased to 81.95% in the financial year ended March 31, 2008 from 86.56% in the financial year ended March 31, 2007. In the financial year ended March 31, 2008, our Company's operations increased and sourcing of materials and services became more efficient on account of improvised design and improved project management resulted in lower costs due to timely execution of projects.

Personnel Expenses: Personnel cost increased by 45.24% to ₹ 94.99 lakhs in the financial year ended March 31, 2008 from ₹ 65.40 lakhs in the financial year ended March 31, 2007, primarily due to the recruitment of experienced personnel by our Company for our research and development department during the financial year 2008. The personnel cost as a percentage of total income increased to 4.58% in the financial year ended March 31, 2008 as compared to 3.26% in the financial year ended March 31, 2007.

Administrative and Selling expenses: Our administrative and selling expenses for the financial year ended March 31, 2008 increased by 183.29% to ₹ 161.36 lakhs from ₹ 56.96 lakhs in the financial year ended March 31, 2007. The Administrative and Selling expenses as a percentage of total income increased to 7.77% in the financial year ended March 31, 2008 from 2.84% in the financial year ended March 31, 2007, primarily on account of an increase in travelling and conveyance expenses to ₹ 13.04 lakhs in the financial year ended March 31, 2008 from ₹ 4.98 lakhs in the financial year March 31, 2007 and an increase in other sundry expenses to ₹ 97.67 lakhs in the financial year ended March 31, 2008 from ₹ 17.84 lakhs in the financial year ended March 31, 2007.

Finance Charges: The finance charges incurred by our Company have been decreased to ₹ 0.16 lakhs in the financial year ended March 31, 2008 from ₹ 0.49 lakhs in the financial year ended March 31, 2007. The finance charges as a percentage of total income decreased to 0.01% in the financial year ended March 31, 2008 from 0.02% in the financial year ended March 31, 2007.

Depreciation/ amortization: The depreciation/ amortization expenses increased to ₹ 1.91 lakhs in the financial year ended March 31, 2008 from ₹ 0.22 lakhs in the financial year ended March 31, 2007, reflecting an increased fixed assets base. Depreciation and amortization, expenses as a percentage of total income, was 0.01% in the financial year ended March 31, 2007 and 0.09% in the financial year ended 2008.

Provision for Tax: Our provision for tax for current tax decreased to ₹ 41.85 lakhs in the financial year ended March 31, 2008 from ₹ 49.21 lakhs in the financial year ended March 31, 2007, primarily due to lower taxable profits during the financial year ended March 31, 2008. Provision for deferred tax liabilities increased to ₹ 1.74 lakhs in the financial year ended March 31, 2008 from ₹ 0.05 lakhs in the financial year ended March 31, 2007.

Profit after Tax, as restated: As a result of the foregoing, our net profit after tax, as restated, decreased to ₹ 72.14 lakhs in the financial year ended March 31, 2008 from ₹ 96.91 lakhs in the financial year ended March 31, 2007.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and our capital expenditures. We have met these requirements from funds generated from our operations, equity issuances and borrowings.

Certain Balance Sheet Items

Set forth below is a table of our selected consolidated balance sheet data as at March 31, 2008, March 31, 2009, March 31, 2010 and as at half year ended September 30, 2010:

(₹ in lakhs)

Particulars	Financial Year ended March 31,				For the half year ended September 30, 2010
	2007	2008	2009	2010	
Fixed Assets (Net)	6.97	205.74	351.75	499.29	881.52
Investments	-	-	-	-	-
Current Assets	1,302.21	1,442.23	2,535.69	7,837.77	21,971.11
Total Assets	1,309.18	1,759.40	2,887.44	8,337.06	22,852.63
Secured Borrowings	-	-	-	1,516.61	9,324.63
Unsecured borrowings	176.00	7.80	3.22	1,796.78	5,487.66
Deferred Tax Liabilities	0.05	1.79	13.04	27.65	89.89
Current Liabilities and Provisions	1,045.75	578.78	1,419.29	1,660.65	2,799.43
Net Current Assets	256.46	863.45	1,116.41	6,177.12	19,171.68
Total Assets less current liabilities	263.43	1,180.62	1,468.15	6,676.40	20,053.20

Cash Flows

The table below summarizes the statement of cash flows, as per our restated consolidated summary statements, for the period indicated:

(₹ in lakhs)

Particulars	FY 2007	FY 2008	FY 2009	FY 2010	For the half year ended September 30, 2010
Net Cash generated from (used in) operating activities	(180.03)	(522.07)	48.05	(2,750.93)	(9,206.50)
Net Cash generated from (used in) investing activities	5.62	(311.70)	(41.53)	(161.03)	(428.20)
Net Cash generated from (used in) financing Activities	176.11	843.15	(6.91)	3,273.23	11,155.57
Net increase in cash and cash equivalents	1.70	9.39	(0.39)	361.27	1,520.87

Cash Flows from Operating Activities

Our net cash used in operating activities during the half year ended September 30, 2010 was ₹ 9,206.50 lakhs which primarily consisted of operating profit of ₹ 2,467.19 lakhs, as adjusted for, among others, depreciation of ₹ 51.66 lakhs, interest and finance charges of ₹ 343.31 lakhs and interest income of ₹ 13.47 lakhs and further adjusted for, increase in inventories of ₹ 67.03 lakhs, increase in trade receivables of ₹ 5,320.28 lakhs, increase in loans and advances of ₹ 6,154.61 lakhs, increase in other advances of ₹ 135.38 lakhs and decrease in trade payables of ₹ 547.19 lakhs. The total income tax paid was ₹ 169.30 lakhs.

Our net cash used in operating activities during the financial year ended March 31, 2010 was ₹ 2,750.92 lakhs which primarily consisted of operating profit of ₹ 1,898.09 lakhs, as adjusted for, among others, depreciation of ₹ 13.60 lakhs, interest and finance charges of ₹ 36.94 lakhs and interest income of ₹ 0.12 lakhs and further adjusted for, increase in inventories of ₹ 186.20 lakhs, increase in trade receivables of ₹ 3,666.82 lakhs, increase in loans and advances including other current assets of ₹ 1,087.77 lakhs and increase in trade payables of ₹ 241.37 lakhs.

Our net cash generated in operating activities during the financial year ended March 31, 2009 was ₹ 48.05 lakhs which primarily consisted of operating profit of ₹ 293.09 lakhs, as adjusted for, among others, depreciation of ₹ 7.19 lakhs, interest and finance charges of ₹ 2.33 lakhs and interest income of ₹ 0.20 lakhs and further adjusted for, increase in inventories of ₹ 39.25 lakhs, increase in trade receivables of ₹ 1,142.04 lakhs, decrease in loans

and advances including other current assets of ₹ 87.43 lakhs and increase in trade payables of ₹ 881.88 lakhs. The total income tax refunded was ₹ 42.38 lakhs.

Our net cash used in operating activities during the financial year ended March 31, 2008 was ₹ 522.07 lakhs which primarily consisted of operating profit of ₹ 116.24 lakhs, as adjusted for, among others, depreciation of ₹ 1.91 lakhs and interest and finance charges of ₹ 0.16 lakhs, interest income of ₹ 0.41 lakhs and further adjusted for, increase in inventories of ₹ 13.29 lakhs, decrease in trade receivables of ₹ 88.46 lakhs, increase in loans and advances including other current assets of ₹ 205.79 lakhs and decrease in trade payables of ₹ 459.66 lakhs. The total income tax refunded was ₹ 49.68 lakhs.

Cash Flows from Investing Activities

Our net cash used in investing activities during the half year ended September 30, 2010 was ₹ 428.20 lakhs, which primarily consisted of purchase of fixed assets for ₹ 441.67 lakhs and interest received amounting to ₹ 13.47 lakhs.

Our net cash used in investing activities during the financial year ended March 31, 2010 was ₹ 161.03 lakhs, which primarily consisted of purchase of fixed assets for ₹ 161.14 lakhs and interest received amounting to ₹ 0.12 lakhs.

Our net cash used in investing activities during the financial year ended March 31, 2009 was ₹ 41.53 lakhs, which primarily consisted of purchase of fixed assets for ₹ 41.73 lakhs and interest received amounting to ₹ 0.20 lakhs.

Our net cash used in investing activities during the financial year ended March 31, 2008 was ₹ 311.70 lakhs, which primarily consisted of purchase of fixed assets for ₹ 312.11 lakhs, as adjusted for interest income of ₹ 0.41 lakhs.

Cash Flows from Financing Activities

Our net cash generated in financing activities during the half year ended September 30, 2010 was ₹ 11,155.57 lakhs which primarily consisted of proceeds from long term borrowing of ₹ 4,000 lakhs, loan taken from holding, subsidiary and associate companies of ₹ 3,711.32 lakhs, working capital and other loan taken from banks of ₹ 4,623.15 lakhs, as adjusted for, among others, payment of interest of ₹ 343.31 lakhs, repayment of loans to holding and associate companies of ₹ 20.50 lakhs and repayment of working capital facilities of ₹ 815.09 lakhs.

Our net cash generated in financing activities during the financial year ended March 31, 2010 was ₹ 3,273.23 lakhs which primarily consisted of proceeds from short term bank borrowing of ₹ 1,516.61 lakhs, payment of interest of ₹ 36.94 lakhs and proceeds from unsecured loans from holding, subsidiary and associate companies of ₹ 1,793.56 lakhs.

Our net cash used in financing activities during the financial year ended March 31, 2009 was ₹ 6.91 lakhs which primarily consisted of payment of interest of ₹ 2.33 lakhs and repayment of unsecured loans taken from holding, subsidiary and associate companies of ₹ 4.58 lakhs.

Our net cash generated in financing activities during the financial year ended March 31, 2008 was ₹ 843.15 lakhs which primarily consisted of proceeds from issuance of shares of ₹ 1,012.11 lakhs and payment of interest of ₹ 0.16 lakhs and repayment of unsecured loans taken from holding, subsidiary and associate companies of ₹ 168.80 lakhs.

Indebtedness

The following table summarizes our outstanding indebtedness as of the dates indicated:

(₹ in lakhs)					
Particulars	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010	As of September 30, 2010
Secured loans	-	-	-	1,516.61	9,324.63
Unsecured loans	176.60	7.80	3.22	1,796.78	5,487.65

For details in relation to our indebtedness, please see the section titled “Financial Indebtedness” on page 178 of this Draft Red Herring Prospectus.

Our Contingent Liabilities

As of September 30, 2010, our Company do not have any contingent liability.

Capital Expenditure

Our planned capital expenditure has been allocated for setting up a new manufacturing facility, purchase of equipments and research and development related expenditures for innovation of new technologies. Our capital needs will require substantial funding, which we expect will be generated from internal accruals and borrowings and proceeds from the Issue.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Quantitative and Qualitative disclosure about Market risk

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments. Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts payables.

Exchange Rate Risk

Although our functional currency is the Indian Rupee, we transact a significant portion of our business in several other currencies, particularly the USD, NTD. Our exchange rate risk primarily arises from our foreign currency revenues, payables and other foreign currency assets and liabilities. During the half year ended September 30, 2010 and the financial year 2010, 2009 and 2008, there was no revenue which are denominated in foreign currency. A significant portion of our expenses, comprising the personnel expenses and operating and other expenses are and will continue to be denominated and incurred in Indian Rupees. During the half year ended September 30, 2010 and the financial year 2010, 2009 and 2008, foreign currency denominated expenses were ₹ 62.26 lakhs, ₹ 388.34 lakhs, ₹ 16.85 lakhs and ₹ 9.06 lakhs respectively.

Therefore, changes in the exchange rate between the rupee and other currencies, especially with respect to the USD and NTD, may have an effect on our revenues, other income, personnel expenses, operating and other expenses and net income, which may in turn have a negative impact on our business, operating results and financial condition. The exchange rate between the Indian Rupee and the USD has changed substantially in recent years and may fluctuate substantially in the future.

We have sought to reduce the effect of exchange rate movements on our operating results by entering into foreign exchange forward contracts to cover a portion of outstanding accounts payables. However, we may not be able to enter into forward contracts to insulate ourselves adequately from foreign currency exchange risks. In addition, any such contracts may not perform effectively as a hedging mechanism.

Interest Rate Risk

Since the interest rates of certain of our borrowings are subject to floating rates of interest based on changes in the prime lending rate of the respective lenders, which are subject to renegotiation on a yearly basis, movements in domestic interest rates constitute the main source of interest rate risk. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely affect our results of operations, planned capital expenditures and cash flows.

Information required as per Clause IX. E. 5 of Schedule VIII of the SEBI Regulations

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

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

Other than as mentioned under the paragraph “Factors affecting our Results of Operations” in the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 163 of this Draft Red Herring Prospectus, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Except as described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xiii and 163, respectively, of this Draft Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations, on a consolidated basis.

Future Relationship between Cost and Income

Except as described in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xiii, 61 and 163, respectively, of this Draft Red Herring Prospectus, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances, on a consolidated basis.

Seasonality of Business

To our knowledge, our business does not have any seasonal impact, though our revenue may not be evenly spread throughout the year. Our billings could vary in terms of amount as we cater to end clients of all sizes and the period may also vary accordingly over which our revenues are spread during the year.

Any significant dependence on a single or few suppliers or customers

We may depend on generating revenues from a few significant customers in a fiscal year. See also “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xiii, 61 and 163, respectively, of this Draft Red Herring Prospectus.

Competitive Conditions

We operate in a competitive environment. Please refer to the sections “Business Overview”, “Industry Overview” and “Risk Factors” beginning on pages 61, 50 and xiii, respectively, of this Draft Red Herring Prospectus.

Related Party Transactions

For details in relation to the related party transactions of the Company, please see the Annexure XII of the restated consolidated summary statements of the Company beginning on page 136 of this Draft Red Herring Prospectus.

Significant developments after September 30, 2010 that may affect our future results of operations

Except as stated in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last restated summary statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affects or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next twelve months. Except as stated in this Draft Red Herring Prospectus, there is no development subsequent to September 30, 2010 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the long term, short term and working capital facilities of our Company as of September 30, 2010, together with a brief description of certain material covenants of the relevant financing agreements:

Lender	Loan Documentation	Amount secured by charge and the nature of the facility	Amount outstanding as on September 30, 2010 (Fund Based) (₹ In Lakhs)	Interest rate	Repayment schedule	Security Created/Guarantees provided
Punjab National Bank	Deed of hypothecation dated August 23, 2010.	Project Specific Cash Credit - ₹ 2,750.00 lakhs Project specific inland/ foreign letter of credit – ₹ 6,250.00 lakhs	2,718.55	12.50% p.a presently payable monthly or RoI charged by other lenders, whichever is higher.	Facility I Tenure: 2.50 years (30 months) Facility II: 180 days usance (maximum)	<p>1. All the moveable assets present and future.</p> <p>2. The assets to be acquired through LC both present and future pertaining to the/for the supply of equipment to Gemini Communication Limited for executing BSNL WIMAX Phase II Project.</p> <p>3. (a) present and future book debts, operating cash flows, receivables, debts and other outstandings from Gemini Communication Limited, other debts and receivables from other parties and debtors.</p> <p>(b) Commission, proceeds, revenues of whatsoever nature and wherever arising, present and future.</p> <p>(c) Balance in escrow accounts i.e. receivables received from Gemini Communication Limited and.</p> <p>(d) Balance in reserve accounts including but not limited to the DSRA build up, if any.</p> <p>4. All the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents insurance contracts duly acknowledged and consented to by the</p>

Lender	Loan Document ation	Amount secured by charge and the nature of the facility	Amount outstanding as on September 30, 2010 (Fund Based) (₹ In Lakhs)	Interest rate	Repayment schedule	Security Created/Guarantees provided
						<p>relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents, insurance contracts duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time, all the borrowers rights and interests related to the proposed project under letter of credit(if any) guarantee or performance bond provided by any party for any contract related to the project in favour of the borrower.</p> <p>5. Intangibles, goodwill, uncalled capital, present and future.</p> <p>6. Collateral Security:</p> <p>Pledge of 38,42,025 shares of M/s. Gemini Communication Limited</p>
<p>In terms of the sanction letter dated June 26, 2010 issued by Punjab National Bank, Chennai, our Company shall not without the prior written approval of the Lender (a) Issue any debentures, raise any loans, accept any deposits from public, make any change on the capital structure, make investments in, grant loans to or give any guarantee on behalf of any person, firm or company; (b) enter into any transaction of consolidation or merger reorganization or scheme of amalgamation. Further Punjab National Bank by its letter dated August 18, 2010 has amended the existing collateral security as mentioned in the sanction letter dated June 26, 2010, wherein the directors and family members in M/s. Gemini Communication Limited have pledged 38,76,923 shares exclusively for to Punjab National Bank.</p> <p>L &T Infrastructure Finance Company Limited have released the pledge of 51,66,861 Equity Shares held by our Promoter in favour of Punjab National Bank based on the condition that Punjab National Bank shall hold the shares on behalf of L & T Infrastructure Company Limited in the capacity of the lead bank vide its letter dated December 24, 2010.</p>						
State Bank of India, MidCorpo	1. Agreement of	Amount secured: Cash Credit - ₹		CC: SBAR-present	On demand	(i) Primary security: for cash credit limit- first charge on current assets

Lender	Loan Document ation	Amount secured by charge and the nature of the facility	Amount outstanding as on September 30, 2010 (Fund Based) (₹ In Lakhs)	Interest rate	Repayment schedule	Security Created/Guarantees provided
rate Group, Chennai	<p>hypotheca tion of goods and assets in Form C2 dated May 21, 2009.</p> <p>2. Agree men t of pledge of goods and assets in Form C3 dated May 21, 2009.</p> <p>3. Letter regarding the grant of individual limits within the overall limit in Form C5 dated May 21, 2009.</p> <p>The loan was modified by executing a Memorandum of deposit for creating of charge for term loan/overa ll limit in Form C.9 dated July 24, 2009.</p>	1,650 lakhs (sub limit of ₹ 1,650.00 lakhs)	491.16	effective rate- 12.25% p.a.		<p>like stock and book debts etc and for letter of credit- goods purchased under LC.</p> <p>(ii) First charge on our Company's immovable property situated at Roopena Agrahara Village, Begur Hobli, Bangalore (Registered Office) south taluk given as additional security.</p>
In terms of the sanction letter, our Company shall not without prior consent of the bank make: (a) any change in the unit capital structure; (b) Formulate any scheme of amalgamation or reconstruction; (c) Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in funds flow statement; (d) Permit any transfer of the controlling interest or make any drastic change in the management set up.						
* L & T Infrastruct	Deed of hypotheca	Amount secured:		12.50 payable	24 equal monthly	(i) first charge pari passu on whole of our

Lender	Loan Document ation	Amount secured by charge and the nature of the facility	Amount outstanding as on September 30, 2010 (Fund Based) (₹ In Lakhs)	Interest rate	Repayment schedule	Security Created/Guarantees provided
ure Finance Company Limited, Chennai	tion dated July 09, 2010. Facility agreement dated July 09, 2010 Sanction letter Our Company has obtained the said loan to part finance implement ation of BSNL's WIMAX project envisagin g rollout at 2700+ locations, by way of supply of equipment to GCL.	Term Loan - ₹ 5,000 lakhs	4,000.00	monthly linked to L& T Infra PLR reset at the end of every 12 months from the date of first disbursements	repayments commencing 6 months from first disbursements	Company's stock of raw materials, goods in process etc as more particularly described as current assets. (ii) first charge pari passu on whole of our Company's movable plant and machinery, capital equipments etc described as movable properties. (iii) first pari passu charge on all rights, title, interest, benefits, claims whatsoever of our Company described as rights under project agreements and rights under insurance policies. (iv) and all other assets as are more particularly described in schedule II of the deed of hypothecation read with the facility agreement dated July 09, 2010.
<p>Our Promoter has given an undertaking that they will maintain a minimum of 51% equity and management control in our Company at all times during the currency of the facility. Further in terms of the sanction letter, our Company shall not without the prior written approval of the Lender (a) Issue any debentures, raise any loans, accept any deposits from public, make any change on the capital structure, make investments in, grant loans to or give any guarantee on behalf of any person, firm or company; (b) enter into any transaction of consolidation or merger reorganization or scheme of amalgamation.</p> <p>* L & T Infrastructure Finance Company Limited have released the pledge of 51,66,861 Equity Shares held by our Promoter in favour of Punjab National Bank based on the condition that Punjab National Bank shall hold the shares on behalf of L & T Infrastructure Company Limited in the capacity of the lead bank vide its letter dated December 24, 2010.</p>						
Central Bank of India	Hypothec ation Deed dated September 18, 2010	Cash Credit – ₹ 1,750.00 Letter of Credit - ₹ 3,250.00	954.82	12.50%	On demand	Primary Security: First charge on fixed assets and current assets of the Company. First Charge on Escrow/TRA under tripartite agreement among lenders of the Company/Promoter. Collateral Security: Pledge of 13,24,836

Lender	Loan Document ation	Amount secured by charge and the nature of the facility	Amount outstanding as on September 30, 2010 (Fund Based) (₹ In Lakhs)	Interest rate	Repayment schedule	Security Created/Guarantees provided
						Equity Shares held by our Promoter in our Company.
Under the loan documentation, our Company shall not without the prior consent of Central Bank of India undertake any change in its constitution whether by amalgamation or otherwise.						
* IDBI Bank Limited, Chennai	Sanction letter dated June 24, 2010. Deed of hypothecation dated August 09, 2010.	Letter of Credit (Non fund based) - ₹ 500.00 lakhs		12.75% p.a. payable monthly.	Cash credit: On demand Letter of credit: on due date/expiry Bank guarantee: on due date/expiry	Primary: (i) first charge on all the movable properties of our including its moveable plant and machinery, machinery spares, tools, accessories and other moveables both present and future. (ii) First charge on entire stocks of raw materials, semi finished, finished goods, consumables stores, spares, book debts, bills, outstanding monies receivables, operating cash flows. (iii) first charge on escrow/TRA under tri-partied agreement among lenders of our Company/ Gemini Communication Limited.
In terms of the sanction letter, IDBI Bank reserves the right to withdraw the facilities in the event of any change in circumstances including but not limited to a material change in ownership/shareholding pattern/ management of the firm.						

** IDBI Bank vide their letter dated December 13, 2010, has reduced the letter of credit to ₹ 5 crore and the balance has been cancelled in respect of financial assistance for project specific working capital. The said letter also states that the financial assistance would stand cancelled on falling off availed letter of credit (LC) limit of ₹4.53 crore.*

Other Indebtedness

As on September 30, 2010, an amount of ₹ 5,435.89 lakhs is outstanding as unsecured loans from our Promoter of our Company and our associate companies. The unsecured loans taken from our Promoter are repayable within a period of 36 months from July 01, 2010.

SECTION VI: LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Promoters, Directors or Promoter Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions, by our Company, Promoter, Directors or Promoter Group Companies, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Subsidiary, our Promoters, Promoter Group companies or our Directors, that may have a material adverse effect on our financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

A. Cases filed against our Company:

Nil

B. Cases filed by our Company:

Nil

C. Cases involving the Promoter:

(i) Cases filed by our Promoter (Gemini Communication Limited)

(a) Civil cases

SL. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/ Case No. filed before:	Parties		
1.	C.P. No.255 of 2009. High Court of Judicature at Madras.	Gemini Communication Limited (Petitioner) Vs. Midas Communication Technologies Limited (Respondent)	1. The Petitioner has stated in their petition that the Respondent had secured an advance purchase order (APO) from Bharat Sanchar Nigam Limited (BSNL) for executing a project called "EDWAS Project" in the State of Tamil Nadu, Haryana and Karnataka. The Petitioner and the Respondent have signed a Memorandum of Understanding (MoU) dated November 09, 2007 broadly setting out the terms and conditions of the execution of the project on a turnkey basis. The Petitioner's role was to implement the project under the supervision and in consultation with the Respondent. Subsequently the arrangement was formalized in an agreement dated December 24, 2007 which set out the terms and conditions of the arrangement between the parties. The Petitioner has stated in their petition that they had commenced work and incurred certain expenses for procuring materials etc. The Petitioner has further stated in their petition that they have complied with all the obligations under the Agreement dated December 24, 2007. However, the Petitioner has alleged that the Respondent has paid only ₹ 3,99,76,000/- and the total sum outstanding is ₹ 25,02,77,123/-.	<i>The case is pending adjudication.</i>

SL.	Details of the Case/Dispute		Brief Facts	Status
			<p>The Petitioner has prayed before the court for the inter alia</p> <ol style="list-style-type: none"> 1. Order for winding up of the Respondent. 2. Direct the Respondent to pay the costs of the petition. 3. Pass such orders as the Hon'ble court deems fit and proper in the circumstances of the case. <p>The Respondent has filed their written statement dated January 30, 2010 and has denied the allegations made by the Petitioner. The Respondent also stated that the winding up petition is not maintainable because any dispute under the agreement is liable to be referred to arbitration in accordance with the agreement. The Respondent has prayed before the Hon'ble Court to dismiss the petition and direct the Petitioner to pay costs and pass such orders as the Court may deem fit.</p>	
2.	C.S. No. 424 of 2008. High Court of Judicature at Madras.	<p>Gemini Communication Limited (Plaintiff)</p> <p>Vs.</p> <ol style="list-style-type: none"> 1. CMC Limited, Chennai. (First Defendant) 2. State Bank of India, Chennai (Second Defendant) <p>(Defendants)</p>	<ol style="list-style-type: none"> 1. The Plaintiff has stated in their petition filed with the Hon'ble Court that the First Defendant had obtained an order from Neyveli Lignite Corporation (NLC) for implementing a project known as NLC IV DFN (Project). The First Defendant engaged the Plaintiff for implementing the Project vide purchase order No. 1882 in the year 2003 for a value of ₹ 1,33,50,000/-. 2. The Plaintiff undertook the project which had to be implemented in a phased manner. The Plaintiff has alleged that at every stage of implementation of the Project, the First Defendant was non-cooperative, irregular and caused delay in making inspection and also in making payment as per agreed schedule. 3. The Plaintiff has further stated in their petition that as per the terms and conditions of the purchase order, 10% of the payment to the Plaintiff was to be made against performance bank guarantee in respect of equipments, supplied and commissioned. It is further stated that the Plaintiff had arranged for a performance bank guarantee in favour of the First Defendant by the Second Defendant on May 2, 2005 for the warranty period as insisted by the First Defendant. 4. The Plaintiff has alleged that the First Defendant has issued notice on April 14, 2008 that they will invoke the bank guarantee in respect of the products which are not covered by the warranty. 5. The Plaintiff has prayed for the following reliefs against the Defendants: <p>(a) declare that the performance bank guarantee</p>	<i>The case is pending adjudication.</i>

SL.	Details of the Case/Dispute		Brief Facts	Status
			<p>dated May 2, 2005 as extended from time to time and lastly extended on September 8, 2007 with the Second Defendant, is null and void and not binding on the Plaintiff.</p> <p>(b) pass an order of permanent injunction restraining the First Defendant their men, agent, servant or anyone claiming through or under them from invoking the performance bank guarantee dated May 2, 2005 as extended from time and lastly extended on September 8, 2007 with the Second Defendant.</p> <p>(c) costs of the suit.</p> <p>(d) such further or other moulded reliefs as the Hon'ble Court may deem fit and proper in the circumstances of the case.</p>	

(b) Criminal Cases

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1.	First Information Report (FIR) 483/2009 filed on October 05, 2009	<p>Gemini Communication Limited (Complainant)</p> <p>1. Sanjay Kumar Sharma 2. Umesh Srivastav 3. Yipin Perwada 4. Sanjay Sengupta 5. Sanjiv Roy 6. Naresh Kapoor of Accton EI-EN India Private Limited</p>	<p>1. The Complainant has stated in the FIR that they had participated in a tender floated by National Metallurgical Laboratory (NML) for supply of passive and active component for the new LAN facility at NML in the year 2006 and the Complainant was awarded the tender. In this regard, they had executed a bank guarantee for ₹ 1,25,000/- for securing compliance of the order issued by NML. The Complainant had placed an order on Accton Ei- En India Private Limited requesting delivery of goods in terms of the tender requirements of NML.</p> <p>2. The Complainant has further stated that they had paid 50% advance towards the purchase order and also issued a post dated cheque for the remaining 50% payable towards the equipment. The Complainant has alleged that there was some delay by Accton Ei-En India Pvt Ltd in supplying the materials. NML, upon receipt of the request for payment refused to make the payment as the equipment supplied did not have the modules as required under the tender documents.</p> <p>3. Upon seeking clarifications from Accton Ei-En India Pvt Ltd, the Complainant was informed that they</p>	<i>The case is under investigation.</i>

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
			had not placed the order for the modules and hence the same were not supplied. Hence, the Complainant filed this FIR for the criminal offence committed by Accton Ei-En India Pvt Ltd under Section 420 (punishment for cheating) read with Section 34 (acts done by several persons in furtherance of common intention) of Indian Penal Code, 1860(IPC).	
2.	C. C.No 964 of 2004 In the Court of the Judicial Magistrate No. III, Coimbatore.	Gemini Communication Limited (Complainant) Vs Shri Yovulraj Multitech Systems (Accused)	1. The Complainant has stated in its complaint that the Accused had some business dealing with them and had issued a cheque for ₹ 1,05,000/- (Rupees One Lakh Five Thousand only) dated September 16, 2003 drawn on Allahabad Bank, Nagarcoil. 2. The Complainant has further stated that when the cheque was presented with the bank, the same was dishonoured on November 07, 2003 stating the reason as “exceeds arrangements”. A legal notice dated November 20, 2003 was issued on the Accused. 3. The Complainant has stated that the Accused has wilfully issued the cheque with the knowledge that there were no funds in the bank account. Hence the Accused is guilty of offence punishable under Section 138(Dishonour of cheque for insufficiency, etc of funds in the account) and 142(cognizance of offences) of the Negotiable Instruments Act, 1881. 4. The Complainant has prayed that the court take on file this complaint and deal with the Accused in accordance with law.	<i>The case is pending adjudication.</i>

(c) Tax related cases

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1.	Appeal No.133/2007 In Customs, Excise and Service Tax Appellate Tribunal, Chennai	1. Gemini Communication Limited (Appellant) Vs. 2. The Commissioner of Central Excise, Chennai (Respondent)	1. Appellant had received a show cause notice dated October 31, 2002 from the Office of Additional Director General, Directorate General of Central Excise Intelligence. The allegation in the said notice was that Appellant has indulged in evasion of central excise duty by assembling the computer systems and supplying the same for several educational institutions under a school project launched by the Tamil Nadu	<i>The case is pending adjudication.</i>

Sl. No.	Details of the Case/Dispute	Brief Facts	Status
		<p>Government without payment of the excise duty. However, Appellant, in their reply dated Febraury 25, 2003 has stated that they were involved in networking space, implementing projects in LAN, WAN, wireless system integration projects and that they have taken the school project from M/s. Everon Systems India and Pacific Blue Technologies Limited for supply of computer systems to Tamil Nadu government schools. As to the question whether the systems were assembled/ manufactured by Appellant, it was stated that they purchased computer parts, peripherals from various parties and the same were assembled and manufactured at the premises of third parties/independent contractors who were hired for that particular purpose. Subsequent to such assembling, the computers were sold back to the Appellant.</p> <p>2. The Central Excise Department assessed a duty of ₹ 30,04,063/- in this regard. The Appellant had furnished a reply to the Commissioner of Central Excise on February 25, 2003 denying the allegations of the Directorate General of Central Excise and requested the Commissioner to drop the show cause proceedings and to refund ₹ 3,00,000/- paid by them at the time of investigation.</p> <p>3. An order bearing number 46/2005 dated October 28, 2005 was passed by the Office of Commissioner of Central Excise, Chennai, wherein it was held that the classification of computer system manufactured and removed by the Appellant attract 16% advalorem and confirmed the excise duty of ₹ 25,89,710/- and imposed a penalty of ₹ 5,00,000/- under the Central Excise Act and Rules, 1994.</p> <p>4. The Appellant filed an appeal before the Hon'ble Tribunal requesting the Tribunal to set aside the impugned Order bearing number 46/2005 dated October 28, 2005 passed by the Commissioner of Central Excise.</p> <p>5. The office of Central Excise, Chennai had issued a letter dated December 26, 2007 stating that there is nothing on record to show that the</p>	

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
			<p>Appellant has complied with the order in original bearing number 46/2005 dated October 28, 2005. The Appellant was advised to pay duties and penalties amounting to ₹ 53,79,410/- with interest on the duty amounts immediately.</p> <p>6. The Hon'ble Tribunal took note of the fact that the Appellant had deposited an amount of ₹ 10,00,000/- at the time of investigation.</p>	

(ii) Cases filed against our Promoter , Gemini Communication Limited

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1.	<p>O.S. No. 5073 of 2010</p> <p>In the Court of Assistant City Civil Judge, Chennai.</p>	<p>VRL Logistics Limited. (Plaintiff)</p> <p>Vs.</p> <p>1. Gemini Communication Limited</p> <p>5.Mr. B. Sree Krishna, Managing Director, Gemini Communication Limited.</p> <p>(Defendants)</p>	<p>1. The Plaintiff has stated in their petition that the Defendants have used their services for transporting goods to various parts of India and that the Defendants should pay the freight charges of ₹ 1,18,222/- to the Plaintiff.</p> <p>2. The Plaintiff has further alleged that the Defendants have not paid the aforesaid outstanding amount to the Plaintiff. The Plaintiff has further stated they have also sent a legal notice on July 21, 2008 followed by a reminder letter dated August 30, 2008 calling upon Defendants to pay the outstanding amount.</p> <p>3. The Plaintiff has prayed before the Hon'ble Court for the following reliefs against the Defendants:</p> <p>(a) directing the Defendants to pay a sum of ₹ 1,18,222/- towards the balance outstanding.</p> <p>(b) to pay interest at the rate of 24% per annum on ₹ 1,18,222/- from the date of suit till the date of realization.</p> <p>(c) directing the Defendants to pay the costs of the suit.</p> <p>(d) pass such further or other orders as deem fit and proper.</p>	<i>The case is pending adjudication.</i>
2.	<p>Civil Suit No. 298 of 2009</p> <p>In the High Court of Judicature at</p>	<p>1. TVS- E Servicetec Limited (First Plaintiff)</p> <p>2. TVS Electronics</p>	<p>1. The Plaintiffs have stated that the Defendant had issued certain work orders on the Second Plaintiff in respect of computerization of schools in Punjab and Gujarat. Upon rendering the services, the</p>	<i>The case is pending adjudication.</i>

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Madras.	<p>Limited. (Second Plaintiff) (Plaintiffs) Vs. Gemini Communication Limited (Defendant)</p>	<p>Second Plaintiff raised invoices on the Defendant and claimed payments. The Plaintiffs have stated that the Defendant has made part payment of ₹ 5,14,108/- against the invoices raised by them. The Plaintiffs have alleged that the Defendant is liable to pay ₹ 24,23,718.36/-.</p> <p>2. It has been stated in the petition that the First Plaintiff and Second Plaintiff entered into a business transfer agreement dated October 01, 2007 whereby the contract customer services business of the Second Plaintiff was transferred to the First Plaintiff on a stand alone going concern basis along with all assets, liabilities and receivables. Consequently the amounts payable by the Defendant to the Second Plaintiff in respect of the invoices were assigned to the First Plaintiff.</p> <p>3. The Plaintiffs have further stated in their petition that the Defendant sought to justify its failure to pay the outstanding balance of ₹ 24,23,718.36/- on the basis that there is a claim of ₹ 19,25,000/- due to the Defendant from the Second Plaintiff and that such amount should be adjusted against the amounts due and payable by the Defendant in favour of the Plaintiffs. The claim of ₹ 19,25,000/- by the Defendant is towards the alleged commission payable by the Second Plaintiff in respect of supply of certain printers to ELCOT.</p> <p>The Second Plaintiff has alleged that the Defendant's claim of ₹ 19,25,000/- in respect of the printers supplied to ELCOT is illegal and unilateral.</p> <p>4. The Plaintiffs has prayed for the following reliefs:</p> <p>(a) to direct the Defendant to pay a sum of ₹ 0,23,881.30/- to the First Plaintiff with interest at the rate of 18% per annum from the date of suit till realization.</p> <p>(b) to direct the Defendant to pay costs of the suit to the Plaintiffs; and</p> <p>(c) pass such further or other orders, as the Hon'ble Court may deem fit and proper in the facts and circumstances of the case.</p>	
3.	Civil Suit No.	Sh. N. K. Rao	1. The Plaintiff, the proprietor of M/s.	<i>The case</i>

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	415/2008 Before the Hon'ble Court of District Judge, Tis Hazari, Delhi.	(Plaintiff) Vs. Gemini Communication Limited (Defendant)	<p>Pioneer Transport Co. has alleged that the Defendant had used their services for transporting several consignments from Chennai to several parts of India. In this regard, a work order for a sum of ₹ 6,18,892.84/- was raised by the Plaintiff in February 2007.</p> <p>2. The Plaintiff has further alleged in his petition that the amount payable to the Defendant was revised as the materials which were delivered on behalf of the Plaintiff were heavier than they had anticipated. It was alleged by the Plaintiff that the revised amount of ₹ 8,31,414/- was acceptable to the Defendant. The Defendant paid a sum of ₹ 4,52,000/- against the said consignment and alleged that Defendant has promised to pay the remaining amount after the completion of delivery of the said consignment.</p> <p>3. The Plaintiff has further stated that due to lack of proper communication facilities, the consignments to certain destinations could not be delivered. The Plaintiff has alleged that the Defendant has not paid the outstanding amount of ₹ 4,38,714/- to the Plaintiff. The Plaintiff has further stated that he has also sent a legal notice on May 27, 2008 calling upon Defendants to pay the outstanding amount. The Defendant has replied to the said notice on June 03, 2008.</p> <p>4. The Plaintiff has prayed before the Hon'ble Court for the following reliefs against the Defendant:</p> <p>(a) to pass a decree for a sum of ₹ 4,38,714/- in favour of the Plaintiff and against the Defendant.</p> <p>(b) to award the costs of the suit in favour of the Plaintiff and against the Defendant.</p> <p>(d) to award any other relief which this Hon'ble Court may deem fit and proper.</p>	<i>is pending adjudication.</i>

D. Litigations involving our Company's Directors

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1.	O.S. No. 5073 of 2010 In the Court of	VRL Logistics Limited. (Plaintiff) Vs. 1. Gemini Communication	Facts as mentioned in sl. (ii) above. In this case, our Managing Director is made a party along with our Promoter, GCL.	<i>The case is pending adjudication.</i>

Sl.	Details of the Case/Dispute		Brief Facts	Status
	Assistant City Civil Judge, Chennai.	Limited 2. Mr. B. Sree Krishna, Managing Director, Gemini Communication Limited. (Defendants)		
2.	O.S. No 2911 of 2010. I.A. No. 5762 of 2010 in O.S. No 2911 of 2010. In the Assistant City Civil Court at Chennai.	R.Vijaykumar (Plaintiff) Vs. 1. Anil Gandhi 2. Galaxy Broking Limited 3. Pritiben Anilbhai Gandhi 4. Central Depository Services (India) Limited 5. National Securities Depository Limited. 6. Integrated Enterprises (P) Limited (Defendants/Respondent s)	1. The Plaintiff has stated that he had approached the First Defendant who is the managing director of the Second Defendant for availing loan against security of shares to meet urgent personal requirements in July 2008. 2. The Plaintiff has further stated that the First Defendant had assured him that five(5) lakhs shares of GCL will be kept as security for the loan and would not be transferred or sold to any one without Plaintiff's instructions and shall be returned to the Plaintiff once the loan is repaid. 3. The Plaintiff transferred the said shares to the Second Defendant. The Plaintiff has alleged in the plaint that inspite of repeated requests, the First Defendant has not given the loan as he was facing some financial difficulties. 4. On September 24, 2009, GCL declared a stock spilt and hence the Plaintiff's five (5) lakhs shares increased to twenty five (25) lakhs shares. The Plaintiff has stated that he made repeated requests to First and Second Defendants to return the said shares. But, the First and Second Defendant did not return the same. 5. It is further alleged by the Plaintiff that the shares lying in the Second Defendant's account have been transferred to First and Third Defendant (wife of First Defendant) without any direction from the Plaintiff which amounts to fraud. The Plaintiff has stated in the plaint that he is under apprehension that the First and Third Defendant will sell the Plaintiff's shares in the open market and he would not get back the shares. The loss caused to the Plaintiff would be uncompensatable and shares would be irretrievable. 6. The Plaintiff has prayed for the following: (a) a perpetual injunction restraining First, Second and Third Defendants, their men, agents, assigns and persons claiming under or through them from in any manner transferring, alienating,	<i>The case is pending adjudication.</i>

Sl.	Details of the Case/Dispute	Brief Facts	Status
		<p>encumbering or dealing with the aforesaid 25 (twenty five) lakhs shares.</p> <p>(b) to issue a direction to the First, Second and Third Defendants to return to the Plaintiff, the aforesaid 25 (twenty five) lakhs shares.</p> <p>(c) costs of the suit.</p> <p>(d) Such further or other reliefs as the Hon'ble Court may deem fit and proper in the circumstances of the case.</p> <p>The Plaintiff has filed an interim application bearing number 5762 of 2010 to pass an order of interim injunction against First, Second and Third Defendants, their men, agents, assigns and persons claiming under or through them, restraining them from in any manner transferring, alienating, encumbering or dealing with the aforesaid 25 (twenty five) lakhs shares held in client id nos. 10279324(DP id no. 300974) and client id no. 1201980000072253(DP id no. 19800) and restraining the Fourth and Fifth Respondents from effecting any transfer by the First, Second and Third Respondents pending disposal of the suit. The Hon'ble Court has vide its order dated April 28, 2010 allowed the petition granting the temporary injunction sought for till the disposal of the suit.</p> <p>The First Respondent has filed a counter affidavit stating that the allegations stated by the Plaintiff are false, incorrect and untenable.</p>	

E. Cases involving the Subsidiary and Group Companies:

Nil

F. Notices issued by our Company

Nil

G. Notices issued against our Company

Our Company has received a notice from the Bruhat Bangalore Mahanagara Palike (BBMP) dated September 14, 2010. The said notice states that our Company has not taken trade license for carrying on its business from the BBMP. It further states that our Company is required to appear before the jurisdictional Health Officer within 3 days of receipt of the notice with all documents pertaining to our business. In the event our Company fails to do so, action will be initiated under the provisions of Karnataka Municipal Corporation Act, 1976.

We have submitted the application for trade new license to BBMP on November 26, 2010 along with the requisite fees and are yet to receive the license/approval.

H. Notices issued by/against the Subsidiary and Group Companies

Nil

I. Notices issued by our Promoter

Nil

J. Notices issued against our Promoter

- 1) Our Promoter had made an invitation in November 2009, to its existing equity shareholders whereby they may participate as selling shareholders in a public offering of not more than 15,000,000 Global Depository Receipts (GDRs) (representing 15,000,000 equity shares) ("GDR Issue"). As per the offer document, within 30 days of the closing of the GDR offering, the depository shall remit the proceeds of the GDR offering to the escrow agent and the escrow agent shall distribute such amounts to the shareholder in proportion to the number of deposited equity shares accepted in the GDR offering. It was further stated in the offer document that the last date until which the deposited equity shares may be held in the escrow account was February 26, 2010. Due to financial crisis prevailing in the international market and in accordance with the terms and conditions of applicable regulations and the offer document, our Promoter had withdrawn the GDR Issue and called upon the escrow agent to return the shares held in escrow to the respective shareholders.

In this regard, notices were received by the BSE (which was forwarded to our Promoter) as well as our Promoter, primarily on the ground that our Promoter had floated the GDR Issue to defraud the investors, manipulate the share prices and with a malafide intention on the part of the promoters and top management of our Promoter in violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulation, 2003 and SEBI (Prohibition of Insider Trading) Regulations, 1992. The list of persons who issued notices against our Promoter are given below:

Sr. No.	Date of Notice	Issued by
1.	April 30, 2010	Mr. Vijaykumar Rupani
2.	April 30, 2010	Mr. Jagdish G. Ved
3.	May 29, 2010	Mr. R.K. Shukla & Co.
4.	April 30, 2010	Smt. Ramaben R. Mavani- President, Rajkot Saher/ Jilla Grahak Suraksha Mandal.
5.	Not dated	Mr. Rajubhai J. Shah, Editor of a newspaper in Rajkot
6.	June 10, 2010	Rima H. Karia.

Our Promoter has replied to the aforesaid notices stating that the allegations made in the complaints are baseless. Our Promoter has stated that the GDR Issue was a properly authorised exercise as the approval of the shareholders was obtained by way of postal ballot. It was further stated that as there was financial crisis in the European market in November- December, 2009 when the GDR Issue was floated, and that our Promoter was unable to identify investors to take up the shares. Hence, as per the applicable laws and the terms and conditions of the offer document, our Promoter called upon the escrow agent to return the shares held in escrow to the respective shareholders and the said process was completed on February 26, 2010.

K. Notices received by our Company from regulatory authorities:

Please see section G above.

L. Details of the notice which does not have any material impact on the business of our Company are given below:

Nil

M. Notices received by our Company from regulatory authorities where penalty has been imposed:

Nil

STATUTORY APPROVALS AND LICENSES

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required to undertake this Issue, 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 29 of this Draft Red Herring 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 valid as of the date of this Draft Red Herring Prospectus.

Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

The Board of Directors has, pursuant to resolution passed at its meeting held on October 06, 2010 authorised the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act and such other authorities as may be necessary.

The shareholders of our Company have, pursuant to a resolution dated October 06, 2010, under Section 81(1A) of the Companies Act, authorised the Issue.

Our Company has obtained in-principle listing approvals dated [●], 2010 and [●], 2010 from the BSE and the NSE, respectively.

Our Company has also obtained necessary contractual approvals required for the Issue.

Approvals for the Business

Our Company is required to obtain various statutory and regulatory licenses / approvals from the Central and State authorities for the purposes of its business. The approvals obtained by our Company are arranged in the following order:

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
A. Approval from Central and State Government				
1.	The Companies Act, 1956		Registrar of Companies, Delhi	Certificate of Incorporation Corporate Identification Number(CIN): U72200DL2005PTC134422/2004-05 Dated: 28.03.2005.
2.	The Companies Act, 1956		Registrar of Companies, Karnataka	Certificate of Registration dated 22.08.2008 of Company Law Board for change of the registered office from National Capital Territory of Delhi to State of Karnataka issued under Section 18(3) of the Companies Act bearing Corporate Identity Number: U72200KA2005PTC047544.
3.	Income Tax Act, 1961	Our Company is required to complete the assessments	Income Tax Department	Permanent Account Number (PAN): AADCP5875C

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
		for the respective financial years and duly file the returns with the Income Tax Authorities.		
4.	Income Tax Act, 1961	Our Company is required to obtain Tax Deduction Account Number (TAN) and pay the tax deducted at source to the Central Government within the prescribed time	Income tax Department	Tax Deduction Number (TAN): BLRP05886G.
5.	Karnataka Value Added Tax Act, 2004	Our Company is required to obtain registration as a dealer.	Assistant Commissioner of Commercial Tax Officer.	TIN: 29810456873 Dated:- October 26, 2006
6.	Foreign Trade Policy 2009-2014	Our Company is required to obtain an Importer Exporter Code(IEC) from the Joint Director General of Foreign Trade	Assistant Director General Of Foreign Trade	Importer Exporter Code (IEC): 0505084791 Dated: 03.02.2006
7.	Finance Act, 2002	Our Company is required to obtain service tax registration for providing services which come under the category of taxable services.	Superintendent, Service Tax Commissionerate	Service Tax Registration Number- AADCP5875CST001 Dated: June 11, 2008 The registration certificate is granted for the premises situated at No. 18/11, Roopena Agrahara Village, Begur Bommanahalli, Bangalore – 560068. The said registration is obtained for providing maintenance or repair service.
8.	Central Excise Rules, 2002-Rule 9	Our Company is required to obtain registration for manufacturing of excisable goods.	Assistant Commissioner of Central Excise, Bangalore.	Registration Number: AADCP5875CEM001 Dated : March 31, 2010 The said registration is granted for manufacturing excisable goods at Roopena Agrahara, No.18/11B, Begur Hobli, Hosur Main Road, Bangalore.
B. Labour related approvals				
9.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	As per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act 1952, our Company is required to provide and formulate a scheme for the provision of Provident Fund, Pension and an Employees Deposit Linked Life Assurance Scheme.	Regional Provident Fund Commissioner	Registration Code number: KN/46951 Issued dated: April 29, 2010 Effective: April 01, 2009
10.	Karnataka Tax on Professions, Trades,	Registration as “Employer” required in order to remit	Professional Tax Officer	Registration number: PO1P3882.

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
	Callings and Employment Act, 1976	the professional tax to the Government.		Dated:- November 25, 2006. With effect from: July 01, 2006.
C. Industry Related Approvals				
11.	Department of Telecommunication, Ministry of Communication & Information Technology		Assistant Wireless Advisor, Department of Telecommunication (WPC Wing), Ministry of Communication & Information Technology.	No. R-11021/4/2009-PP Equipment Type Approval (ETA) Certificate No. ETA-069/2009-R. Dated:- April 09, 2009. Equipment: MicroRed Model no.: 18-0002 Frequency range(in MHz): 2400-2483.5 MHz 5825-5875 MHz Conditions The approval will not be valid in case any change in the above parameter and not confirming to the notification GSR 45(E) dated 28.01.2005 and amended from time to time. Use of such equipment has been exempted from licensing requirement and on non interference and non protection (non exclusive) basis. Use of such equipment in case not confirming to the aforesaid notification will require a specific wireless license from the Ministry. Use of such equipment is also subject to the applicability/fulfillment of the specific service license as required from the Central government.

Pending Approvals in relation to setting up a new manufacturing facility at Baddi, Himachal Pradesh

Our Company has entered in to a memorandum of understanding dated December 11, 2010 for leasing the premises at 18, Ext-Industrial Plot,(SFS), Baddi, District, Salan, Himachal Pradesh from our Promoter upon receipt of approval from Himachal Pradesh State Industrial Corporation Limited. Setting up of a factory or manufacturing unit entails the requisite planning approvals to be obtained from the relevant authorities. We will also require certain approvals including the approvals listed below for which we shall make the necessary applications at an appropriate time:

Sl. No.	Approval/License	Authority	Status
1.	Approval for lease	Himachal Pradesh State Industrial Corporation	Has been applied
2.	Factory License	Inspector of Factories	Will be applied in the due course.
3.	Central Excise	Excise Department	Will be applied in the due course.
4.	Local VAT/Sales Tax	Sales Tax Department	Will be applied in the due course
5.	Central Sales Tax	Sales Tax Department	Will be applied in the due course
6.	Consent from Pollution Control Board.	Pollution Control Board	Will be applied in the due course
7.	Contract Labour	Labour Commissioner	Will be applied in the due course
8.	Power	Electricity Department	Will be applied in the due course
9.	Service Tax	Central Excise Department	Will be applied in the due course
10.	Consent to install DG Set	Electricity Department	Will be applied in the due course.
11.	Registration Certificate	Department of Industries, Himachal Pradesh.	Will be applied in the due course

Other Pending Approvals

Our Company has submitted an application for trade new license on November 26, 2010 at the office of Bruhat Bangalore Mahanagara Palike and is yet to receive approval in this regard.

Our Company is under the process of intimating various statutory authorities with respect to the change in status from private limited company to public limited company.

Intellectual Properties

We have submitted two applications for the registration of the following trademarks/trade names and logos.

Sl No.	Description	Application Number	Class	Date of Application	Status
1.	Application for the registration of mark Point Red with device in respect of all types of telecommunications related activities inclusive of designing, manufacturing, developing, assembling, buying, selling, repairing, exporting, importing all types of equipments and systems relating to telecommunications	1635579	38	December 28, 2007	Pending
2.	Application for the registration of mark Point Red with device in respect of all types of activities related to data communication, local area networking, wide area networking, cast area networking, satellite communication, voice mail, video conferencing, electronic data interchange, integrated services, digital network, data network, email services, cellular phones satellite services computers, computer softwares, electronic systems and equipments, digital and analog instrumentation systems, microprocessor based systems, display control, data storage media, developing and transferring technologies related to areas of communication services and such other related area.	1635578	42	December 28, 2007	Pending

The domain name, www.pointredtech.com is registered under the name of our Company.

Statutory approvals obtained for the Taiwan office

1. Certificate of Business registration bearing registration no. 09704322 and business entity no. 28415986 dated April 14, 2008 issued by Government of Tao Yuan County for the branch office in Taiwan.
2. Our Company has obtained a labour insurance certificate bearing number 05696451F dated July 16, 2007 and has joined the labour insurance system for our branch office in Taiwan on July 11, 2007 in compliance with the Labour Insurance Act.
3. Our Company has obtained registration issued by Bureau of National Health Insurance dated July 23, 2007 bearing insured entity number 133591312 for our branch office.

Reserve Bank of India (RBI) filings:

1. Our Company has filed Form OBR with the Authorised Dealer, State Bank of India, Industrial Finance Branch, Chennai on May 23, 2007 for opening up the branch office in Taiwan.
2. Our Company has filed Form ODI with the Authorised Dealer, Bank of India, Chennai on November, 2010 in respect of establishing PR Wireless Tech Limited, a subsidiary in Hong Kong.
3. Our Company has filed the Annual Performance Report (APR) for the period ending March 31, 2009 and March 31, 2010 with the Bank of India, CCB, Chennai on October 30, 2010.

Achievements and Certifications:-

Sl No.	Applicable Act	Details of the License/ Registration	Issuing Authority
1	BSCIC Certifications Private Limited- Quality Management System.	Certificate of Registration No:- BN1588/1172:0909. Scope of Certification:- Manufacturing, supply, service of wireless telecommunication equipment. Issued dated:- September 29, 2009 Valid up to:- September 28, 2012	Managing Director, BSCIC Certifications Pvt Ltd.
2	Notification Regulated in R & TTE Directive Article 6.4	No. TS08090026-EME Product Name:- MicroRed Model Name:- 18-2002 Date of notification: September 18, 2008	Alpha Liu Certification Manager
3	Authority of the Federal Communications Commission - Equipment Authorization Certificate	FCC Identifier: QDC-MCRD-2458 Date of Grant:- October 16, 2008	Authority of the Federal Communications Commission
4	Test Verification of Conformity	Verification/Report No:- TS08090027-EME	Alpha Liu Certification Manager, Intertek Testing Services Taiwan Ltd.

Sl No.	Applicable Act	Details of the License/ Registration	Issuing Authority
5	Wimax Certification Certificate	<p>1. Certificate No:- 04-0000000027. Certificate date:- August 21, 2009.</p> <p>The said certificate is issued for the product Indoor SS.</p> <p>2. Certificate No:- 04-0000000009. Certificate date:- March 07, 2009.</p> <p>The said certificate issued for the product Wimax BS.</p> <p>3. Certificate No:- 04-0000000021. Certificate date:- July 28, 2009.</p> <p>The said certificate issued for the product Wimax USB dongle.</p> <p>4. Certificate No:- 04-0000000029. Certificate date:- September 10, 2009.</p> <p>The said certificate is issued for the product Indoor CPE with voice, data, WiFi.</p> <p>5. Certificate No.: 04-0000000030 Certificate date: September 10, 2009.</p> <p>The said certificate is issued for the product Outdoor SS.</p> <p>6. Certificate No. 08-0000000023</p> <p>The said certificate is issued for the product Outdoor WiMAX CPE.</p> <p>7. Certificate No. 08-0000000024</p> <p>The said certificate is issued for the product Indoor WiMAX CPE with Voice, Data</p>	Wimax Certification Body

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the present Issue

The Board has, pursuant to a resolution passed at its meeting dated October 06, 2010, authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

The shareholders of our Company 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 our Company held on October 06, 2010.

We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

Prohibition by SEBI

Our Company, our Subsidiary, our Directors, our Promoter, the Promoter Group, our Group Companies, and persons in control of our Promoter, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies, with which our Promoter, Directors or persons in control of our Company are associated as promoters, directors or persons in control have been have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other authority. As on date of this Draft Red Herring Prospectus, none of the Directors of our Company are associated with any entities which are engaged in securities market related business and are registered with SEBI.

Prohibition by RBI

Our Company, our Directors, our Promoter or our Group Companies have not been declared as willful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against our Company or them.

Eligibility for the Issue

We are eligible for the Issue in accordance with Regulation 26(2) of the SEBI (ICDR) Regulations as described below:

- (a) *the issue is made through the book building process and the issuer undertakes to allot at least fifty percent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers ;and*
- (b) *the minimum post-issue face value capital of the issuer is ten crore rupees;*

We are an unlisted company not complying with the conditions specified in Regulation 26(1) of the SEBI (ICDR) Regulations and are therefore required to meet both the conditions detailed in Regulation 26(2)(a)(i) and Regulation 26(2)(b)(i) of the SEBI (ICDR) Regulations.

- We are complying with Regulation 26(2)(a)(i) of the SEBI (ICDR) Regulations and at least 50% of the Net Issue are proposed to be allocated to QIBs and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are complying with the Regulation 43(2)(c) of the SEBI (ICDR) Regulations and Non-Institutional Bidders and Retail Individual Bidders will be allocated not less than 15% and 35% of the Net Issue respectively.
- We are also complying with Regulation 26(2)(b)(i) of the SEBI (ICDR) Regulations and the post-Issue face capital of the Company will be more than the minimum requirement of ₹ 10 crore.

Hence, we are eligible for the Issue under Regulation 26(2) of the SEBI (ICDR) Regulations. Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000. If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire application money received.

In case of a delay if any, in refund, our Company shall pay interest application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

“AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS 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 DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 5, 2011 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM 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 DRAFT RED HERRING 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 DRAFT RED HERRING 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 DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE 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 DRAFT RED HERRING 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 PROMOTER 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 THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING 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 DRAFT RED HERRING PROSPECTUS/DRAFT 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 ALL THE STOCK EXCHANGES 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. NOTED FOR COMPLIANCE.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING 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 DRAFT RED HERRING 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 DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Draft Red Herring Prospectus 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 Book Running Lead Manager, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Karnataka in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Karnataka in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company and the BRLM

Our Company, our Directors, the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's web site,

www.pointredtech.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors who bid 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 Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any 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 or not.

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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Bangalore, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Disclaimer Clause of Bombay Stock Exchange Limited

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. The Disclaimer Clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Undertaking from Promoter and Directors

We accept full responsibility for the accuracy for the information given in this DRHP and confirm that to the best of their knowledge and belief, there are no other facts, their omissions of which make any statement in this DRHP misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. We further declare that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The Promoter/Directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this DRHP has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/ material has been suppressed/withheld and/or amounts to a mis-statement / mis-representation, the Promoter/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Karnataka, Kendriya Sadan, Koramangala, Bangalore.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be jointly or severally liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/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.”**

Consents

Consents in writing of: (a) the Directors, our Company Secretary, our Compliance Officer, the statutory auditors, the legal advisors, the Bankers to the Issue, the Bankers to our Company; and (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Bank, and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the ROC as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, M/s. P.Chandrasekar, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of filing the Draft Red Herring Prospectus with SEBI.

Expert Opinion

Except for the statutory auditors M/s. P.Chandrasekar, Chartered Accountants and their report on accounts in the form and context in which it appears in this Draft Red Herring Prospectus and the report of [●] in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not obtained any opinions from experts as defined in section 59(2) of the Companies Act.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense* (in ₹ lakhs)	Percentage of the Issue Expenses*	Percentage of the Issue Size*
Lead management, Underwriting and Selling Commission	[●]	[●]	[●]
Advertising and marketing expense	[●]	[●]	[●]
Printing and stationery (including courier, transportation charges)	[●]	[●]	[●]
Registrar's fees	[●]	[●]	[●]
Fees paid to IPO Grading agency			
Others (legal fees, listing costs etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* Will be incorporated after finalisation of the Issue Price.

Fees Payable to the Book Running Lead Manager and Syndicate Members

The total fees payable to the BRLM and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLM dated October 15, 2010 and the Issue Agreement dated December 28, 2010 executed between our Company and the BRLM, a copy of which is available for inspection at our Registered Office from 11.00 am to 5.00 pm on Working Days from the date of the Draft Red Herring Prospectus until the bid closing date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU dated November 16, 2010 between our Company and the Registrar to the Issue, a copy of which is available for inspection at our registered office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

IPO Grading

This Issue has been graded by [●] and has been assigned a grade of [●] indicating [●], through its letter dated [●]. For details in relation to the Report of the Grading Agency, please refer to “Annexures A” beginning on page 280 of this Draft Red Herring Prospectus.

Disclaimer of IPO Grading Agency: [●]**Rights and Public Issue during the last Five Years**

We have not made any rights and/ or public issue during the last five years and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section entitled “Capital Structure” and “History and Certain Corporate Matters” on pages 21 and 87 respectively of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

Companies under the same management

There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, other than the subsidiary, Promoters and Promoter group companies, details of which companies are provided in the sections titled “History and Certain Corporate Matters” and “Promoter and Group Companies” beginning on pages 87 and 105 of this Draft Red Herring Prospectus.

Promise v/s Performance

Our Company has not undertaken any public issues of securities previously.

Previous issues of our Promoter

Our Promoter had made an initial public offer of public issue of 18,08,200 equity shares of ₹ 10/- each for cash at par aggregating to ₹ 1,80,82,000/- in the year 1995. Neither our Promoter nor any of our group companies/subsidiary / associate companies have made any public issue or rights issue during the period of ten years immediately preceding the date of filing Draft Red Herring Prospectus. For more details, please see the section titled “Promoters and Group Companies” on page 105 of this Draft Red Herring Prospectus.

Promise versus Performance – Previous Issues of Promoter Group Entities.

There is no listed venture of the Promoter Group.

Outstanding Debentures, Bonds, Redeemable Preference shares and other instruments issued by our Company

Our Company does not have any outstanding debentures, bonds, Redeemable Preference shares or any other instrument as of the date of filing this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an Initial Public Issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company provides for retention

of records with the Registrar to the Issue for a period of at least three years subject to agreement with our Company from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Shareholders' and Investor's Grievance Committee of the Board vide resolution dated October 6, 2010. The Committee comprises Mr. Hari Sethuraman, Mr. L. Sathyanarayan and Mr. B. Sreekrishna, as members of the committee.

We have also appointed Mr. SE Ashok Kumar, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. SE Ashok Kumar

Compliance Officer

#18/11B Roopena Agrahara,
Begur Hobli, Hosur Main Road,
Bangalore- 560 068,
Karnataka.

Tel.: +91 (80) 2572 4853/54

Fax: +91 (80) 2572 4856

Email: ipo@pointredtech.com

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 Equity Shares in the respective beneficiary accounts and refund orders.

Changes in Auditors for the last three years

Name of the Auditor	Date of Appointment	Date of Resignation	Reason
M/s. CNGSN & Associates, Chartered Accountants, Chennai	September 28, 2006	November 20, 2008	Due to their pre occupation, they have not opted for re-appointment.
Mr. K. Parthasarathy, Chartered Accountant, Chennai	December 29, 2008	September 27, 2010	Due to their pre occupation, they have not opted for re-appointment.
M/s. P. Chandrasekar, Chartered Accountants	September 27, 2010	N.A	Appointed as per the General meeting held on September 27, 2010.

Capitalisation of Reserves or Profits

Except as disclosed in this Draft Red Herring Prospectus, our Company has not capitalized the reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not revalued its assets in the last five years.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN, the Listing Agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, 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 Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting dated October 06, 2010, authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

The shareholders of our Company 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 our Company held on October 06, 2010.

There are certain restrictive covenants in the agreements that we have entered into with our lenders. These restrictive covenants require us to seek the prior permission of the said bank for various activities, including amongst others, entering into any scheme of expansion, taking any new activity, invest or lend money except in the normal course of business, confining our Company's entire banking with the lender, investing by way of share capital, change in the management, change in capital structure etc. In this regard, our Company has received our lenders consent for this Issue.

Our Company has also obtained all other necessary contractual approvals required for the Issue. For further information, see the section titled "Statutory Approvals and Licenses" beginning on page 194 of this Draft Red Herring Prospectus.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of allotment. For further details, see the section titled "Main Provisions of the Articles of Association" beginning on page 256 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act, the SEBI (ICDR) Regulations and the provisions of the Listing Agreement.

Face Value and Issue Price

The face value of the Equity Share is ₹ 10 each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised in [●] edition of [●] newspaper in English language, in [●] edition of [●] newspaper in Hindi language and in [●] edition of [●] newspaper in Kannada language with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date.

Compliance with SEBI Regulations

Our Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

Rights of the Equity Shareholders

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

- a) Right to receive dividend, if declared;
- b) Right to attend general meetings and exercise voting powers, unless prohibited by law;
- c) Right to vote on a poll either in person or by proxy;
- d) Right to receive annual reports and notices to members;
- e) Right to receive offers for rights shares and be allotted bonus shares, if announced;
- f) Right to receive surplus on liquidation subject to any statutory and preferential claims being satisfied;
- g) Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- h) Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, the terms of the Equity Listing Agreement, and the Memorandum and Articles of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section titled “Main Provisions of the Articles of Association” beginning on page 256 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of the existing SEBI (ICDR) Regulations, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts in Bangalore, India.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or with the Registrar.

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

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

Further, our 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the 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

In the event our Company does not receive a minimum subscription of 90% of the Issue, including devolvement to the Underwriters within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, we shall pay such interest prescribed under Section 73 of the Companies Act.

If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith.

Further, in accordance with Rule 19(2)(b)(i) of the SCRR read with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000, failing which the entire application money will be refunded forthwith.

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI or FVCIs registered with SEBI.

As per RBI regulations, OCBs cannot participate in the Issue.

Bidding/Issue Period

Bidders may submit their Bids only in the Bidding/Issue Period. The Bid/Issue Opening Date is [●] and the Bid/Issue Closing Date is [●], provided that Anchor Investors are required to submit their Bid on the Anchor Investor Bidding Date.

Arrangements for Disposal of Odd Lots

Our Company's Equity Shares will be traded in dematerialized form only. Marketable lot is one Equity Share. Hence there is no possibility of odd lots.

Restrictions on Transfer and transmission of Shares

Except for the lock-in of the pre-Issue Equity Shares forming the Promoters' contribution in the Issue and the balance pre-Issue share capital of our Company as detailed in "Capital Structure" beginning on page 21 of this Draft Red Herring Prospectus, there are no restrictions on the transfer and transmission of shares/debentures and on their consolidation/ splitting except as provided for in our Articles. Please see the section titled "Main Provisions of the Articles of Association" beginning on page 256 of this Draft Red Herring Prospectus.

Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE STRUCTURE

The Issue of up to [●] Equity Shares at the Issue Price for cash aggregating up to ₹ 10,200 Lakhs, is being made through the Book Building Process. The Issue comprises a Net Issue of [●] Equity Shares and a reservation for Eligible Employees up to [●] Equity Shares. The Issue and Net Issue will constitute [●]% and [●]% respectively of the fully diluted post-Issue Equity Share capital of our Company.

If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

Particulars	Eligible Employees	QIBs ¹	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation ¹	Up to [●] Equity Shares	At least [●] Equity Shares	Not less than [●] Equity Shares or Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Net Issue size less allocation to QIB Bidders and Non-Institutional Bidders shall be made available for allocation.
Percentage of Issue size available for Allocation	Up to [●]% of the Issue. The Employee Reservation Portion comprises [●]% of the post-Issue capital of our Company.	<p>At least 50% of the Net Issue shall be allotted to QIB Bidders.</p> <p>Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.</p> <p>However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund</p>	Not less than 15% of the Net Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.

		reservation will be available to QIBs.		
Basis of Allocation if Respective Category is Oversubscribed ²	Proportionate.	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds (b) [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	[●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the size of the Employee Reservation Portion, subject to applicable limits.	Such number of Equity Shares in multiples of [●] not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares in multiples of [●] not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares in multiples of [●] whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples on [●] Equity Shares thereafter	[●] Equity Shares and in multiples on [●] Equity Shares thereafter.	[●] Equity Shares and in multiples on [●] Equity Shares thereafter.	[●] Equity Shares and in multiples on [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply ³	Eligible Employees	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI other than sub-account	Resident Indian individuals, NRIs, HUF (in the name of Karta), companies, bodies' corporate, scientific institutions societies, trusts, any FII sub-account registered with SEBI, which	Individuals, including NRIs and HUF (in the name of Karta), applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed ₹ 200,000 in value.

		<p>which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of ₹ 2,500 Lakhs, pension funds with minimum corpus of ₹ 2,500 Lakhs, 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 and insurance funds set up and managed by the Department of Posts, India.</p>	<p>is a foreign corporate or foreign individual and societies.</p>	
Terms of Payment*	<p>The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount in the ASBA Accounts that are specified in the ASBA Form.</p>			

¹ *Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be available for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds, at or above the price at which allocation is done to Anchor Investors. For further details, please see the section titled “**Issue Procedure**” on page 218 of this Draft Red Herring Prospectus. Allocation to Anchor Investors shall be on a discretionary basis subject to*

minimum two Anchor Investors. An Anchor Investor shall make an application of at least ₹ 100 million. Further, Anchor Investors shall pay the Bid Amount at the time of submission of the application form by the Anchor Investor.

- ² Subject to valid Bids being received at or above the Issue Price, the Issue is being made through the Book Building Process wherein at least 50% of the Net Issue will be allocated on a proportionate basis to QIB. Out of the Net QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM.

- ³ In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form
- * In case of ASBA Bidders, the SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason there for. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the date of receipt of notification of withdrawal of the issue. In case, our Company withdraws the Issue after Bid/Issue Closing date but before allotment and thereafter decides to proceed with the initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with SEBI.

Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC acknowledgement of the Prospectus after it is filed with the RoC.

Letters of Allotment, Refund Orders or Instructions to SCSBs in case of ASBA Bidders

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within twelve (12) Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within twelve (12) Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days of the Bid/Issue Closing Date.

With respect to Bidders other than ASBA Bidders, 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 twelve (12) Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA, Bidder's instructions for unblocking of the ASBA Bidder's bank account shall be made within twelve (12) Working Days from the Bid/Issue Closing Date; and

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, under certificate of posting, and shall dispatch refund orders above ₹ 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within twelve (12) Working Days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within twelve (12) Working Days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve (12) Working Days of the Bid/Issue Closing Date, which shall be completed within one day after the receipt of such instruction from the Registrar to the Issue. Our 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 our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, our Company undertakes that:

- Allotment shall be made only in dematerialized form within 12 Working Days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 12 Working Days from the Bid/Issue Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days of the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 12 Working Days of the Bid Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Account to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Bid/Issue Program

BID/ISSUE OPENS ON	[●]*
BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON	[●]
BID / ISSUE CLOSES (FOR QIB BIDDERS) ON	[●]

**Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders (ii) till until 5.00 p.m. in case of Bids by Retail Individual Bidders. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price should not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least two Working Days before the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding/Issue Period/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate Members.

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

In respect of QIBs that are Anchor Investors, the issue procedure set out below should be read with, and is qualified by, the paragraph “Anchor Investor Portion” below.

Our Company and the BRLM are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus.

Book Building Procedure

The Issue is being made under sub-regulation (2) (a) (i) and (2) (b) (i) of Regulation 26 of the SEBI (ICDR) Regulations, and through the Book Building Process, wherein at least 50% of the Net Issue shall be allocated on a proportionate basis to QIB Portion. Provided that, our Company may allocate up to 30% of the QIB portion to the Anchor Investors on discretionary basis (“Anchor Investor Portion”). At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only. If at least 50% of the Net Issue cannot be allocated to the QIBs then the entire application money will be refunded forthwith. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Our Company may, in consultation with the BRLM consider participation by Anchor Investors in the Issue for [●] Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. Only QIBs can participate in the Anchor Investor Portion.

Under subscription in Employee Reservation category will be added to the Net Issue. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

Any Bidder other than Anchor Investors may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs. All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate or their affiliates.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. In case DP ID, Client ID and PAN entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be ‘suspended credit’ and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such bidders.

Further, our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.

Bid Cum Application Form

Bidders (other than ASBA Bidders) shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered and date and time stamped and such form shall be issued in duplicate signed by the Bidder. The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid. The Bidders shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as a valid Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA bid-cum application forms can be downloaded and printed from websites of the NSE and BSE. The ASBA forms so downloaded shall have a unique application number and can be used for making ASBA applications. The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids. On filing of the Prospectus with the RoC, the Bid cum Application Form shall be treated as a valid application form.

ASBA Process

In accordance with the SEBI (ICDR) Regulations, all Bidders (other than Anchor Investors) can participate in the Issue through the ASBA process. QIBs participating in the Anchor Investor Portion cannot submit their Bids through the ASBA process.

ASBA Bid-cum-Application Form

The ASBA Bid-cum-Application Form shall contain all relevant information, including as specified in the relevant regulations, and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid-cum-Application Form bearing the code of the Designated Branch of an SCSB for the purpose of making a Bid in terms of the Red Herring Prospectus. The list of banks notified by SEBI to act as SCSBs for the ASBA process and details of Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at <http://www.sebi.gov.in>. Upon filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as a valid Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form, the ASBA Bidder is deemed to have authorized: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, including uploading his or her or its Bid, blocking or unblocking of funds in the ASBA Account and transfer funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after approval of the basis of Allotment by the Designated Stock Exchange; and (ii) the Registrar to the Issue to issue instructions to the Controlling Branch of the SCSBs to unblock the funds in the ASBA Account, upon approval of the basis of Allotment by the Designated Stock Exchange. Further, upon completing and submitting the ASBA Bid-cum-Application Form, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Forms as would be required for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed color of the Bid-cum-Application Form/ASBA Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders or Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs and their Sub-Accounts (other than a Sub - Account which is a foreign corporate or a foreign individual), FVCIs, multilateral and bilateral financial institutions and other Non-Residents	Blue
Eligible Employees Bidding in the Employee Reservation Portion	Green
Anchor Investor**	White
ASBA bidders bidding through a physical form	White

** The ASBA Bid-cum-Application Form shall also be available on the website of the BSE (www.bseindia.com) and the NSE (www.nseindia.com).*

***Bid cum Application forms for Anchor Investors has been made available at the Registered Office of the BRLM.*

Who can Bid?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws.
6. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI (ICDR) Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
9. Venture Capital Funds ("VCFs") registered with SEBI;
10. Foreign Venture Capital Investors ("FVCIs") registered with SEBI;
11. State Industrial Development Corporations;
12. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
13. Scientific and/or industrial research organisations authorised to invest in equity shares;
14. Insurance Companies registered with Insurance Regulatory and Development Authority;
15. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
16. Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
17. 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;
18. Insurance funds set up and managed by army, navy or air force of the Union of India;
19. insurance funds set up and managed by the Department of Posts, India;
20. Multilateral and Bilateral Development Financial Institutions; and
21. Eligible Employees.

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

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members 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.

Such Bidding and subscription may be on their own account or on behalf of their clients. However, the BRLM and Syndicate Members and persons related to the BRLM and the Syndicate Members shall not be allowed to subscribe to the Anchor Investor Portion.

Bids by Mutual Funds

As per the SEBI (ICDR) Regulations, 5% of the Net QIB Portion, has been specifically reserved for Mutual Funds for Allotment on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the Net QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

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

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

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRIs

Bid-Cum-Application Forms (Blue in colour) and the physical ASBA Forms will be made available for Eligible NRIs, at our Registered Office and with the members of the Syndicate and Registrar to the Issue. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE/FCNR accounts shall be considered for allotment under the Eligible NRI category on repatriable basis. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their depository participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker. Eligible NRIs who may be allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-Cum-Application Form meant for Resident Indians (White in colour). All instruments accompanying bids shall be payable in Mumbai only.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

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

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of our Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits

applicable to us, the total foreign investment including FII investment currently cannot exceed 24.0% of our total issued capital unless approved by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI Registered Venture Capital Funds And Foreign Venture Capital Investors

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

The SEBI (Venture Capital) Regulations, 1996, as amended and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended prescribe investment restrictions on venture capital funds and foreign venture capital investors 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; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

Bids and revision of Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three (3) and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

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

The above information is given for the benefit of the Bidders. Our Company, our Directors and officers, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

- i. A permanent and full-time employee of our Company, subsidiary or our Holding Company or a Director of our Company (excluding any person not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India or abroad as on the date of submission of the Bid cum Application Form/ASBA Form and who continue to be in the employment of our Company until

submission of the Bid cum Application Form/ASBA Form. It does not include the employees of the Promoter and the Promoter Group.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- (i) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).
- (ii) Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- (iii) Eligible Employees, as defined above, should mention the PAN and Employee Number at the relevant place in the Bid cum Application Form.
- (iv) The sole/first Bidder shall be the Eligible Employee as defined above.
- (v) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- (vi) The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed the size of Employee reservation portion, subject to applicable limits.
- (vii) Eligible Employees who Bid for Equity Shares in the Employee Reservation Portion can apply at Cut-off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid by an Eligible Employee cannot exceed the size of Employee reservation portion, subject to applicable limits.
- (viii) Bids by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple Bids.
- (ix) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. In case of under-subscription in the reserved category portion to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Issue to the public. Under subscription in any other category, if any, would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLM and the Designated Stock Exchange.
- (x) If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see “—Basis of Allotment” in section “Issue Procedure” on page 249 of this Draft Red Herring Prospectus.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion, in accordance with the SEBI (ICDR) Regulations. Only QIBs as defined in Regulation 1(1) (z) (d) of the SEBI (ICDR) Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI (ICDR) Regulations are eligible to invest. Anchor Investors are required to pay the entire Bid Amount at the time of submission of the Bid. The Net QIB Portion will be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI (ICDR) Regulations, the key terms for participation in the Anchor Investor Portion are provided below:

- (a) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 1,000 Lakhs. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of domestic Mutual Funds Bidding under the Anchor Investor Portion, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 1,000 Lakhs.
- (b) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to other Anchor Investors.
- (c) The Bidding for Anchor Investors will open one Working Day before the Bid Opening Date and will be completed on the same day.
- (d) Our Company, in consultation with the BRLM, will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

- Two, where the allocation under the Anchor Investor Portion is up to ₹ 25,000 Lakhs; and
 - Five, where the allocation under the Anchor Investor Portion is over ₹ 25,000 Lakhs.
- (e) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid Opening Date.
- (f) Anchor Investors cannot withdraw their bids after the Anchor Investor Bidding Date.
- (g) Anchor Investors shall pay entire Bid Amount at the time of submission of the Anchor Investor Bid. In case the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be paid by the Anchor Investors by the pay-in-date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors will be at the higher price i.e. the Anchor Investor Issue Price.
- (h) None of the BRLM or any person related to the BRLM, Promoter, or Group Companies will participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors will be clearly identified by the BRLM and will be made available as part of the records of the BRLM for inspection by the SEBI.
- (i) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- (i) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at the registered office of the BRLM, and with the members of the Syndicate
- (j) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment. Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion will be disclosed in the advertisement for the Price Band which will be published by our Company in all editions of English national daily newspaper, a Hindi national daily newspaper and a Kannada newspaper, each with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date.
- (l) The instruments for payment into the Escrow Account should be drawn in favour of:
- (a) In the case of Resident Anchor Investors: “Escrow Account - Point Red IPO – Anchor Investor - R”
 - (b) In the case of Non-Resident Anchor Investors: “Escrow Account - Point Red IPO – Anchor Investor - NR

Bids by Insurance Companies

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part without assigning reasons thereof.

Bids made by Provident Funds/ Pension Funds

In case of the Bids made by provident funds/ Pension funds, subject to applicable law, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, without assigning any reason thereof.

Maximum and Minimum Bid Size for all Bidders (including ASBA Bidders)

- (i) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the

Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

- (ii) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw their Bids after the Bid/ Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.**
- (iii) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed the size of Employee reservation portion, subject to applicable limits. The Allotment in the Employee Reservation Portion will be on a proportionate basis. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, where the Bid Amount does not exceed ₹ 200,000 indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (iv) **For Bidders in the Anchor Investor Portion:** Anchor Investors must submit their Bids for such number of Equity Shares such that the Bid Amount is at least ₹ 1000 Lakhs and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period.** If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund".

Information for the Bidders:

Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

Bidders other than ASBA Bidders

1. Copies of the Bid-cum-Application Form and the Draft Red Herring Prospectus will be available with the members of the Syndicate.
2. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Draft Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered Office of our Company or from any of the members of the Syndicate.

3. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their Bids.
4. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

ASBA Bidders

1. Our Company shall ensure that adequate copies of the Draft Red Herring Prospectus and the ASBA Bid cum- Application Form are made available to the SCSBs, and the SCSBs will then make such copies available to investors applying under the ASBA process. Additionally, our Company shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid-cum- Application Form. The SCSBs shall make such documents available on their websites. The ASBA Bid-cum-Application Form shall also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. The BRLM shall ensure that certain information, including a soft copy of the abridged prospectus, is provided to the Stock Exchanges at least two days prior to the Bid/Issue Opening Date to enable the Stock Exchanges to include such information in the ASBA Bid- cum- Application Form before it is made available on their websites.
2. ASBA Bidders, under the ASBA process, who wish to obtain the Draft Red Herring Prospectus and/or the ASBA Bid-cum- Application Form can obtain such documents from the Designated Branches of the SCSBs or the Syndicate Members or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid-cum-Application Form in electronic form from the websites of the SCSBs or the Syndicate Members and the Stock Exchanges.
3. The Bids should be submitted on the prescribed ASBA Bid-cum-Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds in the accounts of the respective eligible investors.
4. The ASBA Bid-cum-Application Forms should bear the stamp of a member of the Syndicate and/or the Designated Branch of the SCSB. Except for electronic ASBA Bids, ASBA Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate or SCSB will be rejected.

In case the ASBA Bid cum Application Form is submitted to the Syndicate Members, Syndicate Members would be required to upload the bid and other relevant details of such ASBA forms in the bidding platform provided by the stock exchanges and forward the same to the respective SCSBs, which shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, and block the same.

5. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid-cum-Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the applicable Designated Branch. In case the amount available in the bank account specified in the ASBA Bid-cum-Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.
6. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid-cum-Application Form should be signed by the account holder as provided in the ASBA Bid-cum-Application Form.

The applicants should note that in the event that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Stock Exchange of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the database of the Depositories, then such Bid is liable to be rejected.

Pursuant to SEBI circular number CIR/CFD/DIL/8/2010 dated October 12, 2010, the Syndicate and / or sub Syndicate Members shall be entitled for selling commission for ASBA Bid cum Application Forms procured by them in the same manner as a Bid cum Application Form. SCSBs shall be entitled to per form processing fee for ASBA Bid cum Application Forms procured by member of the Syndicate and / or sub Syndicate and submitted

with the SCSBs. For ASBA Bid cum Application Forms procured directly by the SCSBs, they would be entitled for selling commission only and no processing fee shall be paid to them.

The demat accounts of the Bidders, other than the Bidders who may be exempt from specifying their PAN for transacting in the securities market, whose PAN details have not been verified shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Method and Process of Bidding

1. Our Company shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Draft Red Herring Prospectus to be filed with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one in Kannada daily newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations.
2. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised in two national newspapers (one each in English and Hindi) and one in Kannada daily newspaper, at least two Working Days prior to the Bid/Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding/Issue Period.
3. The Bidding/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 working days including the days for which the Issue is kept open in case of a revision in the Price Band. Where the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two widely circulated national newspapers (one each in English and Hindi) one in Kannada daily newspaper, having wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bidding/Issue Period not exceeding 10 Working Days.
4. During the Bidding/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorized agents to register their Bid. Other than ASBA Bidders, Bids by QIBs, including Anchor Investors, will have to be submitted to the BRLM or their affiliated Syndicate Members. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

ASBA Bidders are required to submit their Bids either in physical or electronic mode. ASBA Bidders submitting their Bids in electronic form should submit their Bids using the internet enabled bidding and banking facility of the SCSBs authorizing blocking of funds in the accounts of the respective eligible investors. Every Designated Branch of the SCSBs shall accept Bids (other than Bids from Anchor Investors bidding in the Anchor Investor Portion) from all such investors who hold accounts with them and wish to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI (ICDR) Regulations and the Draft Red Herring Prospectus.

The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid-cum-Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders. Upon receipt of the ASBA Bid-cum-Application Form, submitted in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as specified in the ASBA Bid-cum-Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

5. Each Bid-cum-Application Form/ASBA Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph “Bids at Different Price Levels”) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form/ASBA Bid-cum- Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

6. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum- Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids”.

An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form after a Bid on one ASBA Bid-cum-Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or the members of the Syndicate or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form to either the same or to another Designated Branch of the SCSB or the members of the Syndicate will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, the ASBA Bidder can revise the Bid through the ASBA Revision Form, the procedure for which is detailed under the paragraph “Build up of Book and Revision of Bids”.

7. Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”) for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

In the case of ASBA Bidders, if sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid-cum- Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs or the members of the Syndicate, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

8. Along with the Bid-cum-Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph “Payment Instructions – Terms of Payment for Bidders other than ASBA Bidders and Payment into the Escrow Account”. For payment by ASBA Bidders, see “Payment Instructions – Mode of Payment for ASBA Bidders” below.
9. The identity of QIBs (other than Anchor Investors who have been allocated Equity Shares) Bidding in the Issue shall not be made public.

Bids at Different Price Levels and Revision of Bids

1. The Price Band and the minimum Bid lot will be decided by our Company, in consultation with the BRLM, at least two Working Days prior to the Bid/Issue Opening Date and shall be published in two widely circulated national newspapers (one each in English and Hindi) and one in Kannada newspaper circulated widely. The Bidders can Bid at any price within the Price Band in multiples of ₹ 1 (Rupee One).
2. Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with the SEBI (ICDR) Regulations. The cap of the Price Band should not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the revised floor of the Price Band can move up or down to the extent of 20% of the original floor of the Price Band.
3. In case of a revision of the Price Band, the Bidding/Issue Period shall be extended, if required, for three additional Working Days, subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and one in Kannada newspaper circulated widely and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

4. Our Company, in consultation with the BRLM, will finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion where the Bid Amount does not exceed ₹ 200,000 may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIB or Non-Institutional Bidders shall be rejected.

6. Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion where the Bid Amount does not exceed ₹ 200,000 who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion (other than ASBA Bidders) bidding at the Cutoff Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion who Bid at the Cut-off Price, the Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion shall receive the refund of the excess amounts from the Refund Account in the manner described under the paragraph "Payment of Refund". Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion applying under the ASBA process and bidding at the Cut-off Price shall instruct the SCSBs to block the Bid Amount based on the cap of the Price Band in the relevant ASBA Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band to the members of the Syndicate to whom the original Bid was submitted, or, in the case of ASBA Bidders, instruct the SCSB to whom the original Bid was submitted to block additional amounts based on the cap of the revised Price Band (such that the total amount, i.e., the original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at the Cut-off Price). In case the total amount (i.e., original Bid Amount plus additional amount paid or blocked) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment or instruct the SCSB to block an additional amount, and the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional amount would be required to be paid or blocked from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid or blocked at the time of bidding would be refunded from the Refund Account or unblocked by the SCSBs, as the case may be.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

Electronic Registration of Bids

- The Members of the Syndicate will register the Bids (except Bids from Anchor Investors) using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

An SCSB shall not upload any Bid received through ASBA in the electronic bidding system of the Stock Exchanges unless:

- (i) it has received the ASBA Bid-cum-Application Form in a physical or electronic form; and

- (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid-cum-Application Form or has systems to ensure that electronic ASBA Bid-cum- Application Forms are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time and such Bid that could not be uploaded may not be considered for allocation in the Issue.
- The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE including allocation made to Anchor Investors will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
- At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - (a) Name of the Bidder(s)
 - (b) Bid-cum-Application Form/ASBA Bid-cum-Application Form number;
 - (c) Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
 - (d) Numbers of Equity Shares bid for;
 - (e) PAN of the first Bidder, in case more than one Bidder;
 - (f) Price option;
 - (g) Cheque number, in the case of Bidders other than ASBA Bidders;
 - (h) Depository Participant identification number and client identification number of the beneficiary account of the Bidder.

In case of submission of the Bid by an ASBA Bidder through the electronic mode, the ASBA Bidder shall complete the above-mentioned details, except the ASBA Bid-cum- Application Form number which shall be system generated.

- Upon request, a system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or our Company.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion, Bids would not be rejected except on the technical grounds mentioned on page 244 of this Draft Red Herring Prospectus.

The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid-cum-Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company will have a right to reject the Bids only on technical grounds listed in the Draft Red Herring Prospectus, the Red Herring Prospectus or the Prospectus.

- It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring

Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.

- Only Bids that are uploaded on the on-line IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate and the Designated Branches shall within one Working Day of the Bid/Issue Closing Date verify and modify the selected fields in the Bid details uploaded in the on-line IPO system of the Stock Exchanges during the Bidding/Issue Period after which such information will be sent to the Registrar for validation. The Syndicate or the SCSB, as the case may be, will be responsible for any acts, mistakes, errors, omissions or commissions in relation to (i) the Bids accepted by the Syndicate or the SCSBs, (ii) the Bids uploaded by them in the on-line IPO system of the Stock Exchanges, (iii) the Bids accepted but not uploaded by the Syndicate or the SCSBs, or (iv) with respect to ASBA Bidders, the Bids accepted and uploaded without blocking funds in the ASBA Accounts. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges.
- The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs have been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, the management or any scheme or project of our Company.

Build Up of the Book and Revision of Bids

1. The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids registered by various Bidders (except Anchor Investors) through the members of the Syndicate or the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
2. The book gets built up at various price levels. At the end of each day of the Bidding/Issue Period, the demand shall be shown graphically on the bidding terminals of the Syndicate and the websites of the Stock Exchanges.
3. During the Bidding/Issue Period, any Bidder who has Bid for the Equity Shares at a particular price level is free to revise such Bid within the Price Band using the printed Revision Form or ASBA Revision Form, which is a part of the Bid-cum-Application Form and ASBA Bid-cum-Application Form, respectively.
4. Revisions can be made in the desired number of Equity Shares and/or the Bid Amount by using the Revision Form or ASBA Revision Form, as the case may be. In addition to the revised options in the Revision Form/ASBA Revision Form, the Bidder must complete the details of all the options in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or earlier Revision Form/ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms and ASBA Revision Forms will not be accepted by the members of the Syndicate and the SCSBs, respectively.
5. Bidders can revise their Bids any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed or the same Designated Branch of the SCSB with which he or she or it holds the relevant bank account in which funds have been blocked.
6. Bidders are advised to retain copies of the blank Revision Form/ASBA Revision Form and the revised Bid must be made only on such Revision Form/ASBA Revision Form or copies thereof.

7. Any upward revision of the Bid shall be accompanied by (i) payment in the form of cheque or demand draft for any incremental amount to be paid in case of Bidders other than ASBA Bidders or (ii) an instruction to block any incremental amount, on account of the upward revision of the Bid in case of ASBA Bidders. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund or unblocked by the SCSB, in accordance with the terms of the Draft Red Herring Prospectus. In the case of non-ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the Bid Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the Bidders. In such cases, the members of the Syndicate will revise the earlier Bid details with the new Bid details and provide the cheque or demand draft number of the new payment instrument in the electronic book.
8. When a Bidder revises a Bid, the Bidder should surrender the earlier TRS and request for a revised TRS from the members of the Syndicate or the SCSBs, as the case may be. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**
9. In the case of ASBA Bids, after the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid-cum-Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid-cum-Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with our Company.
2. Our Company, in consultation with the BRLM, shall finalize the Issue Price, the Anchor Investor Issue Price and the number of Equity Shares to be allocated in each investor category.
3. The Allotment to QIBs will be at least 50% of the Net Issue, on a proportionate basis and the availability for allocation to Non-Institutional Bidders and Retail Individual Bidders will be not less than 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI (ICDR) Regulations and the Draft Red Herring Prospectus and the Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Net Issue cannot be allotted to QIBs then the entire application money will be refunded. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.
4. In case of over-subscription in all categories, at least 50% of the Net Issue shall be allotted on a proportionate basis to QIBs. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any in any other category, will be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

Under-subscription, if any, in the Retail Portion and Non-Institutional Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allotted proportionately to the QIB Bidders.

5. Allotment to Eligible NRIs, FIIs and sub-accounts registered with SEBI or Mutual Funds will be subject to applicable laws, rules, regulations, guidelines and approvals.

6. Our Company reserves the right to cancel or withdraw the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning any reasons whatsoever.
7. In terms of the SEBI (ICDR) Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date.
8. If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form during the Bidding/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid-cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.

Signing of Underwriting Agreement and RoC Filing

- (a) On or immediately after the Pricing Date, our Company, the BRLM and the Syndicate Members may enter into an Underwriting Agreement.
- (b) After signing the Underwriting Agreement, our Company will update and file the Red Herring Prospectus with the RoC, which then will be termed “Prospectus”. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Our Company, either on the date of filing the Draft Red Herring Prospectus with SEBI or on the next day shall make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Kannada newspaper with wide circulation at Bangalore, disclosing to the public the fact of filing of the Draft Red Herring Prospectus, with SEBI and inviting the public to give their comments to SEBI in respect of disclosures made in the Draft Red Herring Prospectus.

Subject to the provisions of Section 66 of the Companies Act, 1956, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-issue advertisement in an English national newspaper with wide circulation, a Hindi national newspaper with wide circulation and one Kannada newspaper in the form prescribed under the SEBI (ICDR) Regulations.

Advertisement regarding the Issue Price and the Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the other information, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus shall be included in such statutory advertisement.

Issuance of Confirmation of Allotment Note (“CAN”)

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange and the allotment of the Equity Shares by the Board of Directors, the Registrar to the Issue shall send to the members of the Syndicate and the Controlling Branches of the SCSBs, a list of the Bidders who have been Allotted Equity Shares in the Issue.

- b) The Registrar to the Issue will send a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.
- c) In case of Anchor Investors, the issuance of a CAN is subject to “Notice to Anchor Investors: Allotment Reconciliation”, as set forth below.

Notice to Anchor Investors: Allotment Reconciliation

A physical book will be prepared by the Registrar on the basis of Bids received from Anchor Investors. Based on the physical book and at the discretion of our Company, in consultation with the BRLM, select Anchor Investors will be sent an Anchor Investor Allocation Notice indicating the number of Equity Shares allocated to such Anchor Investors, and, if the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice indicating the pay-in date for the balance amount.

Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, within one day of the Pricing Date. The revised Anchor Investor Allocation Notice, if any, will constitute a valid, binding and irrevocable contract (subject to the issue of a CAN) to pay the difference between the Issue Price and the Anchor Investor Issue Price. Once such balance amount is paid by the Anchor Investors, CANs will be issued to such Anchor Investors. In the event that the Issue Price is lower than or equal to the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will receive CANs without receiving any revised Anchor Investor Allocation Notice.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit of Equity Shares to the applicable beneficiary account of the successful allottee with the Depository Participant is completed within 12 Working Days (i.e., all days excluding Sundays and bank holidays) of the Bid/Issue Closing Date.
- (b) As per SEBI (ICDR) Regulations, Allotment of the Equity Shares will be only in dematerialized form to the allottees.
- (c) Successful Bidders will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

GENERAL INSTRUCTIONS

Dos:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), the Non-Resident Bid cum Application Form (blue in colour), the Anchor Investor Bid cum Application Form (white in colour), as the case may be;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
- (g) Ensure that you request for and have received a TRS for all your Bid options;
- (h) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (i) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not matching with one entered by the Syndicate or the SCSB in the Bidding terminal and PAN as available with depositories for a given DP ID and client ID is liable to be rejected;
- (j) Ensure that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. **The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected.**

Where the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form;

- (k) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects; and
- (l) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not submit a Bid without payment of the entire Bid Amount;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;

- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest. The payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted under the ASBA process;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate, as applicable;
- (g) Do not Bid at the Cut-off Price (in case of Bid by a QIB Bidder or a Non-Institutional Bidder);
- (h) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;
- (i) Do not Bid for amount exceeding ₹ 200,000 in case of a Bid by Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion;
- (j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- (k) Do not submit incorrect details of DP ID, Client ID and PAN or give details of demat account which is suspended or for which such details cannot be verified by the Registrar.

INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

Do's:

- a) Check if you are eligible to Bid under ASBA.
- b) Ensure that you use the ASBA Form specified for the purposes of ASBA process.
- c) Read all the instructions carefully and complete the ASBA Form.
- d) Ensure that your ASBA Form is submitted at a Designated Branch where the ASBA Account is placed and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue or the BRLM.
- e) Ensure that the ASBA Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder.
- f) Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
- g) Ensure that you have funds equal to the number of Equity Shares bid for available in the ASBA.
- h) Account before submitting the ASBA Form to the Designated Branch.
- i) Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.
- j) Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
- k) Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.
- l) Ensure that the demographic details are updated, true and correct in all respects.

Don'ts:

- a) Do not Bid on another ASBA Form or on a Bid-Cum-Application Form after you have submitted a Bid to a Designated Branch.
- b) Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA.
- c) Do not send your physical ASBA Form by post. Instead submit the same to a Designated Branch.
- d) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- e) Do not instruct your respective banker to release the funds blocked in the ASBA account under the ASBA process.
- f) QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price.
- g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the size of the Issue and/or the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
- h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM/ASBA BID-CUMAPPLICATION FORM

Bidders other than ASBA Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate. ASBA Bidders can obtain ASBA Bid-cum-Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs. ASBA Bidders can also obtain a copy of the ASBA Bid-cum- Application Form and/or ASBA Revision Form in electronic form from the websites of the SCSBs or the Stock Exchanges.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- 1. Made only in the prescribed Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form, as applicable.
- 2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- 3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid-cum-Application Form/ASBA Bid-cum-Application Form or in the Revision Form/ASBA Revision Form. Incomplete Bid-cum-Application Forms/ASBA Bid-cum-Application Forms or Revision Forms/ASBA Revision Forms are liable to be rejected. Bidders should note that the Syndicate or SCSBs will not be responsible for errors in data entry due to incomplete or illegible Bidcum- Application Forms/ASBA Bid-cum-Application Forms or in the Revision Forms/ASBA Revision Forms.
- 4. Bids from the Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of ₹ 200,000.
- 5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of the Depository Participant's name, the PAN, the DP ID number and the Client ID number provided by the Bidders in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate or the SCSBs, as the case may be, the Registrar to the Issue will obtain from the Depository, the demographic details of the Bidders, including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ("**Demographic Details**"). These Demographic Details would be used for giving refunds (including through physical refund warrants, Direct Credit, NECS, NEFT and RTGS) or unblocking of ASBA Account or mailing of Allotment advice/CANs to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid-cum-Application Form/ASBA Bid-cum-Application Form, and any Bid-cum-Application Form/ASBA Bid-cum-Application Form that does not contain such details is liable to be rejected. Hence, Bidders are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders or unblocking of ASBA Account at the Bidders' sole risk and none of our Company, the Registrar to the Issue, the Escrow Collection Banks or the Syndicate shall have any responsibility and undertake any liability for the same. **Hence, Bidders should also carefully fill in their depository account details in the Bid-cum-Application Form/ASBA Bid-cum-Application Form.**

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, CLIENT IDENTIFICATION NUMBER AND PAN IN THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED TO THE DEPOSITORY PARTICIPANT. IF THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid-cum-Application Form/ASBA Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form/ASBA Bid-cum-Application Form, the Bidder will 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.

Allotment advice/CANs, refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders would be mailed to the addresses of the Bidders as per the Demographic Details received from the Depositories. Bidders may note that delivery of Allotment advice/CANs, refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders may get delayed if such documents, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form and ASBA Bid-cum-Application Form would be used only to ensure dispatch of refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders, respectively. Please note that any such delay shall be at the Bidder's sole risk and none of the members of the Syndicate, the Designated Branches of the SCSBs or our Company shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds to Bidders other than ASBA Bidders through electronic modes as detailed in the Draft Red Herring**

Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

Where no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/First Bidder, the Depository Participant's identification number (DP ID) and the client identification number (Client ID), then such Bids are liable to be rejected. See also "Bids under Power of Attorney" below.

Bids by Non-Residents, Eligible NRIs and FIIs registered with SEBI on a repatriation basis

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form/ASBA Bid-cum-Application Form or the Revision Form/ASBA Revision Form, as applicable (blue form), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In the names of individuals, or in the names of FIIs registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
3. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

Bids by Eligible NRIs for a Bid Amount of up to ₹ 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by NRIs for a Bid Amount of more than ₹ 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

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

It is to be clearly understood that there is no reservation for Non-Residents, Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis as with other categories for the purpose of allocation.

As per the current RBI regulations, OCBs cannot participate in the Issue. Further, FVCIs registered with SEBI shall not be permitted to invest in the Issue. An FII which is also an FVCI registered with SEBI will however be permitted to invest in the Issue.

Bids under Power of Attorney

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies or registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor. In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason thereof.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In the case of Bids made by provident funds, subject to applicable law, with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million, 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 Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In the case of Bids made by Mutual Funds and VCFs, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason 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 Bid-cum-Application Form/ASBA Bid-cum-Application Form, subject to such terms and conditions that our Company and the BRLM 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 Bidders, the Demographic Details given on the Bid-cum-Application Form/ASBA Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form/ASBA Bid-cum-Application Form instead of those obtained from the Depositories.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders make out the cheque or demand draft in respect of his or her or its Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the relevant Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement among our Company, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment for Bidders other than ASBA Bidders and Payment into the Escrow Account

Each Bidder shall pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form, and shall, along with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see “Payment in Escrow Account” below, and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Bidders may also provide the entire Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Bid cum- Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of our Company shall be transferred to the Refund Account on the Designated Date. Within 12 Working Days of the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Payment into Escrow Account

1. All Bidders are required to pay the entire Bid Amount at the time of submission of the Bid-cum-Application Form. The Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
2. The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (c) In the case of Resident QIB Bidders: “Escrow Account – Point Red IPO – QIB R”
 - (d) In the case of Non-Resident QIB Bidders: “Escrow Account - Point Red IPO – QIB NR”
 - (e) In the case of Resident Retail and Non-Institutional Bidders: “Escrow Account - Point Red IPO – R”
 - (f) In the case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account - Point Red IPO – NR
 - (g) In the case of Resident Anchor Investors: “Escrow Account - Point Red IPO – Anchor Investor - R”
 - (h) In the case of Non-Resident Anchor Investors: “Escrow Account - Point Red IPO – Anchor Investor - NR
3. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.
4. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or a FCNR Account or an NRO Account.
5. In case of Bids by FIIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
7. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts into the Public Issue Account as per the terms of the Escrow Agreement and the surplus amount shall be transferred to the Refund Account.
9. Within 12 Working Days from the Bid/Issue Closing Date, the Refund Bank(s) shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for Allotment to the Bidders.

10. **Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.**

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stock invest will not be accepted in the Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Mode of Payment for ASBA Bidders

ASBA Bidders shall specify the bank account number in the ASBA Bid-cum-Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the ASBA Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal or rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of the Bid or in respect of unsuccessful ASBA Bid-cum-Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The entire Bid Amount, as specified in the ASBA Bid-cum-Application Form submitted by an ASBA Bidder, will be required to be blocked in the relevant ASBA Account until the approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against allocated Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Bid-cum-Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the ASBA Account maintained with the SCSB.

An ASBA Bid-cum-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 Bid Amount mentioned in the ASBA Bid-cum-Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI (ICDR) Regulations, into the Public Issue Account. The balance amount, if any, against any Bid 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.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments and instructions for unblocking of funds in the bank account with the Designated Branch will be made in favor of the Bidder whose name appears first in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or

Revision Form/ASBA Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one (and not more than one) Bid for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

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

1. All applications with the same name, age, status and first line address will be accumulated and taken into a separate process file which would serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain from the Depositories the details of the applicant's address based on the DP ID and Client ID provided in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and create an address master.
4. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and nonnumeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Client ID. In cases where applications bear the same numbers, these will be treated as multiple applications.
6. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also the father's/husband's names. On completion of this, the applications will be identified as multiple applications.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN as per the records of the Depository.

For Bidders other than Mutual Funds and sub-accounts of FIIs, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

Permanent Account Number

SEBI had issued a circular directing that with effect from July 2, 2007, PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Pursuant to Item XII(B)(17)(c) of Schedule VIII of the SEBI(ICDR) Regulations, it has been stipulated that all applicants are required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form/ASBA Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected. SEBI has exempted Bids on behalf of the Central or State Government officials and the officials appointed by the courts from the abovementioned requirement in terms of a SEBI circular dated June 30, 2008 and has exempted persons resident in the state of Sikkim from the abovementioned requirement (subject to the Depository Participants collecting sufficient documentary evidence to verify that such persons are Sikkim residents) in terms of a SEBI circular dated July 20, 2006.

Therefore, irrespective of the amount of the Bid, the Bidder or, in the case of a Bid in joint names, each of the Bidders, is required to mention his/her PAN allotted under the I.T. Act. Bid-cum-Application Forms/ASBA Bidcum- Application Forms without the quoting of the PAN will be considered incomplete and are liable to be

rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

RIGHT TO REJECT BIDS

In case of QIB Bidders, our Company, in consultation with the BRLM, may reject the Bids if such rejection is made at the time of acceptance of the Bid-cum-Application Form, provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in the Draft Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

The Designated Branches of the SCSBs shall have the right to reject Bids made under the ASBA process if at the time of blocking the Bid Amount in the ASBA Bidder's bank account, the relevant Designated Branch determines that sufficient funds are not available in such Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by the SCSB, our Company will have a right to reject such Bid only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amount mentioned in the ASBA Bid-cum-Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. Application on plain paper;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors and insane persons;
5. PAN not stated in the Bid-cum-Application Form/ASBA Bid-cum-Application Form (except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts) or GIR number given instead of PAN;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price exceeding the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Submission of more than five ASBA Bid-cum-Application Forms per ASBA Account;
11. Bids for a number of Equity Shares which are not in multiples of [●];
12. Bidder's category not ticked;
13. Multiple Bids as described in the Red Herring Prospectus;
14. In case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents not submitted;
15. Bids accompanied by cash, stockinvest, money order or postal order;
16. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid-cum-Application Form not being signed by the account holders, if the account holder is different from the ASBA Bidder;
17. Submission of Bids by Anchor Investors through the ASBA process;
18. The Bid-cum-Application Form/ASBA Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Members or the Designated Branches (except for electronic ASBA Bids), respectively;

19. The Bid-cum-Application Form/ASBA Bid-cum-Application Form does not have the Bidder's depository account details or the details given are incomplete;
20. The Bid-cum-Application Form/ASBA Bid-cum-Application Form is not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form/ASBA Bid-cum-Application Form, the Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form/ASBA Bid-cum-Application Form;
21. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the Client ID number;
22. With respect to ASBA Bids, inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid-cum-Application Form at the time of blocking such Bid Amount in the ASBA Account;
23. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
24. Bids by OCBs;
25. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
26. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/Issue Closing Date;
27. Bids by FVCIs, except FVCIs that are also FIIs;
28. Bank account details for the refund not given;
29. Bids by U.S. residents or U.S. persons excluding "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act;
30. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
31. Bids by persons who are not eligible to acquire Equity Shares in terms of applicable laws, rules, regulations, guidelines and approvals; and
32. Bids that do not comply with the securities laws of their respective jurisdictions.
33. Authorization for blocking funds in the ASBA Bidder's bank account not ticked or provided;

Bidders are advised that Bids under the ASBA process that are not uploaded in the electronic book of the Stock Exchanges due to any of the grounds mentioned above will be rejected.

In the event that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bid is liable to be rejected.

Equity Shares in Dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in the Issue shall be allotted only in a dematerialized form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been entered into among our Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated [●], among NSDL, our Company and the Registrar to the Issue; and
- (b) an agreement dated [●] among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names in the Bid-cum-Application Form/ASBA Bid-cum-Application Form should necessarily be in the same sequence as they appear in the account details with the Depository.
5. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
6. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details" in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form/ASBA Bid-cum-Application Form *vis-à-vis* those recorded with his or her Depository Participant.
8. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
9. The trading of the Equity Shares will be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.
10. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

COMMUNICATIONS

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form/ASBA Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form/ASBA Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSB where the Bid-cum-Application Form/ASBA Bid-cum-Application Form was submitted and cheque/draft number and issuing bank thereof or the bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in the case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment advice, non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, refund orders, etc.

ASBA Bidders may address all grievances relating to the ASBA process to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection center of the SCSB where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations.

PAYMENT OF REFUND

Within 12 Working Days of the Bid/Issue Closing Date, the Refund Bank(s) shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and the excess amount paid on Bidding, if any, after adjusting for Allotment, to such Bidders.

Bidders (other than ASBA Bidders) should note that on the basis of the Depository Participant identification number, the client identification number and the PAN provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders' sole risk and none of our Company, the Registrar to the Issue, the Escrow Collection Banks or the Syndicate shall have any responsibility and undertake any liability for the same.

In the case of Bids from Eligible NRIs and FIIs, refunds, if any, will generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees will be converted into U.S. 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders, other than ASBA Bidders, would be through any of the following order of preference:

1. NECS – Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as obtained from the Depositories.
2. Direct Credit – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank will be borne by our Company.
3. RTGS – Bidders having a bank account at any of the centres where clearing houses are managed by the RBI and whose refund amount exceeds ₹ 1 million shall be eligible to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refunds through RTGS are required to provide the IFSC in the Bid-cum-Application Form. For such eligible Bidders, the Indian Financial System Code ("IFSC") will be based on the MICR code of the Bidder. In the event the IFSC is not available in the Bid-cum-Application Form, refund shall be made through NECS. Charges, if any, levied by the Refund Bank for the same will be borne by the Bidder. Charges, if any, levied by the Bidder's bank receiving the credit will be borne by the Bidder.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. The IFSC will be obtained from the website of the RBI as of a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR code and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the Bidders through this method. The process flow in respect of refunds by way of NEFT is in an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the registrars to the initial public offerings. In the event NEFT is not operationally feasible, the payment of refunds will be made through any one of the other modes as discussed above.

For all other Bidders, including those who have not updated their bank particulars along with the nine-digit MICR code, the refund orders will be dispatched under certificate of posting for value less than ₹ 1,500 and through speed post/registered post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are

received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the Controlling Branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue. See “Unblocking of ASBA Account” above.

Interest on refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders or instructions for unblocking of funds in the ASBA Account are not dispatched within 15 days from the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY AND INTEREST IN CASE OF DELAY

With respect to Bidders, other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice/CANs, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of the date of Allotment of the Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, Direct Credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days of the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through the electronic mode within 12 Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

Our Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading on the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed.

In accordance with the Companies Act, the requirements of SEBI, the Stock Exchanges and the SEBI (ICDR) Regulations, our Company further undertakes that:

- Allotment of the Equity Shares shall be made only in dematerialized form within 12 Working Days of the Bid/Issue Closing Date;
- With respect to Bidders, other than ASBA Bidders, dispatch of refund orders is made 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 Working Days of the Bid/Issue Closing Date. With respect to the ASBA Bidders’ instructions for unblocking of the funds in the ASBA Account shall be made within 12 Working Days of the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum for any delay beyond 15 days of the Bid/Issue Closing Date, if Allotment is not made or if dispatch of refund orders, or in case where the refund or a portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, or in case of ASBA Bidders, instructions for unblocking of funds in the ASBA Account, and/or demat credits are not made to investors within such 15-day time period prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Allotment Advice or Refund Orders or Instructions to the SCSBs

Our Company shall credit each Equity Share Allotted to the applicable beneficiary account with its Depository Participant within 12 Working Days of the Bid/Issue Closing Date. Bidders residing at any of the centers where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all

information for crediting the refund through NECS) except where the Bidder is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT and RTGS. In the case of other Bidders, our Company shall ensure the dispatch of refund orders, if any, of value less than ₹ 1,500 under certificate of posting, and shall dispatch refund orders, if any, of ₹ 1,500 and above by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund within 10 Working Days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the Controlling Branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids within 10 days of the Bid/Issue Closing Date.

Save and except refunds effected through the electronic mode, i.e., NECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by our Company, as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

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".*

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- i. Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Net Issue Price.
- ii. The Net Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- iii. If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.
- iv. If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- i. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non- Institutional Bidders will be made at the Issue Price.
- ii. The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- iii. If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- iv. If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- A. Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.
- B. The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- C. Allotment shall be undertaken in the following manner:
 - (a) Allocation to Anchor Investors shall be made in accordance with the SEBI (ICDR) Regulations.
 - (b) After allocation to Anchor Investors, in the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) If bids from Mutual Funds exceed 5% of the Net QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) If the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (c) below.
 - (c) In the second instance allocation to all Bidders shall be determined as follows:
 - (i) In the event of an over-subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion.
 - (ii) Mutual Funds who have received allocation as per (b) above, for less than the number of Equity Shares bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, in the Mutual Fund Portion, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

D. For Employee Reservation Portion

- a. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. Allocation to all the successful Employees will be made at the Issue Price.
- b. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- c. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a maximum of [●] Equity Shares. For the method of proportionate allocation, refer below.
- d. Only Eligible Employees may apply for Equity Shares under the Employee Reservation Portion.

E. For Anchor Investors

- A. Allocation of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:
- (i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - (ii) one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price; and
 - (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to ₹ 2,500 million and a minimum number of five Anchor Investors for allocation more than ₹ 2,500 million.

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA Bidders will be that applicable to non-ASBA Retail Individual Bidders, Non-Institutional Bidders and QIB Bidders, as applicable. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to ₹ 200,000 in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over ₹ 200,000 will be categorized as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders *vis-à-vis* non-ASBA Bidders and *vice versa*.

The BRLM, the Registrar to the Issue and the director or managing director of the Designated Stock Exchange shall ensure that the basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations. The drawing of lots (where required) to finalize the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Method of proportionate basis of Allotment

In the event the Issue is oversubscribed, the basis of Allotment shall be finalized by our Company, in consultation with the BRLM and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.
- e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above; and
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment

to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

Illustration of Allotment to QIBs (other than Anchor Investors) and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	2,000 Lakhs equity shares
2	Allocation QIB (at least 50% of the Issue)	1,000 Lakhs equity shares
3	Anchor Investor Portion (up to 30% of QIB Portion)	300 Lakhs equity shares
4	Portion Available to QIBs other Anchor Investors ((2) minus (3))	700 Lakhs equity shares
	Of which:	
	a. Allocation to MF (5%)	35 Lakhs equity shares
	b. Balance for all QIBs including MFs	665 Lakhs equity shares
5	No. of QIB applicants	10
6	No. of equity shares applied for	5,000 Lakhs equity shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in Lakhs)
1	A1	500
2	A2	200
3	A3	1300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	Total	5000

A1-A5: (QIB Bidders other than MFs), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in Lakhs)

Type of QIB bidders	Shares bid for	Allocation of 35 Lakhs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 Lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	66.97	0
A2	200	0	26.79	0
A3	1300	0	174.12	0
A4	500	0	66.97	0
A5	500	0	66.97	0
MF1	400	7.00	52.64	59.64
MF2	400	7.00	52.64	59.64

MF3	800	14.00	105.27	119.27
MF4	200	3.50	26.32	29.82
MF5	200	3.50	26.32	29.82
	5000	35	665	298.19

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled “Issue Structure” on page 212 of this Draft Red Herring Prospectus.
2. Out of 700 Lakhs Equity Shares allocated to QIBs, thirty five Lakhs (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied in QIB category.
3. The balance 665 Lakhs Equity Shares (i.e. 700 - 35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied.
4. The figures in the fourth column titled “Allocation of balance 665 Lakhs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 665 / 4965
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 665 / 4965
 - The numerator and denominator for arriving at allocation of 665 Lakhs shares to the 10 QIBs are reduced by 35 Lakhs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Undertakings by our Company

Our Company undertakes as follows:

- that complaints received in respect of the Issue shall be dealt with expeditiously and satisfactorily. Our Company has authorized our Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;
- that adequate arrangements shall be made to collect all ASBA Bids and to consider them similar to non-ASBA Bids while finalizing the basis of allotment;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading on the Stock Exchanges within 12 Working Days of the Bid/Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Red Herring Prospectus shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the refund orders or Allotment advice/CAN to Eligible NRIs shall be dispatched within the specified time; and
- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription, etc.

Utilization of Issue Proceeds

Our Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;

- The utilisation of monies received from Employee Reservation Portion shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all monies utilized out of the Issue Proceeds shall be disclosed under an appropriate heading in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Issue Proceeds, if any, shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Our Company shall not have recourse to the Issue Proceeds until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Description of Equity Shares

For details of the rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares, see the sections “Terms of the Issue – Rights of the Equity Shareholders” and “Main Provisions of the Articles of Association” beginning on pages 210 and 256, respectively, of this Draft Red Herring Prospectus.

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 thereunder. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI. Foreign investment limit is allowed up to 100% under automatic route in our Company.

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Foreign Investment in Manufacturing of telecom equipments sector, and internet related equipment, technology and software : Foreign investment in the manufacturing of telecom equipments sector, and internet related equipment, technology and software is regulated by the relevant provisions of the FDI Manual ("FDI Manual"), the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000 ("FEMA Regulations"), the relevant Press Notes issued by the Secretariat for Industrial Assistance, GoI and the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion Ministry of Commerce and Industry Government of India and the rules and regulations framed by the Department of Telecommunications.

100% foreign investment is permissible under the automatic route in the software and hardware technology sector and for manufacturing of telecom equipments, provided that our Company complies with the requirements as specified under FEMA and the relevant Rules and Regulations framed thereunder.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The 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, the registration requirements of the Securities Act and applicable state securities laws.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR 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’

Article 1 provides that:

The Regulations contained in Table A, in the First Schedule to the Companies Act, 1956, shall not apply to this Company except in so far as they are embodied in the following articles, which shall be the regulations for the management of the company

Capital and Increase and Reduction of Share Capital

Article 3 provides that:

The Authorized Share Capital of the Company shall be as stated in Clause V of the Memorandum of Association of the Company.

Article 4 provides that:

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, in such proportion or at par (subject to compliance with the provisions of Section 78 of the Act) or at a discount (subject to compliance with the provisions of Section 79 of the Act) and at such times as they may think fit and proper, and with the sanction of the Company in General Meeting to give to any person the option to subscribe for and be allotted shares of any class of the Company either at par or at a premium or at a discount such option being exercisable at such times and for such consideration as the Board thinks fit

Shares under the control of the Directors

Article 6 provides that:

In addition to and without derogating from the powers for the purpose conferred on the Board under Article 5 above, the Company in General Meeting, by a resolution, may 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 holders of debentures of the Company or not) giving them the option to call or be allotted shares of any class of the Company either at par or at a premium or at a discount such option being exercisable at such times and for such consideration as may be directed by a Special Resolution at a General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares

Powers of the General meeting to offer shares to such persons as the company may resolve

Article 7 provides that:

The Company may, by Ordinary Resolution in General meeting, increase the share capital by the creation of new shares of such amount and to be divided into shares of such respective amounts as the Resolution shall prescribe. Subject to the provisions of the Act and these Articles, the new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto and, in particular, with such preferential or qualified right to dividends and in the distribution of assets of the Company, as the Resolution shall provide and, if no direction is given by such Resolution, as may be determined by the Board.

Further Issue of Capital

Article 8 provides that:

Subject to Section 81 of the Act, where at any time, the Company proposes to issue any new or additional shares, whether out of the un-issued share capital or out of increased share capital, such further shares shall be offered to the Members subject to the following conditions namely –

a). such further shares shall be offered to the holders of the equity shares of the Company, in proportion as nearly as circumstances admit to the capital paid up on those shares at that date and otherwise in accordance with these Articles.

b) the offer aforesaid shall be made by 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 nay of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right;

d) after the expiry of the time specified in the notice aforesaid, or in respect of an earlier information from the person to whom such notice is given that he declines to accept the shares offered the Board may dispose off them in such manner as it thinks it most beneficial to the Company.

e) Provided that the further shares may be offered to any person whether or not those persons include the persons who at the date of the offer, are holders of the equity shares of the Company if a special Resolution to that effect is passed by the Company in General meeting.

f) Notwithstanding anything contained in Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

Variation of rights

Article 9 provides that:

If at any time the share capital is divided into different classes of shares, the rights and privileges attached to any class of shares, (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, be modified or varied with the consent in writing of the holders of not less than three-fourth in nominal value of the issued shares of that class, or as sanctioned by a resolution passed at a separate meeting of the holders of shares of that class and supported by the votes of the holders of not less than three fourths in nominal value of the issued shares of that class.

Issue of further shares not affect the rights of shares already issued

Article 10 provides that:

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided for the terms of the issue of shares of that class, be deemed to be varied by the creation of further shares ranking *pari passu* therewith and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, surrender, lien voting and otherwise.

Not to issue shares with disproportionate voting rights

Article 11 provides that:

The Company shall not issue any shares (not being Preference shares) which carry voting right of rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being preference shares.

Power to pay underwriting commission and brokerage

Article 12 provides that:

Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolute or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (Whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares of partly in one way and partly in the other.

The Company may pay a reasonable sum for brokerage

Share Certificates:

Article 17 provides that:

- a) Every member or allottee of shares shall be entitled without payment, to receive on certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Director under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.
- b) Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Renewal of Certificates and fees

Article 19 provides that:

If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only when the prior consent of the Board and on such terms if any as to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

When a new certificate has been issued in pursuance of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “duplicate issued in lieu of share certificate No.: The word “duplicate” shall be stamped or punched in bold letters across the face of the share certificate.

No fee shall be charged by the Company for renewal of certificates.

Provided that the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to the debenture certificates of the Company.

Splitting and Consolidation

Article 20 (a), (b), (c), (d) and (e) provides that:

No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in-replacement of those which are defaced torn or old decrepit, worn out, or where the cases on the reserve for recording transfers have been fully utilized, unless the certificate in lieu of which it is issued is surrendered to the Company.

When a new share certificate has been issued in pursuance of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate.

Any person (whether the registered holders of the shares /debentures or not) being in possession of any share/debenture certificate or share/debenture certificates for the time being may surrender the said share/debenture certificates or certificates to the Company for the issue of two or more fresh certificates comprising the same shares/debenture bearing the same distinctive numbers in marketable lots, as he may desire in lieu of such share/debenture certificate so surrendered or for consolidation of share/debentures in marketable lots comprised in such surrendered certificates in to one or more such share/debenture certificates as the case may be in the name of the person(s) in whose name the original certificate(s) stood and new share/debenture certificate so issued shall be delivered to the person who surrendered the original certificates or to his order.

Notwithstanding anything contained in the above, the Board of Directors may in absolute discretion refuse application for sub-division or consolidation of share certificates in to denomination of less than the marketable lot except when such sub-division or consolidation is required to be made to comply with a statutory provision or an order of a competent Court of Law.

Notwithstanding anything obtained in the Articles of Association, the Company shall be entitled to dematerialize its shares, debenture and others securities pursuant to the Depositories Act, 1996, and to offer its shares, debenture and others securities for subscription in a dematerialized form. The Company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

Lien on Shares

Article 29 provides that:

The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) 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 and so equitable interest in any shares shall be created except upon the footing and upon the conditions that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends 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.

Article 30 provides that:

For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit and for that purpose may cause to be issued a duplicate certificate in respect of such share and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him on them in payment fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Article 31 provides that:

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residual if any shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

Article 32 (a) and (b) provides that:

To give effect to such sale, the Board of Directors may authorize any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer

The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or any invalidity in the proceedings relating to the sale. Authority to transfer

Calls on Shares

Article 33 provides that:

The Board may, from time to time subject to the terms on which any shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such all as it thinks fit upon the embers in respect of all moneys unpaid on the shares held by them respectively and such member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof. Calls

Article 34 provides that:

A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board. The Board of Directors making a call may by resolution determine that the call shall be deemed to be made on such date subsequent to the date of the resolution; and in the absence of such a provision a call shall be deemed to have been made on the same date as that of the resolution of the Board of Directors making such calls. A call may be revoked or postponed at the discretion of the Board.

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the amount remaining unpaid or any shares held by him beyond the sums actually called for, and upon the amount so paid in advance, or so much thereof as from time to time exceed the amount of the call then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

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

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

Length of notice of call

Article 35 provides that:

Not less than twenty one days notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call be made.

Sum payable in fixed installments to be deemed calls

Article 36 provides that:

Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of those Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call only made and notified.

When interest on call or installment payable

Article 37 provides that:

If any member fails to pay any calls due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest at the rate of 12% per annum on the same from the day appointed for the payment thereof to the time of actual payment or at such lower arerate as may be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand to recover any interest from any such member. The Board of Directors shall also be at liberty to waive payment of that interest wholly or in part.

Payment of calls in advance

Article 38 provides that:

The Board of Directors, may if they deem fit, receive from any member willing to advance all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any part of the moneys so advanced

may pay interest at such rate as the Board may decide but shall not in respect of such advances confer a right to the dividend or participate in profits.

Partial payment not to preclude forfeiture

Article 39 provides that:

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest nor may indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided

Position of Company in case of action or suit

Article 40 provides that:

On the trial or sharing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holders at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minute Book; and that notice of such call was duly given to the member or his representatives issued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Forfeiture of Shares

Article 41 provides that:

If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such nonpayment.

Article 42 (a), (b) and (c) provides that:

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

If the requirement of any such notice as aforesaid shall not be complied with every or any share in respect of which such notice has been given may at any time thereafter before payment of all calls or installments interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared on any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

Article 43 provides that:

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date situated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Article 44 (a) and (b) provides that:

Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture, until payment at the such rate as the Board may determine and the Board may enforce the payment thereof if it thinks fit.

The forfeiture of a share shall involve extension at the time of the forfeiture of all interest in and all the claims and demands against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly waived.

Article 45 (a), (b) and (c) provides that:

Upon any sale after forfeiture on for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and may cause the purchaser's name to be entered in the Register in respect of the shares sold are the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Upon any sale, re-allotment or other disposal under the provisions of the preceding articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member), stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

The Board may at time before any share to be forfeited shall have been sold, re-allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as it thinks fit.

Transfer and Transmission of Shares

Article 46 (a), (b), (c) and (d) provides that:

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956, and of any statutory modifications thereof for the time being shall be duly complied with in respect of all the transfers of shares and registration thereof.

The instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have entered in the Register of Members in respect thereof. Before the registrations of a transfer the certificate or certificates of the shares, must be delivered to the Company

Where, in the case of partly paid shares, an application for registration is made by the transferor the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such transfers or securities are being held in electronic or fungible form, the provisions of the Depositories Act, 1996 shall apply.

Article 47 provides that:

Subject to the provisions of Section 111 of the Act. The Board may at its absolute and uncontrolled discretion and without designing any reason, decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a member) but in such cases it shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

Article 48 provides that:

The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, 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.

Article 49 (a), (b), (c) and (d) provides that:

The Executors or administrators or holders of Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or Letters of Administration of Succession Certificate, the case may be, from a duly constituted Court in the Union of India; provided that in any case may be from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion may think necessary and under Article 62 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

If any member of the Company dies, and the Company through any of its principal officers within the meaning of the Estate Duty Act, 1953, has knowledge of the death it shall not be lawful for the Company to register the transfer of any shares standing in the name of the deceased member unless the Company is satisfied that the transferee has acquired such shares for valuable consideration or there is produced to it a certificate from the Controller, Deputy Controller, or Assistant Collector of Estate Duty that either the Estate Duty in respect thereof has been paid or will be paid on none is due as the case may be. Where the Company has come to know through any of its principal officers of the death any member the Company shall, within three months of the receipt of such knowledge, furnish to the Assistance Controller or the Deputy Controller of the Estate Duty who is exercising the functions of the Income Tax officer under the Income –Tax Act, 1961 in relation to the Company, such particulars as may be prescribed by the Estate Duty Rules, 1953.

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividend or money as hereinafter provided, be entitled to receive, and may give a discharge for any dividends or other moneys payable in respect of the share.

In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

Article 50 provides that:

No share shall in any circumstances be transferred to any infant; insolvent or person of unsound mind.

Article 51 provides that:

Subject to the provisions of the Act any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee and instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be free from any liability in respect of the shares.

Article 52 provides that:

These shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same part such fee if any, as the Directors may require.

Article 53 provides that:

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable rights, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or given effect to any notice which may be given to it of any equitable right, title or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Article 54 (a) and (b) provides that:

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

The Company shall keep a book to be called "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in dematerialized form.

Conversion of Shares into Stock

Article 62 (a) and (b) provides that:

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 shares from which the stock arise might have been transferred if no such conversion had taken place or a near thereto as circumstances will admit. The Company may at any time convert any stock into paid-up shares of any denomination.

The holders of stock shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends voting at meetings of the Company other matters as if they held the shares from which the stock arose; but no such privileges or advantage (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. Conversion of shares into stock

Share Warrants

Article 63 (a), (b) (c), (d), (e), (f) and (g) provides that:

The Company may issue share warrants subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time require as to identify of the person signing the application and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require issue a share warrant.

The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share including in the deposited warrant.

Not more than one person shall be recognized as depositor of the share warrant.

The Company shall on two days written notice return the deposited share warrant to the depositor.

Subject as herein otherwise expressly provided on person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notices from the Company.

The bearer of share warrant shall be entitled in all other respect to the same privileges and advantage as it he were named in the Register of Members as the holder of the share included in the warrant, and he shall be a member of the Company.

The Board may, from time to time make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement loss or destruction.

General Meetings

Article 64 provides that:

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. 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 of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months of the next. Nothing contained in the foregoing provisions shall be taken as affecting the rights conferred upon the Register under the provisions of Section 166(i) of the Act to extend the time within which any Annual General Meeting may be held.

Article 65 (a), (b), (c), (d) and (e) provides that:

All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings.

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 it that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

Upon the receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within twenty one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date deposit of the requisition the requisitionists or such of the number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 159(4) of the Act, whichever is less may themselves call the meeting but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner as early as possible as that in which meetings are to be called by the Board.

Article 66 provides that:

Not less than twenty-one days' notice shall be given for every General Meeting, Annual or Extra-ordinary and by whomsoever called specifying the day place and hour of meeting and the general nature of the business to be transacted there at shall be given in the manner herein after provided to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting with the consent of member holding not less than 95 percent of such part of the paid-up share capital of the Company as given as a right to vote at the meeting, a meeting may be convened by s shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheets, and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of these retiring, and (iv) the appointment of an fixing of the remuneration of the Auditors is to be transacted and in the case of any other meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest if any, therein of every Director and the manager (if any) where any such item of special business relate to or affects any other company the extent of share holding interest is not less than 20 per cent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid.

Article 67 provides that:

The accidental omission to give any such notice as aforesaid to any of the members or the non-receipt thereof shall not invalidate any resolution passed at any such meeting.

Article 68 provides that:

Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting.

Article 69 (a) and (b) provides that:

Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have any right to attend and to be heard at any general Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Auditors Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts)

Proxy Register with proxies and the Register of Directors' shareholdings shall remain open and accessible during the continuance of the meeting. The Board shall cause to be the Annual list of Members, Summary of the Share Capital, Balance Sheet and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Article 70 (a), (b) and (c) provides that:

Five members in person shall be a quorum for a General Meeting.

A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

If, 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 adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the City or town in which the office of the Company is for the time being situated, as the Board determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting the members present shall be a quorum, and may transact the business for which the meeting was called. Quorum for General Meetings

Article 71 (a) and (b) provides that:

No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.

The Chairman (if any) of the Directors shall be entitled to take the Chair at every General Meeting, whether Annual or Extra-Ordinary. If there be no such Chairman of the Directors, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if shall be unable or unwilling to take the Chair then the members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their number to be Chairman.

Article 72 provides that:

The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in Bombay, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Article 73 (a), (b), (c), (d) and (e) provides that:

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless as a poll is (before or on the declaration of the result of the show of hands) by at least five members having the right to vote on resolution and present in person or by proxy, or by the Chairman of the meeting or by any member or members holding not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right and unless a poll is demanded a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously or by a particular majority or lost and any entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the member or proportion of the votes recorded in favour of or against the resolution.

In the case of an equality of votes, the Chairman shall both on a show of hands 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.

If a poll is demanded as aforesaid the same shall subject to the above Article 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 situated and either by open voting or by ballot, as the Chairman shall direct and either at once or after an interval of adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Any poll demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

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

Article 74 (a), (b), (c), (d), (e), (f) and (g) provides that:

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.

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 proceedings 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 to voting right of every member present in person or by proxy shall be in proportion to his share of the paid up equity share capital of the Company, Provided however, if any Preference shareholders 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.

On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes use all his votes or cast in the same way all the votes he uses.

A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote whether on a show of hand or on a poll by his committee or other legal guardian and any such committee or guardian may in poll vote by proxy, if any member be a minor the vote in respect of his share or shares shall be by his guardian or any one of his guardian if more than one to be selected in case of disputed by the Chairman of the meeting.

If there be joint registered holders of any shares any one of such persons may vote at any meeting or may appoint another person (Whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares but the other of the joint

holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

Any person entitled to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provide that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he propose to vote, he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. Eligibility to vote

Article 75 (a), (b), (c), (d), (e), (f) and (g) provides that:

Every Proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney or if such appointer is a corporation under the common seal of such corporation or he signed by an officer or any attorney duly authorized by it and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

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.

A member present by proxy shall be entitled to vote only on a poll.

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 of authority shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration to twelve months from the date of its execution.

Every instrument of proxy whether of or a specified meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death or insanity revocation or transfer shall have been received at the office before the meeting.

No objections 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.

Borrowing Powers

Article 91 (a), (b), (c), (d), (e), (f) and (g) provides that:

Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to committees of the Board consisting of such member or members of its Body as it thinks fit and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to person or purposes but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulations, unless the resolution has been circulated in draft, together with the necessary papers if any, to all the Directors, or to all the Members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be), and to all other Directors or Members of the Committee at their usual address in India and has been approved by such of the Directors or Members of the Committee as are then in India or by majority of such of them, as are entitled to vote on the resolution.

All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall not withstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles be as valid as if every person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

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 books kept for that purpose with their pages consecutively numbered. 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 next succeeding meeting.

The Board may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any other act or by the Memorandum and Articles of Association of the Company required to be exercised by the Company. In General Meeting subject nevertheless to these Articles to the provisions of the Act or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that, the Board shall not except with the consent of the Company in General Meeting.

- a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole, of any such undertaking.
- b) remit or give time for the repayment of any debt due by a director;
- c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises of properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose.

Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or

- e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed twenty five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceding Articles it is hereby declared that the Directors shall have the following powers that is to say, power;

- (1) To pay the costs charges and expenses preliminary and incidental to the promotion formation, establishment and registration of the Company
- (2) To pay and charge to the capital account of the Company commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act.

- (3) Subject the Section 293 and 360 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire at or for such price or consideration and in general on such terms and conditions and as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privilege acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds debentures, mortgages or other securities may be either specifically charges upon all or any part of the prosperity of the Company and its uncalled capital or not so charges.
- (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any member as far as may be permissible by law, a surrender of his shares or any part thereof on such terms and conditions as shall be agreed.

Powers and Duties of Directors

Article 92 (a) to 92 (q) provides that:

- a. To appoint any person to accept and hold in trust for the Company any property belonging to the Company in which any property belonging to the Company in which it is interested or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- b. To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.
- c. To act on behalf of the Company in all matters relating to bankruptcy and insolvent.
- d. To make and give receipts, release, and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- e. Subject to the provisions of Sections 292, 295, 369, 370 and 372 of the Act, to invest and deals with any money of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manager as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- f. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether is as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- g. To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- h. To distribute by way of bonus against the staff of the Company a share of shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
- i. To provide for the welfare of Directors or ex- Directors or employees or ex-employees of the Company and their wives, widows and families or the dependants or connections of such persons, by building or contributing to the building of houses dwellings or chawls, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places or instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee any charitable benevolent religious

scientific national or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason or locality of operation or of public and general utility or otherwise.

- j. Before recommending any dividend to set aside out of the profits of the Company such sums as they may think proper for Depreciation or to Depreciation Fund or to an Insurance Fund, or as Reserve Fund or Sinking Fund or any Special Fund to meet contingencies or to repay debentures or debenture-stock or for special dividends or for equalizing dividends or for repairing improving extending and maintaining any of the property of the Company and for such other purposes(including the purposes referred to in the preceding clause), as the Board may in their absolute discretion think conducive to the interest of the Company and Subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit and from time to time to deal with and every such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon with they expand the same or any part there of may be matters to or upon which the capital moneys of the company might rightly be applied or expanded, and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of Reserve Fund and with full power to employ the assets constitution all or any of the above funds including the depreciation Fund, in the business of the Company or in the purpose or repayment of debentures or debenture-stock and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper not exceeding nine per cent per annum.
- k. To appoint and at their discretion remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as may think fit and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- l. To comply with the requirements of any local law which in the opinion it shall in the interests of the Company be necessary or expedient to comply with.
- m. From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Board, and to fix their remuneration.
- n. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers authorities and discretions for the time being vested in the Board other than their power to make calls or to make loans or borrow moneys and to authorize the members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegations may be made on such terms and subject to conditions as the Board may think fit, and the Board may at any time remove any person so appointed and may annual or vary any such delegation.
- o. At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board think fit) be made in favour of the members or any of the Members of any Local Board established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firms or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegations or attorneys as aforesaid to sub-delegate all or any of the power authorities and discretion for the time being vested in them.
- p. Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind

and vary all such contracts and execute and do all such acts, deeds and thinking in the name and on behalf of the Company as they may consider expedient.

- q. From time to time to make vary and repeal by laws for the regulation of the business of the Company its officers and servants.

Dividends

Article 98 provides that:

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 or credited as paid-up on the shares held by them respectively.

Article 99 provides that:

The Company in General Meeting may declare dividends to be paid to members according to their respective rights but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called unpaid dividend of Point Red Telecom Limited and transfer to the said account, the total, amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A Claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unpaid or unclaimed dividend.

Article 100 provides that:

No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for that year arrived at after providing for depreciation in accordance with provisions of Section 205 of the Act, except after the transfer to the reserve of the Company of such percentage of the Profits for that year as may be prescribed 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:

Article 101 provides that:

The Board may from time to time pay to the Members such interim dividend as in their judgement the position of the Company justifies.

Article 102 provides that:

Where Capital is paid in advance of calls, such capital may carry interest, but shall not in respect thereof confer a right to dividend or participate in profits.

All dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the periods in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Article 103 provides that:

Subject to the provisions of the Companies Act, 1956, the Board may retain the dividends payable upon shares in respect of which any person is entitled to become a member or which any person is under Article 62 entitled

to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

Article 104 provides that:

Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other money payable in respect of such shares.

Article 105 provides that:

No member shall be entitled to receive payment of any interest or dividend in respect of his share whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either long or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Article 106 provides that:

A transfer of shares shall not pass the right to any dividend declared before the registration of the transfer.

Article 107 provides that:

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 names in the Register in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order or the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Accounts and Audit

Article 108 provides that:

The Company shall keep at the office or at such other place in India as the Board thinks fit proper Books of Accounts in accordance with Section 209 of the Act and with respect to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (b) all sales and purchase of goods by the Company.
- (c) the assets and liabilities of the Company.

Article 109 provides that:

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.

Article 110 provides that:

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.

Article 111 provides that:

Where the Company has a branch office whether in or outside India the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office

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 office or other place in India, at which the Company's Books of Accounts are kept as aforesaid.

Article 112 provides that:

The Books of Account shall give a true and fair view of the state of the affairs of the Company or Branch Office, as the case may be and explain its transaction. The Books of Accounts and other books and pages shall be open to inspection by and Director during business hours.

Article 113 provides that:

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorized by the Board.

Article 114 provides that:

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, Profits and Loss Accounts, and Reports as are required by these sections

Article 115 provides that:

A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet), shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to the members of the Company to holders of debentures issued by the Company (not being debentures which ex-facie are payable to the bearer thereof) to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meetings of the Company.

Article 116 provides that:

Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.

Documents and Notice

Article 117 provides that:

A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India to the address if any, in India supplied by him to the Company for serving documents or notices on him.

Article 118 provides that:

Where a document or notice is sent by post service of the document or notice shall be deemed to be effected by properly addressing preparing and posting a letter containing the documents or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a meeting at the expiration of forty eight hours after the letter containing the documents or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

Article 119 provides that:

A document or notice advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who no registered addressed in India and has not supplied to the Company on address within India for the serving of documents on or the sending of notice to him.

Article 120 provides that:

A document or notice may be served or given by the Company on or to the joint-holders of the share by serving or giving the documents or notice on or to the joint-holders named first in the Register of Members in respect of the Share.

Article 121 provides that:

A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be entitled or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

Article 122 provides that:

Documents or notices of any General Meeting shall be served or given in same manner hereinafter authorized on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company.

Article 123 provides that:

Every person who by operation of law, transferor other means whatsoever shall become entitled to any share shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of members shall have been duly served on or given to the person from whom he derived his title to such shares.

Article 124 provides that:

Any document or notice to be served or given by the Company may be signed by a director or some person duly authorized by the Board of Directors for such purposes and the signature thereto may be written printed or lithographed.

Article 125 provides that:

All documents or notices to be served or given by member on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the office by post under a certificate of posting or by registered post or by leaving it at the office.

Article 126 provides that:

The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may with the sanction of a Special Resolution but subject to the rights attached to any preference share capital divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the Assets of the Company in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

Indemnity and Responsibility

Article 127 provides that:

Subject to the provisions of Section 201 of the Act, every Director, Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in

defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.

Article 128 (a) and (b) provides that:

Every director, Manager, Auditor, Treasurer, Trustee member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall if so required by the Directors before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the 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 him knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information any details of the Company's trading, or any matters which is or may be in the nature of a trade secret, mystery, or trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION X: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Karnataka, Bangalore, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 11:00 am to 5:00 pm on all Working Days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing date.

MATERIAL CONTRACTS

1. Engagement letter dated October 15, 2010 issued to Motilal Oswal Investment Advisors Private Limited.
2. Issue Agreement dated December 28, 2010 entered into between our Company and the Book Running Lead Manager.
3. Memorandum of Understanding dated November 16, 2010 entered into between Karvy Computershare Private Limited and our Company to act as the Registrar to the Issue.
4. Escrow Agreement dated [●] between our Company, BRLM, Registrars to the Issue and Escrow Bankers.
5. Syndicate Agreement dated [●] amongst our Company, BRLM and the Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, the BRLM and the Syndicate Members.
7. Tripartite agreement dated [●] amongst our Company, [●] and NSDL, for offering depository services.
8. Tripartite agreement dated [●] amongst our Company, [●] and CDSL, for offering depository services.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of our Company, as amended.
2. Certificate of Incorporation of our Company, as amended.
3. Certified true copy of the Resolution passed at the meeting of the Board of Directors held on October 6, 2010 approving this Issue.
4. Certified true copies of the Resolution of the Board of Directors dated September 10, 2010 and the Resolution of the Shareholders dated September 27, 2010 appointing Mr. B. Sreekrishna as the Chairman and Managing Director of our Company and his terms of appointment.
5. Certified true copy of the Resolution passed u/s. 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting dated October 6, 2010 approving this Issue.
6. Consents of all Directors, Company Secretary, Compliance Officer, Auditors, the BRLM to the Issue, the Syndicate Members, Legal Advisors to the Issue, Bankers to our Company, Registrars to the Issue, to include their names in this Draft Red Herring Prospectus to act in their respective capacities.
7. Report of the Auditors, M/s. P. Chandrashekar, Chartered Accountants on the restated financial statements included in this Draft Red Herring Prospectus.
8. Copies of annual reports of our Company for the fiscal ended March 31, 2006, 2007, 2008, 2009 and 2010.
9. Report of the Auditors M/s P. Chandrashekar, Chartered Accountants dated November 29, 2010 on the Tax Benefits available to our Company and its shareholders as contained in the Draft Red Herring Prospectus.


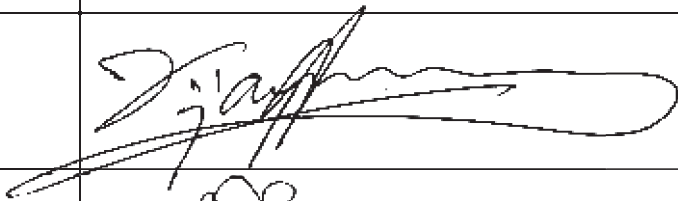


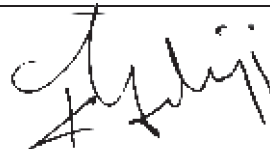

10. Consent of the Auditors, M/s P. Chandrashekar, Chartered Accountants for inclusion of their report on accounts and tax benefits in the form and context in which they appear in this draft Red Herring Prospectus.
11. Teaming agreement (**Agreement**) dated July 16, 2008 and August 18, 2009 between our Company and our Promoter, Gemini Communication Limited.
12. Due Diligence Certificate dated January 5, 2011 to SEBI from the BRLM.
13. In-principle listing approvals from BSE and NSE dated [●] and [●] respectively.
14. SEBI Observation Letter No. [●] dated [●].
15. IPO Grading report date [●] issued by a [●].
16. Consent from [●] for inclusion of their name in the Draft Red Herring Prospectus as IPO Grading Agency and for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance with applicable laws.

DECLARATION

We, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the regulations issued by the 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 Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the Rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

NAME AND DESIGNATION	SIGNATURE
Mr. B. Sreekrishna <i>Chairman and Managing Director</i>	
Mr. R. Vijaykumar <i>Non Executive Director</i>	
Mr. Hari Sethuraman <i>Independent Director</i>	
Mr. L. Sathyanarayan <i>Independent Director</i>	
Mr. Balaji Kulothungan <i>Chief Executive Officer</i>	
Mr. J. Chandramouli <i>Chief Financial Officer & Company Secretary</i>	

Date: January 5, 2011

Place: Bangalore

APPENDIX A – IPO GRADING REPORT