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ONE97 COMMUNICATIONS LIMITED

Our Company was incorporated on December 22, 2000, as "One97 Communications Private Limited" with the Registrar of Companies, National Capital territory of Delhi and Haryana. For details of change in name of our Company and its registered office, see the section titled "*History and Certain Corporate Matters*" on page 124. **Registered Office:** First Floor, Devika Towers, Nehru Place, New Delhi 110 019, India; **Corporate Office:** B 121, Sector 5, Noida 201 301, India. **Website:** www.One97world.com **Company Secretary and Compliance Officer:** Mr. Akhil Chadha; **Tel:** +91 120 477 0770; **Fax:** +91 120 477 0771; **Email:** complianceofficer@one97.net

PROMOTER OF THE COMPANY: MR. VIJAY SHEKHAR SHARMA

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF ONE97 COMMUNICATIONS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ 1,200 MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●]% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

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

In case of any revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("SCSBs"), the National Stock Exchange of India Limited (the "NSE") and the Bombay Stock Exchange Limited (the "BSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate.

Pursuant to the first proviso to Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), read with Regulation 41(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI Regulations"), this being an Issue for less than 25% of the post-Issue share capital, is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. In addition, in accordance with the first proviso to Rule 19(2)(b)(ii) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate to at least ₹ 1,000 million. Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, 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-allocation 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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Any Bidder 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 Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to section titled "*Issue Procedure*" on page 307.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the equity shares of our Company is ₹ 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined by our Company, in consultation with Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section titled "*Basis for Issue Price*" on page 82) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/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 degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the 'risk factors' carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "*Risk Factors*" on page 2.

IPO GRADING

This Issue has been graded by CRISIL Limited and has been assigned the "IPO Grade 3/5" indicating average fundamentals ("IPO Grading"). For more information on IPO Grading, see the sections titled "*General Information*", "*Other Regulatory and Statutory Disclosures*" and "*Material Contracts and Documents for Inspection*" on pages 52, 289 and 380, respectively.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters dated August 4, 2010 and June 30, 2010, respectively. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS



IDFC Capital Limited
Naman Chambers, C 32,
G Block, Bandra Kurla Complex,
Mumbai - 400 051,
Maharashtra, India.
Tel: +91 22 6622 2600
Fax: +91 22 6622 2501
Email: one97.ipo@idfc.com
Website: www.idfccapital.com
Investor Grievance ID: complaints@idfc.com
Contact Person: Mr. Cyril Paul
SEBI Registration No.: INM000011336



Aventus Capital Private Limited
IL&FS Financial Center,
B Quadrant, 5th floor,
Bandra Kurla Complex,
Bandra East,
Mumbai - 400 051,
Maharashtra, India.
Tel: +91 22 6648 0050
Fax: +91 22 6648 0040
Email: One97.ipo@avendus.com
Website: www.avendus.com
Investor Grievance ID: investor grievance@avendus.com
Contact Person: Mr. Prashant Kothari
SEBI Registration No.: INM000011021

REGISTRAR TO THE ISSUE



Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078,
Maharashtra, India.
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: One97.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No.: INR000004058

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON DECEMBER 1, 2010

BIDDING/ISSUE CLOSES ON DECEMBER 3, 2010 FOR QIB BIDDERS

BIDDING/ISSUE CLOSES ON DECEMBER 6, 2010 FOR ALL OTHER BIDDERS

* The Company may consider participation by Anchor Investors. The Bid/Issue Period for Anchor Investors shall be one Working Day prior to the Bid/Issue Opening Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Red Herring Prospectus and any references to any statutes, regulations or policies shall include references to any amendments or reenactments made from time to time.

Company Related Terms

Term	Description
“Articles” or “Articles of Association” or “our Articles”	The articles of association of our Company, as amended.
Auditor	The statutory auditor of our Company, being S.R. Batliboi & Co.
“Board” or “Board of Directors” or “our Board”	The board of directors of our Company or committees constituted by it from time to time.
“Company” or the “Issuer” or	One97 Communications Limited, a public limited company incorporated under the Companies Act.
“We” or “us” or “our”	The Company and where the context requires, the Subsidiaries, on a consolidated basis.
Consolidated SHA	Shareholders agreement dated December 12, 2008 entered amongst our Company, Intel, SICP, SAIF, our Promoter, Mr. Peeyush Aggarwal and Mr. Rajiv Madhok (SICP, SAIF, Mr. Vijay Shekhar Sharma, Mr. Peeyush Aggarwal and Mr. Rajiv Madhok collectively referred to as “ Existing Shareholders ”) and any person holding shares jointly with any of the Existing Shareholders.
Director(s)	The director(s) on our Board.
ESOP Scheme 2008	The employee stock option plan of our Company for grant of options for 951,355 Equity Shares to permanent employees and Directors (whether whole time or not), but not the Promoter.
Fixed Assets	Unless otherwise specified, Fixed Assets shall include both tangible and intangible assets.
“Memorandum” or “Memorandum of Association” or “our Memorandum” or “MoA”	The memorandum of association of our Company, as amended from time to time.
Group	The Company together with its Subsidiaries i.e. Oorja Mobile Services Private Limited and PayTM Mobile Solutions Private Limited and its erstwhile associate i.e. TenCube Pte Ltd.
Group Company	Such company as mentioned in the section titled “ Our Promoter and Group Companies ” on page 151.
IIAL	IDFC Investment Advisors Limited
Intel	Intel Capital (Mauritius), Ltd., being an FVCI registered with SEBI.
Promoter	The promoter of our Company, being Mr. Vijay Shekhar Sharma.
Promoter Group	In addition to our Promoter, includes such persons and entities constituting our promoter group pursuant to Regulation 2(zb) of the ICDR Regulations namely i) Mrs. Mridula Parashar, ii) Mr. S.P. Sharma, iii) Mrs. Asha Sharma, iv) Mr. Ajay Shekhar Sharma, v) Ms. Manisha Sharma; vi) Ms. Meenu Pathak; vii) Mr. K.K. Parashar; viii) Mrs. Ashoka Parashar and ix) Ms. Divya Parashar. The companies which are a part of the Promoter Group are i) Aryan Ayurveda Private Limited and ii) Velocity Customer Services Private Limited.
Registered Office and Corporate Office	The registered and corporate office of our Company, presently situated at First Floor, Devika Towers, Nehru Place, New Delhi 110 019, India and at B-121, Sector 5, Noida, Uttar Pradesh 201 301, India, respectively.
Restated Consolidated Summary Statements	Restated consolidated summary statements of assets and liabilities of the Group as at June 30, 2010, March 31, 2010, March 31, 2009 and 2008 and related profits and losses and cash flows of the Group for the three month period ended June 30, 2010 and each of the years ended March 31, 2010, March 31, 2009 and 2008 as well as certain other consolidated financial information as more fully described in the auditors' examination report for such period included in this Red Herring Prospectus.
Restated Financial Information	Collectively, the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements.
Restated Unconsolidated Summary Statements	Restated unconsolidated summary statements of assets and liabilities of the Company as at June 30, 2010, March 31, 2010, 2009, 2008, 2007 and 2006 and related profits and losses and cash flows of the Company for the three month period ended June 30,

Term	Description
	2010 and each of the years ended March 31, 2010, 2009, 2008, 2007 and 2006 as well as certain other unconsolidated financial information as more fully described in the auditors' examination report for such period included in this Red Herring Prospectus.
SAIF	SAIF III Mauritius Company Limited
Scheme of Amalgamation	Scheme of amalgamation for amalgamation of Worldwide Computer Services Private Limited with the Company, as approved by the High Court of Delhi under Section 394 of the Companies Act, vide its order dated August 24, 2005.
Subsidiaries	The subsidiaries of our Company, as described in the section titled “ <i>History and Certain Corporate Matters – Our Subsidiaries</i> ” on page 126.
Suspension Agreement	Agreement dated May 11, 2010 between the Company, our Promoter, Intel, Mr. Peeyush Aggarwal, Mr. Rajiv Madhok, SAIF and SICP.
SICP	SVB India Capital Partners I, L.P.
TenCube	TenCube Pte. Ltd., an erstwhile associate company in which we held 21.28% ownership interest as of June 30, 2010. We acquired a 21.28% ownership interest in TenCube Pte. Ltd. in December 2009 and sold /transferred our 21.28% ownership interest in TenCube Pte. Ltd. in August 2010.

Issue Related Terms

Term	Description
“Allot” or “Allotment” or “Allotted”	The allotment of Equity Shares to the successful Bidders pursuant to this Issue.
Allottee	A successful Bidder to whom Equity Shares are being/have been Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has bid for an amount of at least ₹ 100 million.
Anchor Investor Bid	Bid made by Anchor Investor.
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/ Issue Opening Date.
Anchor Investor Bid/Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Portion	Upto [●] Equity Shares representing 30% of the QIB Portion, available for allocation to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations.
Anchor Investor Price	The price at which Allotment is made to Anchor Investors in terms of the Red Herring Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.
ASBA/ Application Supported by Blocked Amount	The application (whether physical or electronic) used by a Bidder to make a Bid authorising the SCSB to block the Bid Amount in his/her specific bank account maintained with the SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bid cum Application Form / ASBA Form	The application form, whether physical or electronic, used by the ASBA Bidder to make a Bid and which contains an authorisation to block the Bid Amount in an ASBA Account, which will be considered as an application for the Allotment for the purposes of the Red Herring Prospectus.
ASBA Bidder	Any Bidder who intends to apply through ASBA facility.
ASBA Revision Form	The form used by ASBA Bidders to modify the number of Equity Shares or the Bid Price in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s).
Avendus	Avendus Capital Private Limited
“Bankers to the Issue” or “Escrow Collection Banks”	The banks which are clearing members and registered with the SEBI and bankers to the Issue with whom the Escrow Account will be opened, in this case being HDFC Bank Limited and Standard Chartered Bank.
Basis of Allotment	The basis on which the Equity Shares will be allocated as described in the section titled “ <i>Issue Procedure–Basis of Allotment</i> ” on page 328.
Bid	An indication by a Bidder to make an offer to subscribe for Equity Shares in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus.
Bid Amount	The highest Bid Price indicated in the Bid cum Application Form, payable by the Bidders on submission of the Bid in the Issue.
Bid cum Application Form	The form in terms of which the Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as the application for Allotment.
Bid Price	The prices indicated within the optional Bids in the Bid cum Application Form.
Bid/Issue Opening Date	Except in relation to Anchor Investors, the date on which the members of the Syndicate

Term	Description
	and SCSBs shall start accepting Bids, which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bid/Issue Closing Date	Except in relation to Anchor Investors, the date after which the members of the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which Bidders, other than Anchor Investors, can submit their Bids, inclusive of any revision thereof.
Book Building Process	The book building process as described in Schedule XI of the SEBI Regulations.
“Book Running Lead Managers” or “BRLMs”	Book running lead managers to this Issue, being IDFC Capital Limited and Avendus Capital Private Limited.
“CAN” or “Confirmation of Allocation Note”	Except in relation to the Anchor Investors, the note or advice or intimation sent to the successful Bidders confirming the number of Equity Shares allocated to such Bidders after discovery of the Issue Price. In relation to Anchor Investors, the note or advice or intimation sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Price, including any revisions thereof.
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereof.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf or at such other website as may be prescribed by SEBI from time to time.
Cut-Off Price	Any price within the Price Band finalised by our Company in consultation with the BRLMs. A Bid submitted at the Cut-off Price is a valid Bid at all price levels within the Price Band. Only Retail Individual Bidders are entitled to bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
“Depository Participant” or “DP”	A depository participant as defined under the Depositories Act.
Designated Branch(es)	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks and the SCSBs transfer the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account, in terms of the Red Herring Prospectus.
“Designated Stock Exchange” or “DSE”	Bombay Stock Exchange.
DRHP	Draft Red Herring Prospectus dated May 18, 2010 filed with SEBI on May 19, 2010.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Equity Shares	The equity shares of our Company of face value of ₹ 10 each.
Escrow Account(s)	An account to be opened with the Escrow Collection Bank(s) for this Issue and in whose favour the Bidder (including Anchor Investors and excluding ASBA Bidders) will issue cheques or drafts or RTGS instructions in respect of the Bid Amount.
Escrow Agreement	An agreement to be entered among our Company, the Registrar to the Issue, the Escrow Collection Banks, the Book Running Lead Managers and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted and which shall not be lesser than the face value

Term	Description
	of the Equity Shares, including revisions thereof.
IDFC Capital	IDFC Capital Limited
IPO Grading Agency	CRISIL Limited, the IPO grading agency appointed by our Company for grading this Issue.
Issue	The public issue of [●] Equity Shares for an amount aggregating to ₹ 1,200 million.
Issue Price	The final price at which Allotment will be made, as determined by our Company, in consultation with the Book Running Lead Managers.
Key Managerial Personnel	The personnel listed as key managerial personnel in the section titled “ Our Management ” on page 134.
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares, available for allocation to Mutual Funds on a proportionate basis.
Net Proceeds	Net proceeds of the Issue after deducting the Issue related expenses of our Company
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allotted to the Anchor Investors, being a minimum of [●] Equity Shares to be allotted to QIBs on a proportionate basis.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals) that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than ₹ 200,000.
Non-Institutional Portion	The portion of the Issue being not less than 10% of the Issue consisting of [●] Equity Shares, available for allocation to Non-Institutional Bidders.
Pay-in Date	With respect to Anchor Investors, shall be a date not later than two days after the Bid Closing Date.
Pay-in Period	With respect to Anchor Investors, commencing on the Anchor Investor Bidding Date and extending till the last date specified in the CAN, which shall not be later than two days after the Bid Closing Date.
Price Band	The price band between the Floor Price and Cap Price.
Pricing Date	The date on which the Issue Price is finalised by our Company, in consultation with the Book Running Lead Managers.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue post the Pricing Date in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Public Issue Account	The bank account opened with the Bankers to the Issue by our Company under Section 73 of the Companies Act to receive money from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Public Issue Accounts.
“QIBs” or “Qualified Institutional Buyers”	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, scheduled commercial banks, Mutual Funds, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the NIF and Insurance Funds set up and managed by Army, Navy and Airforce of the Union of India and insurance funds set up and managed by the Department of Posts, India, eligible for bidding in this Issue.
QIB Portion	The portion of the Issue being at least 60% of the Issue or [●] Equity Shares to be Allotted to QIBs, including the Anchor Investor Portion.
“Red Herring Prospectus” or “RHP”	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least three days before the Bid Opening Date and will become a Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Refund Banker(s), from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Banker(s)	The Bankers to the Issue with whom the Refund Accounts will be opened, in this case being HDFC Bank Limited.
Registrar to the Issue	Link Intime India Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible NRIs) who have not Bid for Equity Shares for an amount more than ₹ 200,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being not less than 30% of this Issue, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders, to modify the quantity of their Bids or their Bid Price.
“Self Certified Syndicate Bank” or “SCSB”	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offers services in relation to ASBA, including blocking of bank account and a list of which is available on

Term	Description
	http://www.sebi.gov.in/pmd/scsb.pdf or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	The NSE and the BSE.
Syndicate Agreement	The agreement to be entered into among our Company and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being Sharekhan Limited, Avendus Securities Private Limited and Reliance Securities Limited.
“Syndicate” or “members of the Syndicate”	The Book Running Lead Managers and the Syndicate Members.
“Transaction Registration Slip” or “TRS”	The slip or document issued by any of the members of the Syndicate, or the SCSBs, as the case may be, upon demand to a Bidder as proof of registration of the Bid.
Underwriters	The Book Running Lead Managers and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Company on or immediately after the Pricing Date.
Working Days	All days except Saturday, Sunday and any public holiday on which commercial banks in New Delhi and/or Mumbai are open for business.

Conventional/General Terms, Abbreviations and References to Other Business Entities

Abbreviation	Full Form
A/c	Account.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
CDSL	Central Depository Services (India) Limited.
Companies Act	The Companies Act, 1956, as amended.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, as amended.
DIN	Director’s Identification Number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI.
DP ID	Depository Participant’s Identity.
ECB	External Commercial Borrowings.
NECS	National Electronic Clearing System.
EGM	Extraordinary General Meeting.
EPS	Earnings per share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/period.
ESI Act	Employees State Insurance Act, 1948
ESOP	Employee Stock Option Plan.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign Direct Investment, as understood under applicable Indian regulations.
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended.
FII	Foreign Institutional Investor, as defined in and registered under the FII Regulations.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, GoI.
Fiscal or Financial Year or FY	A period of twelve months ended March 31 of that particular year, unless otherwise stated.
GDR	Global Depository Receipts.
GIR Number	General Index Registry Number.
GoI or Government of India	Government of India.
HUF	Hindu Undivided Family.
Indian GAAP	Generally Accepted Accounting Principles in India.
IFRS	International Financial Reporting Standards.
IPO	Initial Public Offering.

Abbreviation	Full Form
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended.
IT	Information Technology.
IT Act	The Income Tax Act, 1961, as amended.
Ltd.	Limited.
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended
MICR	Magnetic Ink Character Recognition.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
N.A.	Not applicable.
Net Worth	The aggregate of the share capital, reserve and surplus, surplus/ deficit in profit and loss account and outstanding ESOP.
NEFT	National Electronic Fund Transfer Service.
NGN	Nigerian Naira
NRE Account	Non-Resident External Account.
“Non Residents” or “NRs”	Persons resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
NRO Account	Non-Resident Ordinary Account.
“Non Resident Indian” or “NRI”	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
“Overseas Corporate Body” or “OCB”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
P/E Ratio	Price/earnings ratio.
Pvt.	Private.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
RoNW	Return on Net Worth.
₹, Rs. or Rupees	Indian Rupees.
RTGS	Real Time Gross Settlement.
SBI	State Bank of India.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations/ ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Sec	Section.
SGD	Singapore Dollar
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended from time to time.
TAN	Tax Account Number
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TRA	Trust and Retention Account.
TRAI	Telecom Regulatory Authority of India
U.S. or US or U.S.A	The United States of America, including its territories and possessions, any state of the United States of America and the District of Columbia.
USD	U.S. Dollar

Abbreviation	Full Form
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations.
VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended

Industry/ Business Related Terms, Definitions and Abbreviations

Abbreviation	Full Form
2G	Second generation wireless telephone technology
2.5G	Stepping stone between 2G and 3G cellular wireless technologies
2.75G (EDGE)	Enhanced Data Rates for GSM Evolution
3G	Third generation wireless telephone technology
4G	Fourth generation wireless telephone technology
A2P	Application to Peer
AGR	Adjusted Gross Revenue
ARIPO	African Regional Intellectual Property Organization
ARPU	Average Revenue Per User
BSNL	Bharat Sanchar Nigam Limited
CDMA	Code Division Multiple Access
CRBT	Caller Ring Back Tones
CRM	Customer Relationship Management
DND	Do Not Disturb
DTH	Direct-to-Home
EAPO	Eurasian Patent Office
EPO	European Patent Office
EVAS	Enterprise Value Added Services
FMC	Fixed Mobile Convergence
GPRS	General Packet Radio Service
GR	Gross Revenue
GSM	Global System for Mobile Communications
HFCL	HFCL Infotel Limited
IBD	Inbound Dialler
IBEF	India Brand Equity Foundation
IDEA	Idea Cellular Limited
IN	Intelligent Network
ISA	International Searching Authority
ISO	International Organization for Standardization
ITES	Information Technology Enabled Services
IUC	Interconnection Usage Charges
IVR	Interactive Voice Response
IVRS	Interactive Voice Response System
MAT	Minimum Alternative Tax
m-Commerce	Mobile Commerce
MMS	Multimedia Messaging Service
MOU	Minutes of Usage
MTNL	Mahanagar Telephone Nigam Limited
MVAS	Mobile Value Added Services
NASSCOM	National Association of Software and Services Companies
NDNC Registry	National Do Not Call Registry
OAPI	African Intellectual Property Organization
OBD	Outbound Dialer
P2P	Peer to Peer
PCT	Patent Co-operation Treaty, 1970
RAM	Random Access Memory
RBT	Ring Bank Tone
Reliance	Reliance Communication Limited
SFA	Sales Force Automation
SIM	Subscriber Identity Module
SMS	Short Message Services
SMSC	Short Message Service Centres

Abbreviation	Full Form
SNMP	Simple Network Management Protocol
STT	Securities Transaction Tax
UCC	Unsolicited Commercial Communications
USSD	Unstructured Supplementary Services Data
VAS	Value Added Services
VIO	Very Interactive Out dialler
Vodafone	Vodafone Essar Limited
WAP	Wireless Application Protocol

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Red Herring Prospectus to “**India**” are to the Republic of India. All references in this Red Herring Prospectus to the “**US**”, “**USA**” or “**United States**” are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from the unconsolidated financial statements as at and for the three months ended June 30, 2010, and for fiscals 2010, 2009, 2008, 2007 and 2006 and consolidated financial statements as at and for the three months ended June 30, 2010 and for fiscals 2010, 2009 and 2008, prepared in accordance with the Generally Accepted Accounting Principles in India (“**Indian GAAP**”) the Companies Act, and restated in accordance with the SEBI Regulations.

Our financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S. GAAP. There are significant differences between Indian GAAP, IFRS and U.S. GAAP. This Red Herring Prospectus does not contain a reconciliation of our financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between Indian GAAP, IFRS and U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. See the section titled “***Risk Factors – Our failure to successfully adopt International Financial Reporting Standards (“IFRS”) effective April 2014 could have a material adverse effect on the price of our Equity Shares.***” on page 24

Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the SEBI Regulations, included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian standards and accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Our Fiscal year commences on April 1 and ends on March 31, so all references to a particular Fiscal year are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Currency and Units of Presentation

All references to “**Rupees**” or “**₹**” are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**” or “**USD**” or “**U.S. Dollar**” are to United States Dollars, the official currency of the United States of America. All references to “**SGD**” are to Singapore Dollars, the official currency of Republic of Singapore. All references to “**NGN**” are to Nigerian Naira, the official currency of the Federal Republic of Nigeria.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications. 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 we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

In this Red Herring Prospectus, our Company has used the industry information extracted from the following Frost and Sullivan reports:

1. Indian Mobile Value Added Services (VAS) Market, February 2010;
2. Enterprise Value Added Services (EVAS) Market, February 2010;
3. Mobile Advertising Market in India, February 2010; and
4. Network VAS Market in India, March 2010.

Frost and Sullivan by its letter dated May 7, 2010, has, subject to certain conditions, consented to the use of such information in this Red Herring Prospectus. In this connection, please note the following disclaimer:

Disclaimer for Industry Data

Frost and Sullivan has used due care and caution in preparing the aforesaid reports. Information has been obtained by Frost and Sullivan from sources which it considers reliable. However, Frost and Sullivan does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of these reports may be published or reproduced in any form without Frost and Sullivan's prior written approval. Frost and Sullivan shall not liable for investment decisions which may be based on the views expressed in such reports.

Exchange Rates

The exchange rate of USD, SGD and NGN into Rupees for the period mentioned below is as follows:

Currency	Exchange Rate as on (in ₹)					
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 30, 2007	March 31, 2006
USD*	46.60	45.14	50.95	39.97	43.59	44.61
SGD**	33.25	32.20	34.04	28.88	28.61	27.44
NGN**	0.31	0.30	0.36	0.35	0.35	0.36

* Source: www.rbi.org.in

** Source: www.oanda.com

FORWARD-LOOKING STATEMENTS

All statements contained in this Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements.” Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability and other matters discussed in this Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry” and “Our Business”.

The forward-looking statements contained in this Red Herring Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II – RISK FACTORS

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

Unless otherwise stated, the financial information of the Company used in this section is derived from the Restated Consolidated Summary Statements included in this Red Herring Prospectus. Unless otherwise stated, we are not in a position to quantify the financial or other risks described in any risk factor.

INTERNAL RISK FACTORS

1. *There are criminal proceedings against our Promoter and Managing Director, Mr. Vijay Shekhar Sharma, and our Director, Mr. Deep Kalra.*

Our Promoter and Managing Director, Mr. Vijay Shekhar Sharma, has been named as an accused in a criminal proceeding. Following the filing and registration of a first information report, a charge-sheet was filed before the Court of Chief Metropolitan Magistrate, New Delhi against Mr. Vijay Shekhar Sharma and others alleging the commission of offences under the Indian Penal Code, 1872 and Indian Telegraph Act, 1885, specifically, the operation of an illegal telephone exchange. On May 21, 2010, an application for plea bargaining was filed in the Court of Chief Metropolitan Magistrate, Delhi, by Mr. Vijay Shekhar Sharma and others, wherein it was contended that the applicants were falsely implicated in the case and should be acquitted. Any adverse order passed by the Court against our Promoter and Managing Director, Mr. Vijay Shekhar Sharma, would have an adverse effect on our Company's business.

Also, a criminal complaint has been filed against our Director Mr. Deep Kalra (one of the directors of MakeMyTrip (India) Private Limited ("MakeMyTrip")) and others under the Indian Penal Code, 1872 by a customer of MakeMyTrip on account of cancellation of the hotel reservation made by that customer through MakeMyTrip. Any adverse order passed by the court against Mr. Kalra may effect the reputation and standing of the Company and may impact future business.

For details see the section titled "**Outstanding Litigation and Material Developments**" on page 280.

2. *A few major customers account for a significant portion of our income. The loss of any one of our major customers or a decrease in the volume of business derived from these customers may adversely affect our results of operations.*

We have derived and believe that we will continue to derive a significant portion of our income from a few major customers. For the three month period ended June 30, 2010 and fiscals 2010, 2009 and 2008, our five largest customers accounted for approximately 80.67%, 78.26%, 91.38% and 89.79% of our total revenue, respectively. The table below sets forth a breakdown of operating income generated from five customers for the three month period ended June 30, 2010 and each of the last three fiscal years.

(₹ in millions)

Customer Group	Three Months Ended June 30,	Year Ended March 31,		
	2010	2010	2009	2008
	Consolidated			
Customer 1	90.54	302.58	233.56	103.30
Customer 2	65.47	232.47	202.39	41.51
Customer 3	58.36	188.39	221.37	185.25
Customer 4	52.41	105.13	12.01	7.23

Customer 5	20.62	69.34	18.15	-
Total	287.39	897.91	687.47	337.30

Notes:

- 1) The customers are the top five customers for period ending June 30, 2010. The amounts provided above are with respect to the same customer in each of the above periods.

The table below provides contract details for our top five customers as of June 30, 2010.

Customer	Consumer Services		Network Services		Customer Total (₹ millions)
	Income (₹ millions)	Number of Contracts	Income (₹ millions)	Number of Contracts	
Customer 1	2.17	2	88.37	4	90.54
Customer 2	43.33	4	22.14	1	65.47
Customer 3	34.38	4	23.98	6	58.36
Customer 4	33.81	3	18.60	4	52.41
Customer 5	7.71	1	12.91	1	20.62
Total	121.39		166.00		287.39

Notes:

- 1) In respect of Customers 1 and 5, some contracts cover both network services and consumer services.
- 2) With respect to Customers 2, 3, 4 and 5, some contracts with each of those customers cover the provision of services throughout India and some contracts with each of those customers cover the provision of services only within a specified region.
- 3) We have not yet executed one of the contracts for network services provided to Customer 1.
- 4) Each of the above contracts is for a limited period, ranging between one to three years, except one contract with each of Customer 3 and Customer 4 which has a perpetual term.

As a result of our significant reliance on a small number of customers, we may face certain issues including pressure to lower our fees or accept, with respect to major customers that are telecom service providers, a lesser percentage of revenue generated from sales of our value added services to consumers. Further, our contracts with our major customers that are telecom service providers are typically for a limited period, ranging between one and three years, and the terms of such contracts allow these customers to terminate the contracts without cause by giving notice as per the terms of the agreement. In addition, we have no guarantee of income under these agreements or minimum requirements for the use of our services. The loss or significant decrease in the volume of business from one or more of our major customers for any reason would have an adverse effect on our business, financial condition and results of operations. Moreover, if any of these customers were to experience liquidity problems or insolvency, we would face credit risk with respect to account receivables from such customer. In addition, our customers may in the future demand price reductions, develop and implement newer technologies, automate some or all of their processes or change their strategy by moving more work in-house or to other providers, any of which could have an adverse effect on our results of operations. Any of these events or any delay or default in payment by our customers for services rendered may adversely affect our business, financial condition and results of operations. Further, the income from these customers may vary from year to year, making it hard to forecast future business needs, particularly since we are not the exclusive service provider for any of our customers.

3. Computers and software, which constitute and will continue to constitute a major portion of our assets, are subject to high depreciation rates and short life spans.

As at June 30, 2010, the value of the Company's computers and software, including internally generated software, as per the Restated Unconsolidated Summary Statements, was ₹ 875.59 million, or 91.10% of the Company's Fixed Assets, and the value of our computers and software as per the Restated Consolidated Summary Statements was ₹ 886.51 million, or 91.11% of our Fixed Assets. Further, we expect to expend ₹ 834.93 million of the Net Proceeds of the Issue to procure various telecom equipments (including hardware and software). Such assets have a high rate of depreciation and an average life of six years. Because of such factors, our net worth and long-term capacity to provide our products and services at or beyond current levels could be adversely affected without continual expenditure on new hardware and software. If we were unable to continue to carry out such expenditure, our business, results of operations and financial condition could be adversely affected.

4. *SEBI has reserved the right to reopen or commence penalty proceedings against one of our Independent Directors, Mr. P.N. Vijay, and a company promoted by him.*

SEBI had initiated adjudications proceedings against one of our Directors, Mr. P.N. Vijay, for alleged violation of SEBI (Prohibition of Insider Trading) Regulations 1992 and enquiry proceedings against P.N. Vijay Financial Services Private Limited, an entity with which he is associated as a promoter and director for alleged violations of SEBI (Portfolio Manager) Rules 1993. However, SEBI disposed off such adjudications proceeding and the enquiry proceedings by its consent orders dated February 11, 2010 (CO/IVD/1490/AO/AK/01/2010) and November 20, 2007 (CO/IMD/1001/05/2007), respectively, without admission or denial of guilt on part of Mr. P.N. Vijay and P.N. Vijay Financial Services Private Limited to the finding of fact or conclusion of law. Nevertheless, SEBI has reserved the right to take enforcement actions, including commencing or reopening penalty proceedings against Mr. P.N. Vijay and/or P.N. Vijay Financial Services Private Limited if it is found that any representations made by him and/or such entity, as the case may be, in the consent proceedings are untrue or he and/or it, as the case may be, breaches any clauses, undertakings, or waivers filed during the consent proceedings. Accordingly, we cannot assure you that SEBI will not reopen or commence penalty proceedings against Mr. P.N. Vijay in the future in such matters. If SEBI were to reopen or commence penalty proceedings against him and such proceedings resulted in an adverse outcome, such adverse outcome could have a material adverse effect on Mr. P.N. Vijay and could affect the reputation and standing of our Company and may impact future business.

5. *Our Company has received a notice from the RBI for contravention of FEMA Regulations.*

A notice dated September 17, 2010 (“**Notice**”) was issued by the RBI to the Company. The Notice states that an investment in redeemable convertible preference shares of Tencube Pte. Ltd. a company, in Singapore, of SGD 1,000,000 made in by the Company on December 9, 2009 was in contravention of provisions of Regulation 6(4) of Notification No. FEMA 120/RB-2004 dated July 7, 2004 (“**Regulation 6(4)**”). Pursuant to the Notice, the Company has been given the option to compound the contravention of provisions of Regulation 6(4) by filing an application for compounding within 45 days of the date of the Notice. The Company has filed an application for condonation of default, and also an application for extension of the period for filing a compounding application. Since the period of 45 days has expired and the RBI’s decision regarding the requested extension is pending, we cannot assure you that the RBI will not initiate enforcement proceedings against the Company. In the event such a proceeding is initiated and decided against the Company, the Company would be liable for payment of a penalty under the applicable Regulations. For further details, see the section titled “**Outstanding Litigation and Material Developments**” on page 280.

6. *Failure to develop and introduce new products and solutions that achieve market acceptance could have an adverse effect on our results of operations and financial condition.*

Our business depends on developing and providing innovative products and solutions for our telecom service provider customers, consumers and enterprise customers. Development of new products and solutions is subject to unpredictable and volatile factors beyond our control, including customer preferences and competing products and solutions. Moreover, customer preferences are subject to rapid change, but we may not be able to adapt rapidly to changes in their preferences. In addition, due to the competitive nature of the markets in which we operate, we update various products on an ongoing basis and release new versions from time to time. We need to continuously invest in research and development to develop new and differentiated products and solutions for our customers. Our products and solutions could also be rapidly rendered obsolete by the introduction of newer technologies. Any unexpected technical, operational, deployment, distribution or other problems could delay or prevent the timely introduction of new products and solutions, which could result in a loss of market opportunities. Further, with respect to our consumer services business, the Department of Telecom has completed the auctioning of 3G spectrum slots; however, we have not yet begun developing or adapting our applications for deployment on the 3G spectrum. We may not be successful in developing or adapting our applications for the 3G spectrum on a rapid basis or at all. Our growth could also suffer if our products and solutions are not responsive to the needs of wireless telecom service providers, the technological advancements of mobile networks or the preferences of the subscribers. We could also be affected by the convergence of the telecom, data and media industries, which is largely driven by technological development related to IP-based communications. This change could impact our addressable market, competition and our objective setting and strategies, as well as the need to consider risks to achieve our set objectives. If any of these events were to occur, some or all of such products and solutions may not provide adequate returns commensurate with our capital investments and it could have an adverse effect on our results of operations and financial condition.

7. We may not realize income invoiced for consumer services provided due to differences between our records and those of our telecom service provider customers.

Our contracts with telecom service provider customers contain revenue sharing terms with respect to consumer services. Our telecom service provider customers and we maintain separate records with respect to income generated from consumer services, which we each use to calculate separately our share of revenue from the sale of consumer services. From time to time a difference may occur between the amount we invoice and the amount a telecom service provider has calculated as the amount due under the relevant invoice. If we are unable to realize the entire amount that we have invoiced, we may characterize the unrealized amount as bad debt or discount or otherwise write-off such amount. In Fiscals 2010, 2009 and 2008, the Company charged amounts aggregating to ₹ 5.24 million, ₹ 15.41 million and ₹ 10.90 million respectively as bad debt or discounts. These amounts relate to invoices issued either in respective fiscal years or prior years. In the event of any future difference between amounts invoiced and amounts realized, our results of operations and financial condition may be adversely affected.

8. We may be adversely affected if threatened or pending litigation matters against us or our Promoter and Director Mr. Vijay Shekhar Sharma are decided against us or Mr. Sharma.

Certain tax authorities such as the service tax and commercial tax departments have issued notices to us demanding payments towards alleged service tax violations and violations of the Uttar Pradesh Value Added Tax Act, 2008. Further, we have received notices from third parties demanding payments under certain agreements, including lease agreements. We have also received a notice from the RBI in respect of a contravention of FEMA Regulations, to which we have replied to by our letter dated October 20, 2010 requesting RBI to take a lenient view of the matter, condone the default, if any, and absolve us from compounding as required under the Notice. Moreover, our Promoter and Director Mr. Vijay Shekhar Sharma was named a party in one of the notices served by a third party for payment under an agreement. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities.

Litigation against the Company and our Promoter and Director Mr. Vijay Shekhar Sharma

(₹ in millions)			
Sr. No.	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved
1.	Tax Proceedings (i.e., notices)	3	2.55
2.	Other Notices*	6	55.21

* Includes notice issued to our Promoter and Director Mr. Vijay Shekhar Sharma

For details of outstanding litigation against us and our Promoter and Director Mr. Vijay Shekhar Sharma, see the section titled “**Outstanding Litigation and Material Developments**” on page 280 of this Red Herring Prospectus.

9. Our statutory auditors have made certain adverse remarks in their examination report on the Restated Financial Information which may adversely affect the trading price of our Equity Shares.

In their examination report dated October 8, 2010 on the Restated Financial Information, our statutory auditors have included a qualification in respect of TenCube, our erstwhile associate company. The statutory auditors have relied on the audited financial statements of TenCube for the three month period ended June 30, 2010 and the three month period ended March 31, 2010 and the year ended December 31, 2009, for the purposes of their opinion on the consolidated financial statements of the Group for the three month period ended June 30, 2010 and the year ended March 31, 2010, which formed the basis for preparation of the Restated Consolidated Summary Statements. Our statutory auditors have qualified the examination report on the basis of the qualification considered in the audit report of TenCube. For a summary of this qualification, please refer to the section titled “**Financial Information**” beginning on page 155 of this Red Herring Prospectus.

Further, the audit report on unconsolidated financial statements as at and for the year ended March, 31, 2009 contains matter of emphasis in connection with certain services being availed from a private limited company in

which one of the Directors was interested and remuneration being paid to relatives of one of the Directors who was employed by the Company. In respect of these matters we obtained necessary approvals from Central Government under sections 297 and 314, respectively, of the Companies Act, 1956 on February 15, 2010 (for compounding under Section 297) and March 30, 2010 and April 23, 2010 (for waivers under Section 314).

Similarly the report on the audited unconsolidated financial statements as at and for the year ended March 31, 2010 and as at and for the year ended March 31, 2009 included annexures containing a statement on matters specified in the Companies (Auditor's Report) Order, 2003. Certain matters in the statement were qualified. For a summary of these matters, please refer to the section titled "**Financial Information**" beginning on page 155 of this Red Herring Prospectus. We cannot assure you that our auditors will not qualify their opinion on their audit report on the audited consolidated or unconsolidated financial statements in the future, which may adversely affect the trading price of our Equity Shares.

10. If we fail to enter into written agreements with a customer from whom we have already recognized revenue, we may not be able to enforce any claims for outstanding amounts already recognized.

We recognized revenue for certain invoices with one customer with whom we have not yet entered into written agreements even though commercial terms have already been agreed with such customer. The total amount of such recognized revenue during the three month period ended June 30, 2010 and the year ended March 31, 2010, on a consolidated basis, was ₹ 77.93 million and ₹ 199.80 million, respectively. Out of the revenue so recognized during the three month period ended June 30, 2010, ₹ 32.52 million was realized as of September 3, 2010 and out of the revenue so recognized during the year ended March 31, 2010, ₹ 172.05 million was realized as of August 5, 2010. If we fail to enter into any written agreements with this customer, we may not be able to enforce any claims for outstanding amounts from this customer that have already been recognized. If we are unable to collect such amounts, our results of operations would be adversely affected.

11. Any inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced significant growth in income in recent years. Our consolidated operating income has increased from ₹ 400.70 million in the year ended March 31, 2008 to ₹ 800.11 million in the year ended March 31, 2009 to ₹ 1,159.65 million in year ended March 31, 2010 and was ₹ 356.28 million the three month period ended June 30, 2010. The total number of our permanent employees and employees on probation has grown from 380 as of March 31, 2008 to 772 as of June 30, 2010. While these growth rates are not indicative of our future growth, we expect continuing growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organization.

In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction as the number and variety of our products and services increases;
- adhering to our high quality and process execution standards for all products and services as the number and variety of our products and services increases;
- recruiting, training and retaining sufficient skilled technical, sales and management personnel;
- preserving our culture, values and entrepreneurial environment; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage growth may have an adverse effect on our business, financial condition and results of operations.

12. Failure to meet the expected level of performance under our contracts with telecom service provider customers could adversely affect our business, results of operations and financial condition.

Mobile telecommunication applications and products such as those that we offer are complex and utilize sophisticated software systems, which may result in operational errors or performance problems. In connection with the provision of our mobile telecommunication products and applications, we enter into contracts with some of our telecom service provider customers that contain provisions requiring us to maintain the services at or above certain minimum performance standards. In a few instances (i.e., contracts with government-owned telecom service provider customers), we are required to provide a bank guarantee to ensure satisfactory

performance by us. Under these contracts, if we fail to meet the specified standards, we may be subject to liquidated damages or penalties or, if applicable, the telecom service provider customer could require payment under a bank guarantee, and in certain cases, terminate our contracts. In addition, any defects in the intellectual property that we license to our telecom service provider customers could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. We cannot assure you that in case any claims for damages are made by our telecom service provider customers, the limitations on liability that we provide for in our service contracts will be enforceable or that they will otherwise be sufficient to protect us from liability for damages.

Further, any failure of, or technical problems with, our servers, systems or platforms could disrupt the ability of the subscribers of our telecom service provider customers to use our telecom applications, services or platforms. In the past, we have experienced failures with our servers, systems and/or platforms, which were generally related to heavy surges in volume associated with holiday entertainment purchase activities or activities relating to promotions being made by our telecom service provider customers. If failures occur on our telecom service provider customers' multiple networks or software systems, it may be difficult for us to identify the source of the problem and to correct it on a timely basis, particularly since our telecom service provider customers generally use our services together with their own services and services from other vendors. In addition, our systems or platforms are, in most cases, integrated into the voice and data networks of our telecom service provider customers for which we operate and manage applications. Failure of our systems or platforms could disrupt the delivery of voice and data service by our telecom service provider customers. Any of the foregoing problems could adversely affect our relationships with our telecom service provider customers, which could adversely affect our business, results of operations and financial condition.

13. Usage of our applications and services may be difficult to predict and we may not be able to adequately expand capacity and upgrade our systems to meet increased demand, which may adversely affect our business, financial condition and results and operations.

It is difficult to predict customer adoption of new mobile telecommunication applications and products, particularly in new markets. As a result, while we may launch a new product with a planned or expected capacity, such capacity may not be sufficient to meet demand if it exceeds our expectations. In such situations, we may not be able to expand and upgrade our systems and application platforms quickly enough, either regionally or on a national basis, to accommodate increased usage of our services. If we do not expand, upgrade and deploy our systems and application platforms appropriately or quickly enough, we may lose market opportunities in one or more areas of India or damage our reputation with our telecom service provider customers, which may adversely affect our business, financial condition and results of operations.

Our management information systems are critical to our ability to realize income from our operations and the failure to update our management information systems as our business expands could adversely affect our business and results of operations.

Sophisticated customer management information systems are critical for increasing our income streams, avoiding income loss and charging our customers accurately and in a timely manner. We expect new technologies and applications to increase the demands placed on our customer management systems. Problems such as reconciliation of payments, revenue recognition and delayed payments will occur in the complexities involved in the process of billing by our telecom service provider customers to their subscribers. We will have to update our management information systems as we introduce new services and as our business expands. The development of new businesses may impose a greater burden on our systems and may strain our administrative, operational and financial resources. If adequate payment information, credit control and customer relations systems are unavailable or if upgrades or new systems are delayed or not introduced or integrated in a timely manner, this could adversely affect our business and results of operations.

14. Our contracts with telecom service provider customers contain revenue sharing terms with respect to consumer services that may cause our revenue under such contracts to decrease, which could adversely affect our results of operations and financial condition, and to fluctuate significantly from period to period.

Our contracts with telecom service provider customers contain revenue sharing terms with respect to consumer services and provide that we earn income only when our consumer services are used or subscribed to by customers of our telecom service providers. Less purchases of, or subscriptions for, our value added services will result in less revenue for us under the revenue sharing arrangements with our telecom service provider

customers. Further, under a few of our telecom service provider customer contracts, we guarantee a minimum amount of transactions for specified geographic areas on a monthly basis. If the minimum amount of transactions is not met for any specified area in any given month, the telecom service provider customer is not obligated to pay us our portion of the revenue generated for such area for such month. Such terms may lead to significant fluctuations in our revenues from period to period. Moreover, decreases in revenue resulting from a lower number of transactions or failure to achieve the minimum number of transactions could adversely affect our return on invested capital, our results of operations and financial condition.

15. Most of our telecom service provider contracts for consumer services are non-exclusive, which could adversely affect our business, results of operations and financial condition.

Most of our telecom service provider customer contracts are non-exclusive. As such our telecom service provider customers may purchase similar products and services from third parties and cease to offer our products and services to their subscribers in the future. Even if our telecom service provider customers retained our services, our telecom service provider customer contracts do not prevent them from significantly reducing the level of marketing or promotion of our products or from electing to market or promote similar products purchased from and provided by our competitors. If any of these were to occur, our business, results of operations and financial condition could be adversely affected.

16. We are subject to risks associated with the challenges faced by the mobile communications value added services industry in which we operate.

The telecom industry in India faces a number of challenges with respect to the growth of MVAS which translates into a risk for our operations. These include:

- *Slow penetration of MVAS.* While mobile penetration rates in India are expected to increase in the future, there is uncertainty regarding how much of that penetration may translate into an increase in the penetration of MVAS services, which tend to be comparatively expensive to consumers and may require more sophisticated hand-sets to access.
- *Lack of coordination between participants.* There exists no common platform for handset manufacturers and MVAS providers to ensure consistency of features and software across various handset models, thus complicating the development of universally accessible value added services and products.
- *Low GPRS connectivity.* GPRS connectivity in India continues to be low because of limited handset capability and operator constraints and there is a large population of users who are not familiar with accessing GPRS. As GPRS is the most prevalent delivery technology for MVAS, the lack of growth in the technology may hinder the expansion of MVAS in India.
- *Preference for low cost handsets.* Consumers generally purchase low cost handsets for the basic utility service, which is voice. Such low cost handsets are not capable of supporting many MVAS products. Further, since in many of these value added services, like MMS, both the sender and receiver handsets need to support MMS, the scope of expansion and use of the service has been limited.
- *Lack of infrastructure.* A lot of services cannot be introduced in India because of lack of supporting infrastructure (e.g., the absence of location-based MVAS). Location based value added services is still not possible due to the current lack of a digitized map of India.

17. The majority of new subscribers of our network service provider customers are from non-metro areas, which may adversely affect our long-term growth prospects.

The majority of the new subscribers of our telecom service provider customers are from non-metro areas. Going forward we expect this trend to continue and the proportion of non-metro customers to grow relative to the proportion of metro customers. These subscribers generally spend less on telecom solutions and value added products and services than subscribers from metro areas and may not purchase mobile phones capable of receiving many of our products and services. These consumers tend to purchase fewer and less expensive telecom products and services and thus represent lower revenue potential for network service providers and also for us since most of our contracts with our network service providers are on a revenue sharing basis. If this trend continues, our long-term growth prospects may be adversely affected.

18. Contingent liabilities could adversely affect our financial conditions.

The following table provides our contingent liabilities as of the dates indicated as provided in our Restated Consolidated Summary Statements:

		(In ₹ Million)
Particulars		As of June 30, 2010
Bank Guarantee Given		3.10
Total		3.10

If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

19. The markets in which we operate are highly competitive and some of our competitors have greater resources than we do.

Competition is expected to intensify in the telecommunications value added services industry in India and there may also be increasing competition from global players. We expect competition to intensify further as new entrants emerge in the industry due to available growth opportunities, as companies in other industries try to expand into the telecommunications value added services industry and as existing competitors seek to expand their services. The firmly established position of existing service integrators and system integrators in their respective sectors may be able to use their resources and capabilities to expand into sectors in which we compete. Further, consolidation among our competitors may also leave us at a competitive disadvantage. Moreover, large device makers such as Apple and Nokia already offer applications for handsets through their respective proprietary application stores and others such as Samsung Electronics, LG Electronics and Sony Ericsson intend to commence offering applications as well. In addition, in the event we expand into international markets, we will increasingly be competing with both local and global providers of telecommunications value added services. Competitors in the future may include other content aggregators and technology applications providers from India and overseas. We also face competition from direct-to-consumer businesses that sell products and services directly to consumers. Some or all of our competitors may have advantages over us, which may include substantially greater financial resources, stronger brand recognition, the capacity to leverage their marketing expenditures across a broader portfolio of products and services and more extensive relationships with customers, content owners and broader geographic presence. We may also not be able to enter the market for new products because of the entrenched positions of competitors with respect to such products. Moreover, our competitors may be able to adapt their applications for deployment on a 3G spectrum on a more rapid basis than us.

Some of our competitors may also be able to quickly replicate our services and products. Such replicated services and products would compete with our services and products. Competition with replications of our services and products could have an adverse effect on our results of operations.

Further, we may face additional competition in respect of our enterprise business from resellers of bulk push SMS (i.e., a service enabling an enterprise to send an SMS to a large number of handsets) and short code service (i.e., a service that provides a special, short telephone number that can be used to send SMSs and MMSs from mobile phones and fixed phones). The presence of too many resellers bidding to provide applications and solutions to enterprises would result in a highly competitive bidding environment. A highly competitive bidding environment could limit our ability to offer our applications and solutions to enterprises at profitable rates regardless of the quality of our applications and solutions relative to other bidders. If this were to occur, our business, prospects, results of operations and financial condition could be adversely affected.

20. Conditions in the global capital markets, economic conditions in India and globally, and, in particular, the factors affecting the telecommunications industry may adversely impact our business and results of operations.

Our results of operations may be materially affected by conditions in the global capital markets, the economic conditions in India and globally and, in particular, by the factors affecting the telecommunications industry. As widely reported, financial markets in the United States, Europe and Asia, including India, have been experiencing extreme disruption in the last three years, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the recent collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. The effects of a tight credit market on consumer and telecom service provider spending may have several adverse effects, including: (i) reduced demand for products and services, resulting in increased price competition or deferment of purchases and orders

by consumers; (ii) negative impact on the financial condition, and in particular on the purchasing ability, of some of telecom service provider customers and may also result in requests for extended payment terms, credit losses, insolvencies, limited ability to respond to demand or diminished sales channels available to us; and (iii) increased difficulties to forecast sales and financial results as well as increased volatility in our reported results. Weak economic conditions in the markets, or a reduction in consumer spending even if economic conditions improve, could adversely impact our business and results of operations.

21. Our contracts with telecom service provider customers for consumer services do not obligate them to market or promote our services to their subscribers, which could adversely affect our results of operations and financial condition.

Our contracts for consumer services with telecom service provider customers do not obligate them to market or promote any of our products or services to their subscribers, including new products and services that are offered to existing subscribers from time to time. Without the appropriate marketing and promotion of the consumer services that we provide through our telecom service provider customers, their subscribers may not be aware of, or may cease to use or decrease usage of, our products and services. The current practice among our telecom service provider customers is to place the most popular wireless applications at the top of the menu on the first page available on their mobile phone portals or in the most prominent positions on their websites. Services at the top of the menu and in more prominent positions, in our experience, are more frequently discovered and accessed than those services in less prominent positions. If our telecom service provider customers change their current practices so that our products are displayed less prominently or are less accessible to their subscribers, our services and products would become more difficult for users to discover and access and could, therefore, result in a decline in sales of our products and services. This could adversely affect the income generated from our products and services, and thus our overall results of operations and financial condition.

22. Our result of operations and financial condition may be adversely affected if sales revenue from our network products and services sold on a per-transaction basis are lower than required to recoup our capital expenditure on such products and services.

We sell some of our network products and services to our telecom service provider customers on a per-transaction basis rather than on a license fee basis. Selling network products and services on a per transaction basis does not provide a guaranteed amount of revenue in the same way that the selling of such products and services on a license fee basis does. If sales from our network products and services sold on a per-transaction basis are lower than required to recoup our capital expenditure for such products, services and any equipment that we install at our telecom service provider customers' places of operations in connection with our provision of such products and services, our results of operations and financial condition could be adversely affected.

23. Income from our consumer services business is subject to the consumer pricing decisions of our telecom service provider customers.

We earn a substantial portion of our income through revenue sharing agreements with our telecom service provider customers in respect of products and services offered to consumers. Under such revenue sharing agreements, we earn as income a percentage of the retail price that our telecom service provider customers charge to their subscribers for the use of our products, applications and services. However, we have no control over the pricing decisions of our telecom service provider customers and most of our contracts with our telecom service provider customers do not provide for guaranteed minimum payments. As a result, our income derived from such revenue sharing agreements may be substantially reduced depending on the pricing decisions of our telecom service provider customers, which may adversely affect our results of operations and financial condition.

24. We may be unable to renew or extend our contracts with existing telecom service provider customers prior to their expiration on terms acceptable to us or at all.

Our contracts with our telecom service provider customers and enterprise customers are generally term contracts of one year to three years in duration. Some of our contracts with telecom service provider customers and enterprise customers are open ended and remain in effect until termination by either party after a requisite notice period.

Our telecom service provider customer contracts and enterprise customer contracts that have definite terms do not have automatic renewal provisions. As these contracts reach the end of their stated terms, our telecom service provider customers and enterprise customers may seek to renegotiate pricing or other terms with us or may decide not to renew the contracts. In addition, all of our contracts allow our customers to terminate a contract without cause after a requisite notice period, typically ranging from 30 to 60 days. There is no assurance that we will be able to maintain our existing business relationships with our telecom service provider customers or enterprise customers. If we are unable to renew or extend a contract with an existing telecom service provider customer or enterprise customer or if, upon expiry of the contract, a telecom service provider customer or enterprise customer seeks to renegotiate its contract on terms unfavorable to us, it may be difficult for us to find a suitable replacement telecom service provider customer or enterprise customer, as the case may be, with the requisite licenses and permits, infrastructure and customer base. Such occurrences may have an adverse effect on our business, financial condition and results of operations.

25. Our telecom service provider customers and enterprise customers could develop some or all of our mobile telecommunication value added services and products on their own or otherwise bring them in-house, which may have an adverse effect on our business, results of operations and financial condition.

Currently most of our telecom service provider customers do not offer mobile telecommunication value added services and products independently; however, if our telecom service provider customers begin developing these services and products or otherwise were to bring development and provisions in-house, we could be under price pressure in order to maintain our business with existing telecom service provider customers, if at all. Further, enterprises could also begin developing at least some applications in-house or otherwise bring them in-house, which would lower demand for at least some of our enterprise applications. Our inability to remain a provider of mobile telecommunication and enterprise applications and products of choice could result in the loss of future income and may have an adverse effect on our business, results of operations and financial condition.

26. Our senior management team and other key team members are critical to our success and the loss of such personnel or an inability to attract and retain talented personnel could harm our business.

We are dependent on the continued service and performance of our senior management team and other key team members to successfully operate our business. Our key personnel possess technical and business capabilities that are difficult to replace. Except for the key man life insurance that we maintain for Mr. Vijay Shekhar Sharma, our Managing Director, we do not maintain key man life insurance for any of our senior management or other key team members. If we were to lose the services of the members of our senior management or other key team members, particularly to competitors, such loss may have an adverse effect on our business, results of operations and financial condition.

Our future success and our ability to maintain our competitive position and implement our business strategy are dependent to a large degree on our ability to identify, attract, train and retain technical service operation and application development engineers and personnel with skills that enable us to keep pace with growing demands and evolving industry standards. Qualified individuals in our industry are in high demand and competition for qualified engineers and personnel is intense, and we may incur significant costs to retain or attract them. We may not be able to retain our existing engineers or personnel or attract and retain new engineers and personnel in the future. Moreover, many well-qualified candidates may be subject to contractual non-compete clauses contained in employment agreements with their respective employers that could restrict our ability to employ them. If we are unable to identify, attract, train and retain technical service operation and application development engineers and personnel, our business, results of operations and financial condition may be adversely affected.

27. Certain of our loan agreements contain restrictive covenants and conditions that could adversely affect our business, results of operations and financial condition.

Our loan agreements with HDFC Bank Limited (“HDFC”) contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to altering our capital structure, obtaining any loans from other banks, effecting any material changes in our business and altering our MoA. These loan agreements also contain financial covenants that require us to maintain a specified margin in favour of the bank, a minimum tangible net worth of at least ₹ 510 Million, a ratio of total outside liabilities to tangible net worth of less than one and a current ratio of at least 2:1. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents from our lenders with respect to these covenants.

Further, under the loan agreement with HDFC for cash credit and working capital dated July 1, 2008, HDFC has the right to cancel the loan with immediate effect at its discretion, without assigning any reasons, by serving a written notice upon us. In addition, under the terms of the loan agreement with HDFC for cash credit and working capital, even though the loan is for up to ₹ 60 million, we cannot draw down more than ₹ 40 million unless our Promoter, Mr. Vijay Shekhar Sharma, pledges 30% of his shareholding in the Company to HDFC. In the event such Equity Shares are pledged and there is a default by the Company under this loan agreement, HDFC will have the right to sell such Equity Shares. If HDFC were to sell such Equity Shares, the shareholding of our Promoter in our Company would be reduced considerably, which in turn would reduce his ability to exercise control over operations and management of our Company.

Moreover, in consideration for a letter of credit / bank guarantee facility from HDFC under the sanction letter dated May 29, 2008, the Company has executed counter indemnities so as to indemnify and hold HDFC harmless against all losses, damages, suits, proceedings, claims and demands that HDFC may incur, become liable to pay or have instituted against it as a consequence of its having extended such facility. In the event of HDFC invoking any of these indemnities and requiring us to pay a counter indemnity, our financial condition may be adversely affected.

Further an event of default under our loan agreements, if not cured or waived, may entitle the lender to, among other things, take possession of the properties that are charged or hypothecated as securities, dispossess us of the property offered as security for the loans or invoke any other legal remedies available to it. If we lose possession of such securities, our business, results of operations and financial condition may be adversely affected. For further details, see the section titled “**Financial Indebtedness**” on page 277.

28. Under some of our agreements with telecom service provider customers and enterprise customers, our indemnification obligation extends to all remote and consequential losses and damages.

Under some of our agreements with telecom service provider customers and enterprise customers, we have agreed to indemnify our customers for all remote and consequential losses and damages likely to be suffered by the customers arising under those agreements. For example, a customer may initiate legal action against the telecom service provider on the grounds that the contents of a joke (included in a joke-pack subscribed to by the customer) were hurtful to his sentiments, or on account of being overcharged or incorrectly charged for services purchased by him. In the event any such indemnity provision is invoked against us, our results of operations and financial condition may be adversely affected.

29. Any breach by us of license agreements with third party content providers could adversely affect our business, results of operations and financial condition.

As part of our services, we offer a broad range of voice, music, text and image-based content to our customers, which are either developed in-house or sourced from users or third party content providers. Third party content providers grant us the right to use their content under licensing agreements. Even though we are not in breach of any license agreements with third party content providers, we cannot assure you that we will not be in breach with any such agreement in the future. If we were to breach any of our license agreements, such breach could result in a claim against us for substantial damages or even termination of the contract by the content provider. The successful assertion of any claim by a content provider could have an adverse effect on our business, results of operations and financial condition.

30. If we were unable to continue to source content through licensing agreements on terms favorable to us, our business may be adversely affected.

License agreements for content or other works are mostly for a term of one year. If we were unable to renew these agreements on terms favorable to us, or at all, upon their expiration, we might be prevented from providing content sourced from these content providers and would have to source alternative content, possibly on terms not favorable to us, which might result in loss of income or business opportunities or reduced margins that would harm our business, results of operations and financial condition. Such developments may also make it more difficult for us to offer content that addresses diverse regional, language and ethnic preferences.

31. Fees under license agreements with content providers may exceed revenue generated from the licensed content, which could adversely affect our results of operations and financial condition.

We offer content licensed from content providers on a per-transaction basis and do not receive a minimum guaranteed amount from the telecom service provider customers through which we provide such content. There is a risk that our license fees under our license agreements with content providers could exceed the revenue that we generate from such content. If this were to occur, our results of operations and financial condition may be adversely affected.

32. Piracy of, or open access on the internet to, products and applications that we offer may adversely affect our results of our operations.

Even though piracy is illegal, it is a significant threat to the telecommunications value added services industry. The primary method of piracy affecting the telecommunications value added services industry is the illegal downloading of products and applications. Piracy enables the free use of products and applications, which compete with sales by our telecom service provider customers of our products. Technology advancements such as faster copying and downloading of products and applications have made it easier for people to access and use pirated content.

Further, we cannot assure you that music content providers and others with rights in any of the products and applications that we offer through our telecom service provider customers will take steps to enforce their rights against piracy or that they will be successful in preventing the distribution of pirated content. Wide-scale pirating of our products and applications could adversely affect our results of operations.

Moreover, some of our content providers with rights in the products and applications that we offer through our telecom service provider customers provide open access to such content on the internet. Such open access competes with sales by our telecom service provider customers of our products and applications, which could adversely affect our results of operations.

33. Third parties may successfully sue us for intellectual property infringement, which could disrupt our business or require us to pay significant damages.

Third parties may sue us for intellectual property infringement or initiate proceedings to invalidate our intellectual property rights, either of which, if successful, could disrupt the conduct of our business or require us to pay significant damages that we may not recover from our content providers. In addition, in the event of a successful claim against us, we may be subject to injunctions preventing us from using our intellectual property, which in turn could result in us incurring significant licensing fees and/or force us to develop alternative technologies. If we fail to develop non-infringing technology or applications or to license the infringed or similar intellectual property rights, technology or applications on a timely basis, it could force us to withdraw services from the market or prevent us from introducing new services. In addition, even if we are able to license the infringed or similar intellectual property rights, technology or applications, license fees could be substantial and the terms of such licenses could be unfavorable. Any of the foregoing may have an adverse effect on our business, financial condition and results of operations.

34. We have made applications for registration of our intellectual property rights, which are currently pending.

We rely primarily on trade secret and copyright laws and restrictions on access to protect our trade secrets and proprietary rights. We provide services under agreements that grant customers a right to use our services and that contain terms and conditions prohibiting its unauthorized use or transfer. In addition, we enter into confidentiality agreements with our telecom service provider customers when we disclose proprietary information to them. We also enter into confidentiality agreements with our employees and consultants. Our Company submitted applications to the Registrar of Trademarks, New Delhi on August 11, 2009, for registration of the “One97” service mark, logo and certain slogans in connection with our business. For more information, see the section titled “***Our Business - Intellectual Property***” and “***Government and other Approvals***” on pages 115 and 285, respectively. We cannot assure you that the pending applications for registration of such trademarks will be granted by the relevant authorities. In the event of our failure to obtain registration of the trademarks for which we have applied, we may lose protection of the intellectual property associated with our products. This may provide opportunities to competitors to compete with our products and services, which could adversely affect our business.

35. There may be instances in which we may have to resort litigation to enforce our intellectual property rights.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology and applications and the applicable laws may not adequately protect our proprietary rights. Monitoring unauthorized use of our applications is difficult and costly, and we cannot be certain that the steps we have taken will prevent piracy and other unauthorized distribution and use of our technology and applications. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of management attention and resources. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. In addition, India is a party to international agreements that may in the future require it to modify its existing intellectual property protection regime, which may in turn impact our ability to secure appropriate levels of protection for our products.

36. We depend on information technology and our servers and disruptions to such information technology and servers could harm our business and results of operations.

As at June 30, 2010, we deployed 966 servers across various facilities owned or managed by us. Due to the importance of information technology and servers to our business, any event affecting our information technology and servers could have a material adverse effect on our business and results of operations. Our information technology and servers may be damaged, or disrupted by, computer viruses, break-ins, power losses, software theft, technology failures, human error, terrorist attacks, hacker attacks, malicious actions, fire, lightning, flooding and other calamities. While we maintain checks and systems for ensuring network security against disruptions, we do not maintain disaster recovery or back up systems for most of the critical functions of our business. We cannot assure you that these checks and systems will successfully prevent a disruption to, or an adverse effect on, our business or results of operations in the event of a disaster or other business interruption. Any extended interruption in our information technologies or servers could significantly curtail our ability to conduct our business and generate income. We cannot assure you that we will be able to continue to operate effectively and maintain such information technologies and servers.

37. We have no control over the customer care and support given to customers as such care and support is provided by our telecom service provider customers.

We do not typically have direct contact with consumers. Rather, our telecom service provider customers typically have direct contact with consumers in respect of sales, billing, technical support and general customer services. An inability to provide good customer care or service could lead to consumers having unsatisfactory experiences and result in a bad reputation for a particular product or service. Moreover, customer care center employees may be unfamiliar with new products. Any such consumer dissatisfaction, reputational harm to our products or services or failure to provide information about new products could adversely affect our business, results of operations and financial condition.

38. We are subject to risks in our acquisition of, and investments in, other companies, businesses and technologies, which could result in operating difficulties, dilution and other harmful consequences.

Our growth strategy includes acquiring interests in, or merging with, other companies, businesses and technologies. In 2005 our Company amalgamated with Worldwide Computer Services Private Limited. Further, in February 2008, our Company acquired a 54.99% ownership interest in Oorja Mobile Services Private Limited, through which we provide marketing services to telecom service providers. Moreover, in December 2009 our Company acquired a 21.28% ownership interest in TenCube, which we subsequently sold to a third party pursuant to a stock purchase agreement dated July 29, 2010.

We intend to pursue additional acquisitions to expand our business. As part of this strategy, our Company entered into a memorandum of understanding dated June 24, 2010 with SAIF Partners to establish a non-exclusive framework, known as the One97 Mobility Fund, to identify and invest in opportunities in start-up companies involved in the Indian MVAS sector in which our Company and SAIF Partners may invest jointly or individually. For further details regarding this memorandum of understanding, see the section titled “***History and Certain Corporate Matters - Material Agreements***” on page 128. We cannot assure you that we will be able to identify suitable acquisitions, strategic investments or joint venture opportunities at acceptable cost and on commercially reasonable terms. Further, we cannot assure you that (i) our due diligence review will identify

all of the problems, liabilities or other shortcomings or challenges of a target company or business; (ii) we will be able to obtain the financing necessary to complete and support such acquisitions or investments; (iii) we will be able to integrate such businesses or investments; or (iv) that any business acquired or investment made will be profitable. Future acquisitions may also be affected by employee retention problems and we may face cultural challenges associated with integrating employees from acquired companies and businesses. Moreover, our management's attention may be diverted by acquisition, transition or integration activities and our ongoing business may be disrupted.

If we attempt to acquire non-Indian companies, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need prior approval from the RBI, which we may not obtain. Also, foreign acquisitions involve risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with doing business in other countries.

Any failure to achieve successful integration of such acquired companies or investments could have an adverse effect on our business, results of operations or financial condition. In addition, the anticipated benefits of our future acquisitions may not materialize. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or other unforeseen complications or liabilities, any of which could have an adverse effect on our financial condition.

39. Consolidation among telecom service providers may increase our dependence on a limited number of telecom service provider customers.

The market for telecom service providers is highly concentrated. Consolidation among telecom service providers would increase our reliance on key customers and, due to the increased size of these companies, may negatively impact our bargaining position and profit margins. Moreover, if the combined companies operate in the same geographic market, networks may be shared and less network services may be required. Any such developments could adversely affect our business, results of operations and financial condition.

40. We have limited experience in dealing with the business, regulatory, political, operational, financial and economic risks associated with global expansion.

An important element of our business strategy is the expansion of our network services, consumer services and enterprise services businesses globally by targeting international markets in which we do not currently provide our services. However, we have limited experience dealing with the risks associated with global expansion, and thus we face considerable challenges in executing our strategy. These risks include:

- development of appropriate products and services for non-Indian markets;
- difficulties in obtaining market acceptance of our services in overseas markets;
- our lack of local presence and familiarity with business practices and conventions in certain markets;
- difficulties and additional time and expenses in customizing and localizing our applications and systems for new markets, including addressing language and cultural differences;
- shortages of personnel who can combine the relevant local knowledge with the necessary skill set, experience and familiarity with our services and applications;
- legal uncertainties or unanticipated changes in regulatory requirements;
- uncertainties of laws and enforcement relating to the protection of intellectual property;
- burdens or cost of complying with a wide variety of foreign laws and regulations, including unexpected changes in regulatory requirements; and
- differences in network and system requirements that may require additional time and resources to ensure compatibility between our applications and services and the telecom service provider networks.

Our efforts to expand globally may also be adversely affected by foreign exchange controls that could prevent us from repatriating income earned in countries outside India, longer payment cycles and difficulty in collecting accounts receivable in developing countries. Any of the foregoing risks could prevent us from further expanding internationally on a timely basis or at all and may adversely affect our business, operating results and financial condition.

41. Our enterprise business is subject to additional risks, any of which could have an adverse affect on our business, prospects, results of operations and financial condition.

Our enterprise business is subject to a number of additional risks, which include:

- *Our ability to understand our enterprise customers' needs:* The success of our enterprise business will significantly depend on our ability to understand the varied business needs and complex technologies of each of our enterprise customers. If we are unable to understand the business needs and technologies of our various enterprise customers, we will not be able to develop and offer innovative and sustainable applications and solutions to them.
- *Acceptance of our applications and solutions by enterprises:* The success of our enterprise business will also be subject to the ability of enterprises to appreciate the value of mobile applications to communicate with their customers and sell products and services to their customers. If enterprises are unable to appreciate the value of using mobile applications for these purposes, the potential success of our enterprise business will be limited.
- *Preference for call center support:* Many enterprises may prefer to use live call center support for customer service purposes rather than using automated services. The potential success of our enterprise business may be limited if a large number of enterprises continue to have a preference for using live operators when providing customer services.

Any of the foregoing risks could limit the success of our enterprise business and have an adverse affect on our business, prospects, results of operations and financial condition.

42. We face risks associated with currency exchange rate fluctuations.

We have adopted the Indian Rupee as our reporting currency. We currently transact our business primarily in Indian Rupees and, to a lesser extent, in Bangladeshi Taka, Nigerian Naira and the Afghanistan Afghani. The total amount of CIF Value of imports on account of fixed assets in foreign currency was ₹ 15.74 million and ₹ 169.25 million, which amounted to 30.94% and 59.24% of our total capital expenditure, for the three month period ended June 30, 2010 and the year ended March 31, 2010, respectively, and the total expenditure in foreign currency was ₹ 3.79 million and ₹ 12.40 million, which amounted to 1.45% and 1.33% of our total operating expenses, for the three month period ended June 30, 2010 and the year ended March 31, 2010, respectively. Moreover, the total earnings in foreign currency, when converted into Rupees, was ₹ 11.71 million and ₹ 25.82 million, which amounted to 3.29% and 2.23% of our total operating income, for the three month period ended June 30, 2010 and the year ended March 31, 2010, respectively. To the extent these currencies appreciate against the Indian Rupee, it would increase our expenses reported in the Indian Rupee.

We intend to expand our business overseas, which will increase our exposure to the risk of currency fluctuations in foreign jurisdictions. In addition, conducting business in currencies other than the Indian Rupee subjects us to fluctuations in currency exchange rates that could have a negative effect on our reported operating results. Fluctuations in the value of the Indian Rupee relative to other currencies impact our income, cost of sales and services and operating margins and result in foreign currency translation gains and losses. While we have not engaged in exchange rate hedging activities in the past due to the small-scale size of our overseas operations, as our overseas operations grow we may implement hedging strategies to mitigate these risks in the future. However, these hedging strategies may not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise and external costs to implement the strategy.

43. We would be in breach of contractual obligations if our employees were to misappropriate confidential information of our telecom service provider customers.

We require our employees to enter into confidentiality and non-disclosure agreements to limit access to and distribution of the confidential information of our telecom service provider customers' subscribers such as their name and phone number lists. There can be no assurance that the steps taken by us will adequately prevent the disclosure of confidential information by an employee or a subcontractor or a subcontractor's employee. If the confidential information is disclosed or is misappropriated by our employees or subcontractors, our customers may raise claims against us for breach of our contractual obligations. The successful assertion of any claim may have an adverse effect on our business, results of operations and financial condition.

44. Our insurance coverage may prove inadequate to satisfy future claims against us.

We have total insurance coverage of ₹ 2,014.25 million as of September 30, 2010, for our assets (which includes coverage under various insurance policies such as standard fire and special perils policy, baggage

insurance policy, marine cargo open policy, burglary and house break-ins insurance policy, among others). We may become subject to liabilities against which we are not adequately insured or insured at all or for which we cannot obtain insurance. Our insurance policies contain exclusions and limitations on coverage and we do not have business interruption insurance. In addition, our insurance policies may not continue to be available on reasonable terms, at economically acceptable premiums, or at all. As a result, our insurance coverage may not fully cover any claims against us. Our insurers may not accept all claims made by us. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, results of operations and financial condition. For more information, see the section titled “*Our Business - Insurance*” beginning on page 116.

45. We have entered into, are likely to continue to enter into, related party transactions with our Promoter and Directors in the future.

We have entered into transactions with related parties in which we have purchased computer hardware, software, servers and support, as detailed in the table below.

Sr. no.	Financial Year	Name of Party	Particulars of transactions	Amount (₹)
1)	FY 2006	Visesh Infotecnics Limited	Purchase of domain, network hardware and other computer components	102,162,481
2)	FY 2007	Visesh Infotecnics Limited	Purchase of fixed assets comprising of network hardware and other computer components	53,401,629
		Ajay Shekhar Sharma	Remuneration for professional services received	222,481
3)	FY 2008	Visesh Infotecnics Limited	Purchase of fixed assets comprising of network hardware and other computer components	20,142,171
			Repairs and maintenance of computers/ computer components	27,400
		Positive Comsol Private Limited	Purchase of software	287,000
		Velocity Customer Services Private Limited	Professional charges for services recieved	1,698,993
4)	FY 2009	Visesh Infotecnics Limited	Purchase of fixed assets comprising of network hardware and other computer components	12,651,480
			Repairs and maintenance of computer and computer components	36,069
		Velocity Customer Services Private Limited	Professional charges for services received	2,645,544
5)	FY 2010	Velocity Customer Services Private Limited	Professional charges for services received	1,169,039
6)	Three months ended June 30, 2010	Velocity Customer Services Private Limited	Professional charges for services received	302,827

While we believe that all such transactions have been conducted on, and have commercial terms consistent with, an arm’s length basis, there can be no assurance that we could not have achieved more favourable terms had

such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. Conflicts may also arise in the ordinary course of our decision-making in connection with our negotiations and dealings with our Promoter and/or Group Companies with respect to services that we provide to them and the arrangements that we may enter into with them. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For more information regarding our related party transactions, see the section titled “*Related Party Transactions*” beginning on page 153.

46. We have certain indemnity obligations under the stock purchase agreement pursuant to which we sold our ownership interest in TenCube to a third party.

Under the stock purchase agreement dated July 29, 2010 pursuant to which our Company sold its ownership interest in TenCube to a third party, our Company has granted an indemnification that could be invoked in connection with, among other things, any misrepresentation or breach of any warranty made by TenCube or us, which survives the completion of the sale of our Company’s ownership interest in TenCube to such third party. We cannot assure you that such indemnity provision will not be invoked against us in the future. If such indemnity is invoked and finally granted by a court of competent jurisdiction and we are required to make a payment to such third party as a result of such indemnity obligation, our results of operations and financial condition may be adversely affected.

47. We may find ourselves in breach of the terms of our arrangements with telecom service provider customers because of our failure to ensure that content provided by us is not obscene, defamatory, racist, or otherwise offensive or unlawful in nature.

We take steps to ensure that the content we deploy adheres to the standards and terms of our customer contracts. However, there can be no assurance that such content will not contain obscene, defamatory, racist, or otherwise offensive or unlawful material. If offensive or unlawful material is detected, we are able to take action to prevent the delivery of such material and fine or impose financial penalties on third-party content or service providers responsible for the conveyance of such material. Such fines or financial penalties can be deducted by us from amounts due to the responsible third party content or service provider. However, any failure on our part to detect and prevent the conveyance of such material could result in a breach of an agreement with a telecom service provider customer, which could cause such telecom service provider customer to terminate its arrangement with us. In addition, fines and financial penalties may be imposed on us for such breach and we may not be successful in recovering such fines or financial penalties from our content or service providers. Any of the foregoing may in turn have an adverse effect on our business, results of operations and financial condition.

48. We have submitted an application to obtain service tax registration, which is currently pending.

Our Company has submitted an application dated September 8, 2010 to the Central Board of Excise and Customs, Ministry of Finance, Department of Revenue to obtain service tax registration under Section 69 of the Finance Act, 1994 with respect to certain taxable services provided by us. For further details, see the section titled “*Government and Other Approvals*” on page 285. If the service tax registration is not granted, it could affect our business and results of operations.

49. We do not own our registered office or any of our offices from which we operate.

Our Company leases the premises in which our registered office in New Delhi and our other offices in Delhi, Noida, Mumbai and Chennai are located. Although most of the lease agreements provide for an option to renew, this option to renew is on mutually agreed terms. If any of the property owners do not renew the agreements under which we occupy the premises or will only renew such agreements on terms and conditions that may be unfavorable to us when such agreements are up for renewal, or if the property owners were to terminate the lease or there is an adverse claim on the property by third party, our use and occupation of such property may be affected and we may suffer a disruption in our operations or have to pay increased rental rates. If any of these events were to occur, it could have an adverse effect on our business, financial conditions and results of operations. For more information, see the section titled “*Our Business – Properties*” beginning on page 116.

50. Our employee attrition rate may increase to a level where we are not able to sustain our deliverables at a given point of time, which may adversely affect our business and results of operations.

We believe we pay competitive compensation packages and benefits to our employees, however, given the increasing wage levels in India we cannot assure you that our employee attrition rate will not increase to an unsustainable level or that we will be able to recruit experienced professionals to replace the professionals leaving at that particular point of time. Our attrition rate for the three months ended June 30, 2010 and the year ended March 31, 2010 was 10.98% and 35.58%, respectively. Furthermore, increase in compensation payable to employees in India may reduce some of the inherent cost competitiveness enjoyed by us through our operations in India. Employee compensation in India is increasing at a fast rate, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to retain talent. If we continue to increase employee compensation, we will have to choose between passing on such increases to customers, which may reduce our competitiveness compared to competitors, or bearing such increased costs ourselves, which could reduce our net income. If any of these events were to occur, our business and results of operations may be adversely affected.

51. Our growth requires additional capital, which may not be available on terms acceptable to us or at all.

We intend to pursue a strategy of continued investment to grow our business and expand the range of products and services we offer. We anticipate that we may need to obtain financing as we expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favorable terms or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our acquisition plans or growth strategies or reduce capital expenditures and the size of our operations. See also the section titled “***External Risk Factors- Risks Relating to India- Any downgrading of India's debt rating by domestic and international rating agency could adversely affect our business***” beginning on page 23 for more information.

52. Under five agreements that we have entered into with our telecom service provider customers, the telecom service providers has the sole right to appoint the sole arbitrator in the event of a dispute.

Under five contracts that our Company has entered into with telecom service providers for providing services, the chief executive officer of the relevant telecom service provider has the right to appoint the sole arbitrator to decide any dispute that may arise between us and the relevant counter party under a contract. We cannot assure you that any arbitrator appointed in such manner will not be unbiased. Any bias on the part of the arbitrator could result in a decision that is unfavourable to us, which could adversely affect our results of operations and financial condition.

53. Our management will have significant flexibility in temporarily investing the net proceeds from the Issue.

We intend to use the net proceeds from the Issue for the purposes described in “***Objects of the Issue***” on page 77. Pending utilization of the net proceeds from the Issue, we intend to temporarily invest such net proceeds as stated under “***Objects of the Issue***” – Interim Use of Proceeds”, for which we, in accordance with the policies established by the Board, will have significant flexibility. Our management may also determine that it is appropriate to revise our estimated capital expenditure, fund requirements and deployment schedule owing to factors such as exchange or interest rate fluctuations and other expenses and other external factors which may not be within the control of our management but may affect the use of the net proceeds from the Issue.

54. Our funding requirements and proposed deployment of the net proceeds 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 of the Issue 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 ICDR 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 or revising planned expenditure and funding requirements at the discretion of our Board. 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.

55. We will be controlled by our Promoter for so long as he holds a majority of our Equity Shares.

After the completion of the Issue, our Promoter, Mr. Vijay Shekhar Sharma, will hold approximately [•] % of our outstanding Equity Shares. As a result, our Promoter will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of his shareholding in us may also delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders. The interest of our Promoter as our controlling shareholder could also conflict with our interest or the interests of our other shareholders. We cannot assure you that our Promoter will act to resolve any conflicts of interest in the interest of our other shareholders.

56. Our Company has in the last 12 months issued Equity Shares at a price that could be lower than the Issue Price.

Our Company allotted and issued 2,707 Equity Shares on April 7, 2010 pursuant to the ESOP Scheme. The price at which such Equity Shares were issued may be lower than the Issue Price. The details of such allotments are set forth below:

S.No.	Name of Allottee	Number of Equity Shares	Issue Price (₹)
1.	Ms. Ritu Agarwal	2,106	10.00
2.	Mr. Kranthi Chaitanya Pulluru	101	49.00
3.	Mr. Vikas Garg	400	49.00
4.	Mr. Sanjeev Garg	100	49.00

If the Issue Price is higher than any prior issue prices, in particular the above recent issue prices, purchasers of our Equity Shares will experience an immediate dilution in net tangible book value per share from the initial public offering price per Equity Share.

57. A few of our telecom service provider customers have passed on the burden of compliance with Do Not Call (“DNC”) regulation to us.

TRAI has issued the DNC regulation, which provides that if subscribers to telecom service providers’ services do not wish to receive unsolicited commercial communication on their telephones, it will be the telecom service providers’ responsibility to register its subscribers’ numbers with the National Do Not Call (“NDNC”) registry. Telemarketers can call only those numbers that do not appear on the NDNC registry. The regulations provide for registration of the telemarketers with the Department of Telecommunications (“DoT”), the registration of subscribers with the NDNC registry, and the mechanisms on which it would operate. Since TRAI’s establishment of stringent penalties (including fines of up to ₹ 1,000 per unsolicited commercial communication and disconnection of a telemarketer’s telephone number or telecom resource for calling numbers on the DNC list and penalties of up to ₹ 20,000 for non-compliance with the Telecom Unsolicited Commercial Communications Regulations, 2007), a few of our telecom service provider customers have passed on the burden of registration with the DoT and compliance to these guidelines on to us. As per a few of our recent agreements with telecom service provider customers, we have undertaken to comply with the DNC regulations and in case of violation, the relevant telecom service provider customer has the right to recover from us any penalties that may be imposed. In addition, while we only have this obligation under some of our agreements with telecom service provider customers, other telecom service providers may also ask for similar obligations in the future.

Under the “Guidelines for Telemarketers” released by the DoT, any entity engaged in soliciting or promoting any commercial transaction in relation to goods, investment or services is required to register as a telemarketer with the DoT. We engage in activities such as outbound calls to solicit for and promote products for our customers. While we believe that we have registered ourselves as telemarketers with the DoT for the activities carried out by us for some of our customers, we cannot assure you that we are or will be able register as a telemarketer for all such activities carried out by us. Any query or action by the DoT in this regard may impact our business and adversely affect our results of operations.

EXTERNAL RISK FACTORS

Risks Relating to Our Industry

58. Our telecom service provider customers are subject to extensive government regulation of the telecommunications industry in India. Further, the licenses and the regulatory environment in which they operate are subject to change.

We are dependent on our telecom service provider customers to market and sell our consumer applications and services that we offer. As such, any regulation that may have an adverse effect on our telecom service provider customers may in turn adversely harm our business. The telecommunications industry in which our telecom service provider customers operate is subject to extensive government regulation. The Government of India along with the Telecommunications Regulatory Authority of India (“TRAI”) regulate many aspects of the telecommunications industry in India. The extensive regulatory structure under which our telecom service provider customers operate could constrain their flexibility to respond to market conditions, competition or changes in their cost structure, and thereby adversely affect them. In addition, they are required to obtain a wide variety of approvals from various regulatory bodies. There can be no assurance that these approvals will be forthcoming on a timely basis or at all, which could have an adverse effect on their business, results of operations, financial condition and prospects.

The licenses under which our telecom service provider customers operate their businesses typically reserve broad discretion to the Government of India to influence the conduct of their businesses by giving it the right to modify, at any time, the terms and conditions of the licenses and to terminate or suspend the licenses in the interests of national security or in the event of a national emergency, war or similar situations. In addition, the Government of India may also impose certain penalties including suspension, revocation or termination of a license in the event of default by our telecom service provider customers in complying with the terms and conditions of the license. Our telecom service provider customers’ licenses may also be for a fixed term and there can be no assurance that any of these licenses will be renewed at all or renewed on the same or better terms. Any of the foregoing may have an adverse effect on the business, results of operations and financial condition of our telecom service provider customers, which may in turn have an adverse effect on us.

59. TRAI has issued a consultation paper contemplating the establishment of a “National Do Call Registry” under which promotional calls could only be made to subscribers registered with such registry.

As a result of the rise in cases of telecom subscribers receiving unsolicited commercial calls despite being registered with the NDNC Registry, TRAI issued a “consultation paper on review of telecom unsolicited commercial communications regulations” dated May 11, 2010 (consultation paper no. 8 of 2010) (The “Consultation Paper”). The Consultation Paper contemplates the creation of a “National Do Call Registry” to protect the interest of the subscribers who do not want to receive unsolicited telemarketing calls. As contemplated by the Consultation Paper, telemarketers would only be able to make promotional calls to subscribers who are registered with the “National Do Call Registry”. If the contemplated “National Do Call Registry” were established, it may result in a substantial reduction in our promotion and marketing endeavours, which would result in lower customer penetration and loss of revenue and opportunities, thereby adversely affecting our business and results of operations.

60. We may be adversely affected by future government regulations implemented for the telecommunications value added services industry in which we operate.

Currently, the telecommunications value added services industry is not subject to any specific government regulations. However, there can be no assurance that the Government of India will not implement new regulations and policies that would require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations, or our inability to obtain these approvals and licenses or perform such requirements and conditions on time or at all, may have an adverse effect on our business and results of operations.

61. Telecom service provider network congestion, failures or a shortage of a sufficient amount of network infrastructure could reduce our sales, increase costs or result in a loss of income.

We rely on our telecom service provider customers’ networks to deliver our products and services and telecom applications to their subscribers. Congestion on, failures of, technical problems with, or a shortage of our telecom service provider customers’ delivery systems or communications networks could result in the inability of the subscribers to use our applications. If any of these systems fail, including as a result of an interruption in the supply of power, an earthquake, fire, flood or other natural disaster, an act of war or terrorism, or a lack of

compliance with local laws (e.g., the deployment of telecommunications infrastructure without proper permissions), our telecom service provider customers' subscribers may be unable to access our applications. Any failure of, or technical problem with, our telecom service provider customers' networks could result in a loss of income and have an adverse effect on our business, results of operations and financial condition.

62. Concerns about health risks relating to the use of mobile handsets may adversely affect our prospects.

In recent years, media and other research reports have linked radio frequency emissions from mobile handsets to various health concerns, including cancer, and to interference with various electronic medical devices, including hearing aids and pacemakers. As research and studies are ongoing, we cannot assure you that further research and studies will not demonstrate a link between radio frequency emissions and health concerns, which could have an adverse effect on our business, results of operations and financial condition.

Risks Relating to India

63. The Indian economy has sustained varying levels of inflation in the recent past

India recently experienced very high levels of inflation, with inflation peaking at 12.91% in August 2008. According to India's Ministry of Finance Department of Economic Affairs' Monthly Economic Report March 2010, year-on-year inflation in terms of the wholesale price index for March 2010 was 9.90% while year-on-year inflation in terms of the wholesale price index for March 2009 was 1.20%. However, the year-on-year inflation rate for March 2010 was virtually unchanged from the year-on-year inflation rate of 9.89% in February 2010. In the event of a high rate of inflation, our costs, such as salaries, wages or any other of our expenses, may increase. Accordingly, high rates of inflation in India could increase our costs, which could have an adverse effect on our results of operations.

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

The Indian government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Indian government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Indian government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

65. Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, which could constrain our ability to obtain financings 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, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

66. Terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our business, results of operations, financial condition and cash flows.

Certain events that are beyond our control, including terrorist attacks and other acts of violence or war, which may adversely affect worldwide financial markets and potentially lead to economic recession, could have an adverse effect on our business, results of operations and financial condition. Additionally, 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 operations, which could have an adverse effect on the market for our services.

67. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.

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

Risks Relating to this Issue and Investment in our Equity Shares

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

Subsequent to listing, we will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

69. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for the listing of the Equity Shares cannot be granted by the Stock Exchanges until after the Equity Shares have been issued and allotted and all other relevant documents authorizing the Issue have been submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

70. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and the BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within 12 Working Days of the Bid/ Issue Closing Date. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the requisite approvals would restrict your ability to dispose of your Equity Shares.

71. There is no existing market for the Equity Shares and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.

Prior to this Issue, there has been no public market for our 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 trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy, significant developments in India's fiscal regime and other factors. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

72. Future sales of Equity Shares by our Promoter and other significant shareholders may adversely affect the market price of our Equity Shares.

After the completion of the Issue, our Promoter will own, directly and indirectly, approximately [●]% of our outstanding Equity Shares. Subject to lock-in restrictions of one year applicable to the entire pre-Issue shareholding of our Promoter and three years applicable to 20% of the post-Issue capital held by the Promoter, our Promoter may sell the Equity Shares held by him at anytime. Further, subject to a lock-in restriction of one year applicable to the entire pre-Issue shareholdings of all shareholders, other shareholders may sell the Equity Shares held by them at any time. Sales of a large number of our Equity Shares by our Promoter or other shareholders, could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares.

73. Future issuances of Equity Shares would dilute your proportionate interest in our Company.

Any future issuances of Equity Shares by us, including in a primary offering or pursuant to a preferential allotment or issuances of stock options under any employee stock option plans, or any perception by investors that such issuances or sales might occur may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares and could affect our ability to raise capital through an offering of our securities.

74. We have not paid dividends in the past and may not pay dividends in the future.

Our Company has never paid dividends to its equity shareholders in the past. Whether our Company pays dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our results of operations and financial condition and other factors considered relevant by our Board of Directors and shareholders. There is no assurance that our Company will declare and pay, or have the ability to declare and pay, any dividends on Equity Shares at any point in the future.

75. The requirements of being a listed company may strain our resources and distract management.

We have no experience as a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges which requires us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

As a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner.

76. Our failure to successfully adopt International Financial Reporting Standards ("IFRS") effective April 2014 could have a material adverse effect on the price of our Equity Shares.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, IFRS, pursuant to which all public companies in India, including ours, will be required to prepare their annual and interim financial statements under IFRS. The requirement for us to prepare our annual and interim financial statements under IFRS will become effective the fiscal period commencing April 1, 2014. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in respect of forming judgments regarding the implementation and application of IFRS, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholder's equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2014 could have a material adverse effect on the price of our Equity Shares.

Prominent Notes

1. Public issue of [●] Equity Shares of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per equity share) aggregating to ₹ 1,200 million. The Issue will constitute [●]% of the post-Issue paid up capital of our Company.
2. Pursuant to the first proviso to Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations, this being an Issue for less than 25% of the post-Issue equity share capital, is being made through a 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to QIBs. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith.
3. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, 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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, 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.
4. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the 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.
5. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Retail Portion or the Non-Institutional Portion would be met with spill-over from other categories or combination of categories, at the sole discretion of our Company, in consultation with the Book Running Lead Managers. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
6. Oversubscription, if any, to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'. Consequently, the Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
7. Our Company was incorporated on December 22, 2000, as "One97 Communications Private Limited" under the Companies Act. Pursuant to a shareholders resolution dated May 11, 2010, our Company was converted into public limited Company and consequently the name was changed to "One97 Communications Limited" and a new certificate of incorporation dated May 12, 2010 was issued by the

RoC.

8. Our networth as of June 30, 2010 was ₹ 1,408.40 million based on the Restated Consolidated Summary Statements.
9. Our net asset value per Equity Share, as of June 30, 2010 was ₹ 61.68, based on the Restated Consolidated Summary Statements.
10. The average cost of acquisition of or subscription to Equity Shares by our Promoter and is set forth in the table below:

Name of the Promoter	No. of Equity Shares held	Average price per share (in ₹)
Mr. Vijay Shekhar Sharma	9,859,516	4.49

The average cost of acquisition of Equity Shares by our Promoter has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us.

11. Except the sale and transfer of 600,000 Equity Shares, at a price of ₹ 175 per Equity Share by our Promoter and Director, Mr. Vijay Shekhar Sharma, to SAIF on February 23, 2010, none of our Promoter, Promoter Group, Directors or their immediate relatives have purchased or sold any Equity Shares within the six months preceding the date of filing of this Red Herring Prospectus with RoC.
12. Except as disclosed in section titled “**Capital Structure**” on page 63 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than cash.
13. For related party transactions, including details of transactions between the Company and its Subsidiaries, and the cumulative value of such transactions, please refer to the section titled “**Financial Information**” beginning on page 155 of this Red Herring Prospectus. The following table presents an absolute value of all transactions entered into with our related party entities as per our Restated Consolidated Summary Statements for the three-month period ended June 30, 2010 and the three years ended March 31, 2010, 2009 and 2008:

(₹ In millions)									
Sr. No	Particulars	Transaction Amount	Balance Out-standing	Transaction Amount	Balance Out-standing	Transaction Amount	Balance Out-standing	Transaction Amount	Balance Out-standing
		For the three months period ended June 30, 2010		For the year ended March 31, 2010		For the year ended March 31, 2009		For the year ended March 31, 2008	
1	Associates and joint ventures of the Company, investing party	0.00	0.00	33.70	0.00	0.00	0.00	90.08	0.00
2	Enterprises significantly influenced by key management personnel or their relatives.	0.64	0.55	2.28	0.48	16.41	3.94	22.16	1.97
3	Individuals owning interest in the voting power of the Company that gives the control or significant influence (key management personnel)	2.27	0.50	9.12	0.62	58.85	0.29	9.02	0.00
4	Relatives of individuals owning interest in the voting power of the Company that gives the control or significant influence.	0.39	0.00	1.36	0.00	1.33	0.00	0.47	0.00
	Total	3.31	1.04	46.46	1.10	76.58	4.23	121.73	1.97

14. Except as disclosed in sections titled “***Our Management***” and “***Our Promoter and Group Company***” on pages 134 and 151, respectively, of this Red Herring Prospectus, none of our Promoter, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
15. Except as disclosed in risk factor no. 56, the Company has not issued Equity Shares at a price which may be less than the Issue Price during the last one year.
16. Our Company has not made any loans or advances to any person or company in which our Directors are interested, except as disclosed in the sections titled “***Related Party Transactions***” and “***Financial Information***” beginning on pages 153 and 155, respectively, of this Red Herring Prospectus.
17. In case of oversubscription in the Issue, allotment would be made on a proportionate basis to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders. For details refer to the section titled “***Issue Procedure – Other Instructions – Basis of Allotment***” on page 328 of this Prospectus.
18. Any clarification or information shall be made available by the BRLMs and us 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.
19. Investors may contact the BRLMs for any complaints, information or clarifications pertaining to the Issue.
20. Before making an investment decision in respect of the Issue, investors are advised to refer to the section titled “***Basis for Issue Price***” on page 82 of this Red Herring Prospectus.
21. Trading in Equity Shares for all investors shall be in dematerialized form only.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section has been extracted from the websites of and publicly available information, data and statistics of various sources, including, but not limited to, government and industry websites and publications, including reports that have been prepared by Frost & Sullivan. The data may have been re-classified by us for the purpose of presentation. Our Company accepts responsibility for accurately reproducing such data, information and statistics. Neither we nor any other person connected with the Issue has verified the information provided in this section. 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. Accordingly, investment decisions should not be based on such information.

Except for where otherwise stated, information in this Industry Overview has been derived from the Frost and Sullivan reports –

- *Indian Mobile Value Added Services (VAS) Market, February 2010*
- *Enterprise Value Added Services (EVAS) Market, February 2010*
- *Mobile Advertising Market in India, February 2010*
- *Network VAS Market in India, March 2010*

Indian Telecommunications Market

The Indian telecommunications industry is one of the fastest growing in the world and India is projected to become the second largest telecom market globally by 2010. (Source: India Brand Equity Foundation at www.ibef.org accessed on March 12, 2010; and Confederation of Indian Industry at www.cii.in accessed on May 14, 2010) According to the Telecom Regulatory Authority of India (“TRAI”), the number of telecom subscribers (wireless and wireline) in India increased to 688.38 million in July 2010 from 671.79 million in June 2010, thereby registering a growth rate of 2.49% during July 2010. With this increase the overall tele-density (telephones per 100 people) reached 58.17. (Source: TRAI) India is currently adding eight to ten million mobile subscribers every month. (Source: India Brand Equity Foundation (“IBEF”) at www.ibef.org accessed on March 12, 2010)

Despite growth in the number of subscribers, the Average Revenue Per User (“ARPU”) and Minutes of Usage (“MOU”) per month have declined for both GSM and CDMA operators since the last quarter of 2007 or first quarter of 2008, as the case may be.

It is expected that once the 3G spectrum becomes available in India, about 275 million Indian subscribers will use 3G based services, and the number of 3G-enabled handsets will reach close to 395 million by the end of 2013. The target for the 11th Plan period (2007-12) is for there to be 600 million wireless subscribers in India by the end of the plan period with USD 73 billion invested in wireless services. Apart from basic wireless service, there is an enormous potential for various value-added services. (Source: India Brand Equity Foundation at www.ibef.org accessed on March 12, 2010)

Mobile Value Added Services (“VAS”) – An Overview

Telecom networks enable two or more people to connect with one another in order to communicate verbally. Any additional service like SMS, mobile internet, music, mobile commerce or enterprise applications offered on telecom networks are value added services offered by value added service providers (“VAS Providers”). Telecom service providers (i.e. telecom providers) look to such value added services to enhance their revenues and differentiate their services in the market place.

Consumers are increasingly using mobile phones for a variety of services beyond traditional communication (i.e., phone calls). Today consumers expect their mobile phones to deliver entertainment, information and access to their personal and/or enterprise data. Companies offering these services to consumers (either directly and/or in partnership with telecom service providers) are VAS Providers.

Value added services that can be delivered to a handset use most of the features available on a telecom network. Such features include the following:

1. A voice call (i.e., voice VAS);

2. An SMS that is received or sent, (i.e., SMS services);
3. Internet available on handsets through Wireless Application Protocol (“WAP”), namely WAP Services;
4. Messages sent or received with multimedia content on a handset through Multimedia Messaging Service (“MMS”); and
5. Video call (only possible on 3G Network) to access stored or live video content.

Telecom service providers charge the subscribers, who use value added services on pay per download, pay per call or on a monthly subscription basis, among others. VAS Providers receive a share of this revenue from the telecom service provider. The content providers get their revenue in the form of content fees or royalty either from the VAS providers or directly from the telecom service providers.

Some additional value added services include managed services where a VAS Provider manages on behalf of telecom service providers systems delivering other value added services like SMS sending servers and Mobile Internet Gateways and self care platforms where consumers check their prepaid balance or find out about new recharge offers and services.

Some of the services that a network service provider uses for improving business efficiency, churn management, customer communication and customer lifecycle management are called network value added services.

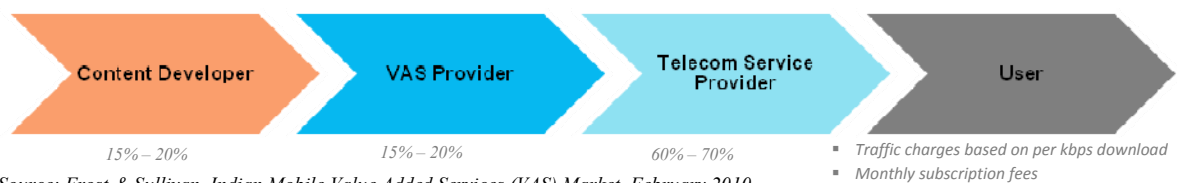
VAS Market Segments

The VAS market can be segregated into two segments: *Consumer VAS* and *Enterprise VAS*. A thin line separates these segments due to the overlapping of products and services offered in each segment. Consumer VAS usually encompasses consumer-centric applications and services spanning entertainment and information applications like music, screen savers, games and news, among others. Various fee payment models have been developed for charging consumers for VAS. Moreover, revenues are shared by the various players across the value chain.

In respect of enterprise VAS, the focus is on providing enterprise-centric VAS and charging the enterprises for such services. These services span a number of areas such as marketing (e.g., mobile campaigns and mobile advertisements), mobile office applications, core business applications and unified communications. The objective is to use mobile channel effectively to enhance brand building activities and/or improve efficiencies of operations and communications for an enterprise.

Within enterprise VAS, VAS providers can provide specialized applications or services to telecom service providers, often with the purpose of enhancing the consumer (i.e., subscriber) experience on the network and/or improving the efficiency and profitability of the telecom service provider. This niche segment is called “Network VAS” and can be considered a special type of Enterprise VAS provided to telecom service providers.

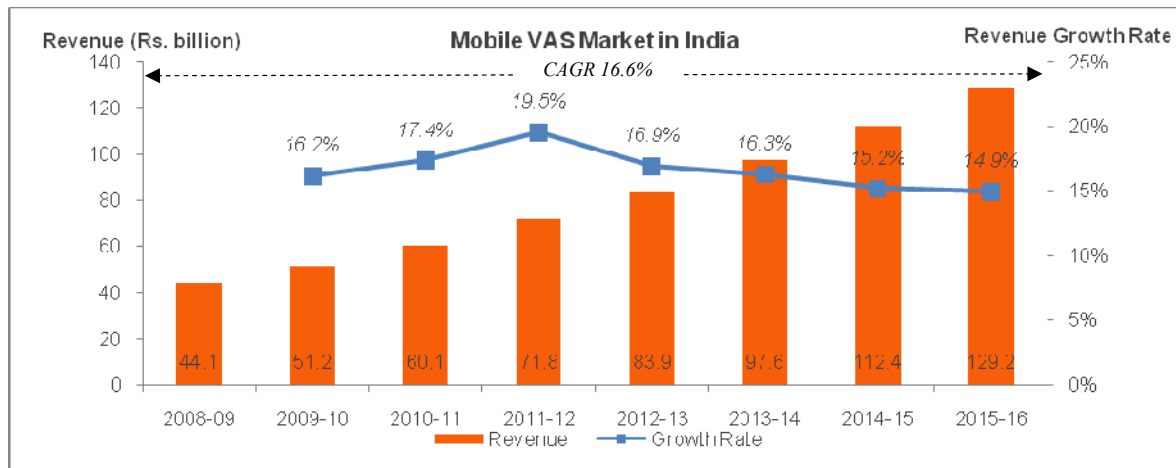
The VAS providers generate revenues from various sources in return for the services provided by them. For consumer VAS, the consumers pay based on the content used. This revenue is often collected by the telecom service providers, which distribute a portion of the revenue collected to VAS providers under revenue sharing arrangements. A typical revenue sharing model for consumer VAS segment is depicted below:



Source: Frost & Sullivan, Indian Mobile Value Added Services (VAS) Market, February 2010

Mobile VAS Market

Mobile VAS market revenues in India constituted 5.4% of the total mobile services market revenues in fiscal 2009. It is expected to grow from ₹ 44.1 billion in fiscal 2009 to ₹ 129.2 billion in fiscal 2016 at a CAGR of 16.6%. With telecom service providers increasingly looking to grow mobile VAS offerings, it is anticipated that this market will experience strong growth, especially after the proliferation of 3G networks.



Source: Frost & Sullivan, Indian Mobile Value Added Services (VAS) Market, February 2010

Growth Drivers:

1. India is one of the fastest growing telecom markets globally;
2. VAS potential as an ARPU enabler;
3. Increased availability of affordable multifunction handsets with enhanced capabilities;
4. A need for telecom service providers to differentiate themselves based on key VAS offerings;
5. High speed networks like 3G and WIMAX likely to drive adoption of VAS; and
6. The telecom market still has significant potential for growth, especially among rural population.

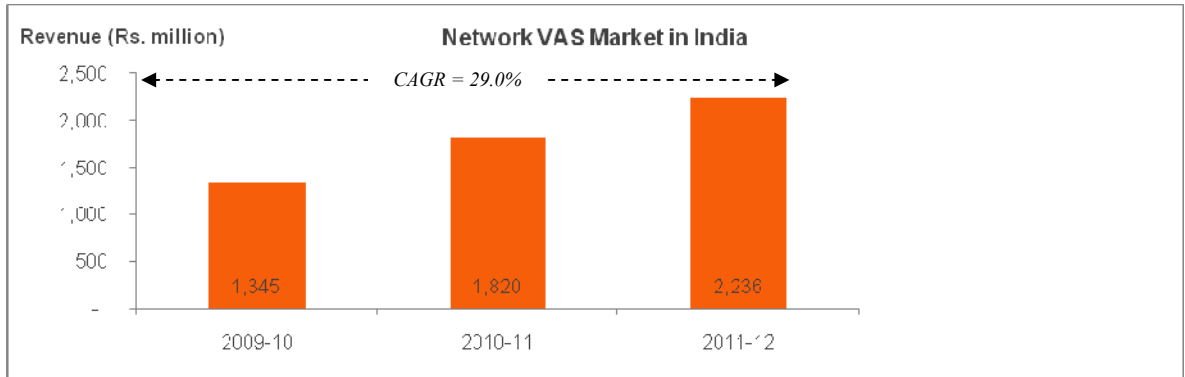
Market Restraints:

1. Lack of advanced infrastructure such as high-speed networks to facilitate VAS offering to consumers;
2. Availability of alternate channels to procure content such as internet;
3. Security-related issues; and
4. Restricted use of enterprise VAS in the enterprise.

Network VAS Market

A network VAS provider works with telecom service providers and delivers enhancements necessary for selling value added services, offering customer communication, self care and managing the VAS technology platforms. The scope of work for network VAS include (but is not limited to) enabling easy access to information (details about the value added service, usage charges and various features available for that service) and providing a method for starting and stopping the service.

The Network VAS market is expected to grow from ₹ 1,345 million in fiscal 2010 to ₹ 2,236 million in fiscal 2012 at a CAGR of 29.0%.



Source: Frost & Sullivan, Network VAS Market in India, March 2010

Customer communications comprises of outbound and inbound communication. In outbound communication, outbound dialing (“OBD”) refers to calls or SMSs (“Outbound SMS”) generated on the telecom service provider’s end. Bulk SMS, promotional calls/messages and grace calling are a part of this segment. Inbound communication refers to inbound dialing (“IBD”), which includes the customer care or toll free self care number services available to customers. Inbound SMS is not included under this category.

Market Drivers:

- Innovative content driving the growth of VAS and in turn the need for promotional services;
- Telecom service provider’s need to improve customer services in order to increase user retention;
- Telecom service provider’s focus on increasing consumers’ awareness of mobile VAS; and
- Robust growth in mobile subscriber base.

Market Restraints

- Subscriber growth is mostly expected from rural regions, some of which lack English knowledge and familiarity with SMS. Lack of local language IVR and content make it difficult to target this segment effectively;
- Stricter regulation expected with respect to spam and unwanted calling. More users opting for Do Not Disturb (“DND”) services; and
- Increasing adoption of multiple subscriber identification modules (i.e., sim cards) by the subscribers, which reduces the percentage of successful calling and conversion.

SUMMARY OF BUSINESS

Overview

We are a leading provider of telecommunications value added services to telecom service providers, consumers and enterprises in India. We offer products and services to meet the needs of (1) telecom service providers, (2) consumers (i.e., mobile phone users) and (3) enterprises. We develop and purchase content and applications, provide the relevant platform for delivery of our products and services and integrate these products and services with the core network elements of telecom service providers.

Our applications can be deployed on any telecom network and accessed from most mobile handsets. We utilise interactive voice response (“IVR”) system or voice, Short Message Services (“SMS”), Unstructured Supplementary Services Data (“USSD”) and Wireless Application Protocol (“WAP”) technology to deliver our products and services.

Network Services

The focus of our network services is to assist telecom service providers in enhancing network efficiency and improving their revenues and profitability by delivering innovative solutions that enhance their subscribers’ experiences. Our network services include providing network components such as Short Message Service Centres (“SMSC”), which facilitate the accurate delivery of SMS messages to their intended destinations, USSD gateways, which enable a subscriber to obtain information (e.g., sports results, stock quotes and the amount of unused prepaid balance on a SIM card) and call management systems such as pre-call announcements, call forwarding and call block services.

We also provide customer lifecycle management services that are aimed at increasing average revenue per user (“ARPU”), including self-care portals, service provisioning portals, loyalty programs and customer churn management services. Our services such as toll-free infolines, customer communication tools through outbound diallers, tagged-SMS, missed-call back services and USSD inserts further enable our telecom service provider customers to enhance their subscribers’ experiences while using their respective networks.

Our Subsidiary Oorja Mobile Services Private Limited (“Oorja”) provides focused marketing solutions to telecom service providers. Oorja has developed an analytics driven comprehensive customer communications platform that enables telecom service providers to target customers with particular services, products and promotions based on profiling of customers using network footprints and voluntary customer profiles. This platform enables telecom service providers to offer targeted mobile advertising services to enterprises wishing to place advertisements through their respective networks. Oorja’s product portfolio currently includes pre-call inserts and profiled post-call notifications, which allow focused advertisements inserted before or after telephone calls to be directed at individual subscribers based on their network footprint; incomplete call announcements, which are customized messages and advertisements directed at customers when a dropped call occurs; and a recommendation engine, which is an analytics-driven comprehensive customer communications platform that tracks explicitly expressed preferences and exhibited preferences of customers thereby enabling telecom service providers to offer non-intrusive and highly relevant content in their mobile advertising services. Oorja’s products are targeted towards telecom service providers and are currently being evaluation by or commercially rolled out to four telecom service providers in India.

We provide network services to nine telecom service providers in India, one telecom service provider in Afghanistan, one in Nigeria and one in Bangladesh. We earn revenue from providing these services to network service providers on a per transaction basis, on a periodic, per port fee basis or revenue share basis. For further details on these services, see “- **Our Principal Products and Services – Network Services**” on page 109.

Consumer Services (Services for mobile phone users)

We offer a broad range of mobile content, applications and commerce services to consumers (i.e., mobile phone users), for which we earn revenue through revenue sharing arrangements with telecom service providers. Our content and applications include music browsing, ring-tone downloads, caller ring-back tone downloads, content alerts, contests and chat and messaging applications that are delivered to consumers via voice, SMS and WAP. The content offered by us is generated in-house or by content providers from whom we have purchased distribution rights for particular content.

One of the consumer applications that we offer is a mobile phone security and data backup service called WaveSecure, which enables mobile phone subscribers to protect their handsets and personal data against misuse in the event that their handsets are lost or stolen. A second consumer application that we offer is our social networking site for mobile phones called Oc2ps, which enables subscribers to post photos, videos and updates onto the site as well as to other social networking websites at the same time and get updates from contacts on our site and other social networks, all with one mobile interface and one sign in.

Our content and applications are deliverable to the subscribers of nine telecom service providers in India, two telecom service providers in Afghanistan and one telecom service provider in Nigeria. As at October 15, 2010, we had approximately 17.43 million subscribers for our consumer services. Depending on the content or application, we sell our consumer services on a subscription basis and/or per transaction basis. Consumers who use our services are charged by their network providers who then pay us an agreed percentage under a revenue sharing arrangement.

Our subsidiary PayTM Mobile Solutions Private Limited (“PayTM Mobile”) is primarily engaged in the business of managing a mobile commerce platform called “PayTM” or “Pay Through Mobile”. PayTM enables telecom service providers and enterprises to accept payments from their customers over IVR, SMS, WAP and websites. PayTM Mobile, through its partnerships with banks, offers multiple payment options including credit cards, debit cards, internet banking and prepaid cash cards. PayTM Mobile has received the PCI DSS (i.e., Payment Card Industry Data Security Standards) certification for its adherence to strict information and network security norms established by the PCI Council, which comprises leading payment systems enterprises such as MasterCard, VISA, Discover and American Express. PayTM allows consumers to undertake a variety of transactions, including mobile prepaid recharges, direct-to-home television (“DTH”) recharges, movie ticketing, bill payments and mobile shopping. PayTM Mobile is also engaged in the business of selling digital products directly to the consumers over websites, SMS, WAP, IVR and on device portals. In July 2010, PayTM Mobile launched a website (<http://www.paytmonline.com>) for selling prepaid mobile recharges directly to the mobile subscribers. PayTM Mobile generates revenue through the sale of its own products (i.e., MVAS content) or through commissions earned from the resale of products (e.g., mobile recharges) of third party merchants such as telecom service providers.

In most instances our consumer services provide a source of additional revenue to telecom service providers without any additional capital expenditure on their part.

Enterprise Services

We use telecom networks as media to assist enterprises with customer communication, self-care solutions and brand services. Our SMS outbound campaign service and very interactive out diallers (“VIO”) allow for outbound communication with customers, enterprise messaging, brand communication and advertising. Our voice portals and SMS pull services on 53030 SMS short code enable enterprises to make self care services available to customers. We also develop WAP sites for enterprises and offer them mobile payment gateways (i.e., PayTM). For further details on these services, see “***Our Principal Products and Services – Enterprise Services***” on page 113.

Selected Highlights

Our Company was founded in 2000 by Mr. Vijay Shekhar Sharma, the Company’s Managing Director and Promoter. The Company was awarded The Emerging Company of the Year at *Voice & Data’s* Telecom Awards 2009. Further, in 2009 Deloitte, as part of its Deloitte Technology Fast 50 India program, recognized our Company as the 10th fastest growing technology company in India based on our percentage revenue growth.

Our consolidated total income as per our Restated Consolidated Summary Statements was ₹ 407.71 million for the year ended March 31 2008, ₹ 813.97 million for the year ended March 31, 2009, ₹ 1,190.51 million for the year ended March 31, 2010 and ₹ 361.22 million for the three month period ended June 30, 2010. Our consolidated net profit as per our Restated Consolidated Summary Statements was ₹ 44.58 million for the year ended March 31, 2008, ₹ 21.37 million for the year ended March 31, 2009, ₹ 161.78 million for the year ended March 31, 2010 and ₹ 64.68 million for the three month period ended June 30, 2010.

Our Competitive Strengths

We believe that our key competitive strengths include the following:

Access to a significant number of mobile phone users in India

We provide services to 12 telecom service providers in India. Our arrangements with these telecom service providers gives us access to a significant number of mobile phone users in India.

Long-standing relationships with telecom service providers, which create technological and time-to-market barriers to entry for new entrants

We have long-standing relationships with many of our telecom service provider customers through which we provide our consumer services. Our customer contracts for consumer services generally take the form of master contracts that allow us to add new products and services rapidly with essentially the same terms and conditions as the master contract. Since our inception in December 2000, we have not lost any major customers. We have been able to hold onto our customers because of our development of innovative revenue generating products and joint product planning and service deployments with our customers, thereby making us integral to our customers' growth plans.

Furthermore, service deployments with our major network customers involve complex hardware systems and software applications deeply embedded within the network's infrastructure and integrated into the network's billing, provisioning, service management, customer care and other core systems. In order to manage, maintain and operate the software applications provided to our customers and integrate them into our joint product planning and new service deployment processes, we maintain a high level of interaction and close working relationships with each of our telecom service provider customers. This minimizes the complexities involved in deploying and marketing new services, which gives us an advantage over our competitors in the development, testing and commercialisation of innovative new mobile solutions and products by reducing the time-to-market for new product introductions as the new products, content and updates can be easily launched through our existing infrastructure. As such, technological and time-to-market barriers to entry for new entrants exist.

Strong culture of innovation with a deep understanding of consumers preferences and a proven track record of bringing innovative solutions to market

We believe that we were the first company in India in the telecommunications value added services industry to introduce the revenue share model whereby we receive a fixed percentage of the net revenue generated by our consumer services. We also believe that we were the first company in India to introduce a business model whereby (i) we provide the hardware, software and rights that facilitate a telecom service provider's use our platform and (ii) the telecom service providers pay us on a per transaction basis or on the basis of revenue generated from such hardware, software and rights. This business model relieves our telecom service provider customers of the need to incur any capital expenditure in order for them to provide our services to their subscribers. Freed of this burden, our telecom service provider customers have more flexibility in planning their capital expenditure and are able to focus on marketing to gain new subscribers. We believe that these business models make us an attractive service provider to network service providers.

Moreover, we have a proven track record of creating, developing and successfully launching innovative product applications such as Ringtone ka Maharaja (a unique portal for downloading music ringtones) and pre-call insert service through which a voice message is played before a call is connected. This pre-call service led to Oorja being one of a small group of finalists for a NASSCOM Innovation Award in 2009. We believe that with our track record, accumulated market experience, technical capabilities and operational expertise, we are well positioned to serve as an integrated solutions provider for our customers who want to rapidly and cost-effectively provide a broad range of telecommunications value added services to their subscribers.

As our product portfolio and end user base expands, we benefit from increased market understanding, which enables us to analyse purchasing and usage behaviour, develop products which match consumer preferences and cross-sell services to the consumers we reach. In addition, we have invested and will continue to invest resources in research and development in order to keep creating new applications and solutions and to upgrade or improve our existing ones. We believe that the research and development experience and knowledge base that we have developed over the years will enable us to continue delivering innovative services in the area of new and enabling technologies and keep us at the forefront of developments in our industry. The technical expertise

of our research and development team allows us to offer and customize tailored products and services to our customers in very short timeframes with advanced software features.

We draw significant benefits from our scale of operations and breadth of products

Our business exhibits significant economies of scale in the areas of software development manpower costs, hardware and software purchasing, centralised operations support staff, content purchasing and infrastructure purchasing and deployment. We use the same platform for our network services and consumer services, which enables us to extract value from cross-selling services, data mining, cost sharing, re-use of software code, sharing of system resources and databases and other similar synergies. It allows our telecom service provider customers to offer a wide range of similar user interface services to their subscribers, resulting in ease of market adoption, faster revenue results, and higher consumer satisfaction. We continuously work on feature enhancements and inter-linkages between our products to generate new products in a cost efficient manner. We believe that such synergies are not available to many of our single-product competitors.

Diversified income base, which reduces our reliance on any one market, telecom service provider, product or service

Our revenue from network services, consumer services and enterprise services comprised 50.33%, 43.95% and 4.18%, respectively, of our operating income for the three month period ended June 30, 2010. We offer several product lines to each of the network services, consumer services and enterprise services markets. Moreover, during the three month period ended June 30, 2010, no single telecom service provider accounted for more than 25.00% of our total income on a consolidated basis.

Our Strategy

Our goal is to be the preferred provider of telecommunications value added products, services and solutions to telecom service providers, consumers and enterprises. We intend to achieve this goal through the following strategies:

Build on our network services experience and capabilities to continue to offer innovative services and products

Our network services business account for the largest portion of our operating income, comprising 50.33% of our operating income on a consolidated basis for the three month period ended June 30, 2010, and we believe that in terms of revenue we are one of the largest companies offering network services to telecom service providers in India. Network services has become an integral part of our business and as such we hope to continue to grow this business. Our aim in offering network services is to enable network service providers in India to enhance consumers' network experiences and to enable them to manage and monitor subscribers' needs using lifecycle management services. We have sought to develop innovative products and services that enable network service providers to enhance usage of their core offerings (i.e., voice minutes, subscriber trunk dialling, international subscriber dialling minutes and SMSs). Going forward, we intend to build on the experience and capabilities that we developed in respect of network services to develop new products and services on an ongoing basis that appeal to consumers and further enhance their network experience while minimizing the cost of offering such products and services for our telecom service provider customers.

Develop our relationships with our telecom service provider customers in a way that will lead to collaborative efforts to develop ideas for new products and services

We have developed relationships with 12 telecom service providers in India. In order to manage, maintain and operate the software applications provided to our customers and integrate them into our joint product planning and new service deployment processes, we maintain a high level of interaction and close working relationships with each of our telecom service provider customers. Going forward, we intend to develop our relationships with our telecom service provider customers in a way that will lead to collaborative efforts to develop ideas for new products and services. Moreover, we will seek to parlay our relationship with telecom service providers into relationships with their corporate clients with the aim of offering our enterprise services to such corporate clients. Our plan is to enter into strategic alliances with telecom service providers to provide enterprise services to their corporate clients.

Continue to develop innovative consumer products and services that facilitate the use of mobile handsets for media consumption, commerce and messaging

We strive to develop innovative consumer services and products that address the possibilities that have arisen given the emergence of the mobile handset as a tool for media consumption (e.g., the mobile phone having become a means for listening to music, watching television and reading the news), commerce and messaging. We have delivered products and services that facilitate the use of mobile handsets in these manners and will continue to explore opportunities to develop products and services that allow the use of mobile handsets in these ways. Currently we use SMS, mobile internet and USSD interaction to offer consumers services on their handsets. We plan to expand the channels we use to offer consumer services to include video services and other services that are more compatible with 3G networks.

In addition, various core network components like SMS messaging are out of step with evolving consumer requirements. We have delivered innovative messaging products that address such issues. Going forward, core telecom services will require much more consumer savvy product development. We believe that our focus on consumer savvy product development will result in service offerings that maximize consumers' mobile handset experiences.

Focus on offering enterprise services to enterprises in particular industries

We intend to focus on providing enterprise services to enterprises in particular industries, including banking, financial services and insurance, consumer services, fast moving consumer goods and consumer electronics. We intend to develop sector specific solutions for our existing and future enterprise customers. We believe that our ability to leverage our network services experience so as to be able to offer enterprise customers telco grade services will appeal to the enterprises that we target. We also believe that the fact that we offer most enterprise services in a manner that would not require them to undertake significant capital expenditure to commence using our enterprise services and the fact that many of our enterprise services are offered on a per transaction basis will be appealing to them.

Continue to move towards business models that provide more certainty of profits

We believe that our business model whereby (i) we provide the hardware, software and rights that facilitate a telecom service provider's use of our platform and (ii) the telecom service providers pay us on a per transaction basis or on the basis of revenue generated from such hardware, software and rights results in a unique advantage for us. We believe that we are a more attractive option as a provider of network services because this business model frees network service providers of the need to incur any capital expenditure in order for them to provide our services to their subscribers. We believe that a business model that makes us a more attractive provider of network services will contribute to growth in revenue from our network services business. As such, we intend to use this business model as the primary model for our relationships with network service providers in the future.

With respect to our consumer services business, we intend to focus on increasing subscription based services rather than focusing on offering services on a per-transaction basis. Subscription-based services provide us with more certainty of steady revenue compared with services provided on a per-transaction basis. Long-term we intend to move towards a revenue model that functions on a pay-per-session basis and a revenue model whereby advertisers underwrite the cost of offering services.

With respect to our enterprise services business, we intend to move from a revenue model based on per-transaction fees to a revenue model whereby revenue is generated from per-transaction fees and a service charge. We are also working towards creating a hosted-solutions services based business model whereby we offer enterprise services to enterprises through strategic alliances with network service provider customers, which would provide us access to a large number of our network service providers' existing customers. Further, a hosted-solutions based business model would entail the network service providers bundling our services with their own service offerings. The bundling of services would make it less likely that the network service providers would discontinue offering our services to enterprises that are receiving services through a hosted-solutions based business model.

Expand our international presence

We currently operate in India, Bangladesh, Afghanistan and Nigeria. We intend to expand our geographic presence by leveraging our expertise and track record in offering products that address the needs of international

networks and their subscribers as well as enterprises outside India. We initially intend to look to expand in markets that we believe are similar to India such as South East Asia, Africa and a few pre-paid minutes dominated European markets. We also intend to leverage our relationships with Indian networks so as to sell our network services and consumer services to their associated networks outside India. We may also acquire companies to expand our presence internationally.

Pursue selective strategic acquisitions and investments

We continually seek new growth and acquisition opportunities in our existing line of business as well as related businesses to expand our geographic presence, service offerings, network relationships and technological expertise, including investment in or acquisition of minority or majority stakes in companies which support our business. As part of this strategy, we entered into a memorandum of understanding dated June 24, 2010 with SAIF Partners to establish a non-exclusive framework, known as the One97 Mobility Fund, to identify and invest in opportunities in start-up companies involved in the Indian MVAS sector in which we and SAIF Partners may invest jointly or individually. For further details regarding this memorandum of understanding, see the section titled “***History and Certain Corporate Matters - Material Agreements***” on page128. By selecting the opportunities for growth and acquisition carefully and leveraging our transactional, project execution and operational skills, we expect to continue to expand our business. For example, in December 2009, we acquired a 21.28% ownership interest in TenCube, which developed WaveSecure, the mobile phone security and data back-up application service that we sell, and subsequently sold our stake in TenCube to a third party pursuant to a stock purchase agreement dated July 29, 2010. In February 2008, we acquired a 54.99% ownership interest in Oorja, our Subsidiary that provides mobile marketing services to telecom service providers.

THE ISSUE

The following table summarizes the Issue details:

Public Issue aggregating upto ₹ 1,200 million	[●] Equity Shares
<i>Of which:</i>	
QIB Portion ⁽²⁾	At least [●] Equity Shares*
<i>Of which</i>	
(i) Anchor Investor Portion	Upto [●] Equity Shares
(ii) Net QIB Portion	At least [●] Equity Shares*
<i>Of which</i>	
(a) Mutual Fund Portion	[●] Equity Shares*
(b) Balance for all QIBs including Mutual Funds	[●] Equity Shares*
Non-Institutional Portion ⁽¹⁾	Not less than [●] Equity Shares*
Retail Portion ⁽¹⁾	Not less than [●] Equity Shares*
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	25,593,837 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of proceeds of this Issue	For details in relation to use of the Issue Proceeds, see the section titled “ <i>Objects of the Issue</i> ” on page 77.

* In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

⁽¹⁾ Under-subscription, if any, in the Non-Institutional Portion and the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories, at the sole discretion of our Company in consultation with Book Running Lead Managers.

⁽²⁾ If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see the section titled “*Issue Procedure*” on page 307. 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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to 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 4.00 p.m on the Bid/Issue Closing Date.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information extracted from the Restated Unconsolidated Summary Statements as at and for the three months ended June 30, 2010 and for fiscals 2010, 2009, 2008, 2007 and 2006, and Restated Consolidated Summary Statements as at and for the three months ended June 30, 2010 and for fiscals 2010, 2009 and 2008. Financial information have been extracted out of audited unconsolidated financial statements and audited consolidated financial statements for respective years prepared in accordance with the Generally Accepted Accounting Principles in India (“Indian GAAP”) and the Companies Act, and restated in accordance with the SEBI Regulations.

The summary financial information of the Group presented below should be read in conjunction with the respective Restated Financial Information included in “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 155 and 243, respectively, of this Red Herring Prospectus.

RESTATED CONSOLIDATED FINANCIAL INFORMATION OF ASSETS AND LIABILITIES

(Amount in ₹)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
(I) Fixed Assets				
Gross block	756,057,879	714,791,268	519,894,723	289,008,558
Less : Accumulated Depreciation	375,208,186	343,306,640	190,552,189	102,222,001
Net block	380,849,693	371,484,628	329,342,534	186,786,557
Capital Work-in-progress including Capital Advances	47,522,060	69,863,070	30,619,271	1,281,000
	428,371,753	441,347,698	359,961,805	188,067,557
(II) Intangibles (net of amortisation and including expenditure on software during development stage and capital advance)	139,953,502	139,162,732	112,064,410	199,616,942
(III) Goodwill on Consolidation	4,819,762	4,819,762	4,819,762	4,819,762
(IV) Investments	88,794,277	89,252,000	-	-
(V) Current Assets, Loans and Advances				
Contract Work in progress	4,253,820	4,253,820	4,253,820	-
Sundry Debtors	368,925,597	460,950,654	346,458,616	196,934,375
Cash and Bank Balances	300,815,230	271,498,988	418,114,443	128,809,666
Other Current Assets	222,522,390	66,126,550	7,222,851	2,073,349
Loans and Advances	329,870,452	339,112,549	284,614,651	81,188,033
	1,226,387,489	1,141,942,561	1,060,664,381	409,005,423
(VI) Liabilities & Provisions				
Secured loans	3,600,585	1,273,545	463,436	17,091,706
Unsecured Loans	-	-	-	1,200
Current liabilities	240,793,118	276,368,434	290,432,604	73,363,694
Provisions	193,127,604	151,154,343	63,616,775	18,430,542
	437,521,307	428,796,322	354,512,815	108,887,142
(VII) Minority Interest	3,412,779	1,967,573	2,781,744	3,874,130
(VIII) Deferred Tax Liabilities (Net)	38,989,829	43,448,004	29,519,257	55,087,960
Net Worth (I+II+III+IV+V-VI-VII-VIII)	1,408,402,868	1,342,312,854	1,150,696,542	633,660,452
Net Worth Represented by:				
(IX) Share Capital				

-Equity Shares	228,352,160	228,325,090	228,325,090	188,942,420
-Preference Shares	480,000,054	480,000,054	4,800,054	10,063,480
(X) Reserves and Surplus				
-Securities Premium Account	333,968,468	333,654,456	333,654,456	356,465,712
-Surplus in Profit and Loss Account	326,012,152	261,332,697	99,559,415	78,188,840
(XI) ESOP Outstanding	40,070,034	39,000,557	9,157,527	-
Net Worth (IX+X+XI)	1,408,402,868	1,342,312,854	1,150,696,542	633,660,452

RESTATED CONSOLIDATED FINANCIAL INFORMATION OF PROFIT AND LOSS

(Amount in ₹)

Particulars	For the period ended	For the year ended		
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
INCOME				
- Sale of Services	356,258,876	1,146,513,313	800,114,336	395,032,629
- Sale of products	-	13,133,800	-	5,671,000
Other Income	4,965,663	30,865,018	13,858,014	7,011,146
Total Income	361,224,539	1,190,512,131	813,972,350	407,714,775
EXPENDITURE				
Cost of goods Sold	-	3,190,696	-	1,307,347
Connectivity and Content Expenses	43,569,120	142,711,969	84,200,668	35,977,074
Personnel Expenses	115,719,649	412,602,118	208,406,081	73,581,673
Operating and Other Expenses	56,216,647	173,571,220	212,312,059	93,275,999
Depreciation	35,388,991	153,008,722	111,341,880	63,306,631
Amortisation	10,788,304	45,212,899	59,374,280	45,064,837
Intangible Assets Written Off/Impaired	-	-	111,161,878	-
Financial Expenses				
- Bank charges	51,249	273,507	650,464	498,751
- Interest Expenses	69,247	1,811,353	2,817,227	4,337,683
Total Expenditure	261,803,207	932,382,484	790,264,537	317,349,995
Profit before Tax	99,421,332	258,129,647	23,707,813	90,364,780
Current Income Tax	37,089,408	83,746,781	40,127,766	-
Provision for Minimum Alternative Tax (MAT)	-	-	-	10,830,943
MAT Credit Entitlement	-	-	(14,141,451)	-
Fringe Benefit Tax	-	-	3,010,473	1,997,948
Deferred Tax Charge/ (Credit)	(4,458,175)	13,928,747	(25,568,702)	33,196,030
Profit after Tax before Minority Interest and Share of Loss from Associate	66,790,099	160,454,119	20,279,727	44,339,859
Minority Interest in subsidiary's (loss) / profit	1,445,206	(814,181)	(1,092,386)	(241,357)
(Loss) / profit from Associate, equity accounted	(665,438)	510,599	-	-
Net Profit after Tax as restated	64,679,455	161,778,899	21,372,113	44,581,216
Balance brought forward from previous year/period as restated	261,332,697	99,559,415	78,188,840	33,607,624
Profit Available For Appropriation	326,012,152	261,338,314	99,560,953	78,188,840

Dividend on Preference Shares	-	4,801	1,315	-
Dividend Tax on Preference Shares	-	816	223	-
Surplus Carried to Balance Sheet	326,012,152	261,332,697	99,559,415	78,188,840

RESTATED CONSOLIDATED FINANCIAL INFORMATION OF CASH FLOWS

(Amount in ₹)

	Particulars	For the period ended June 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
A.	Cash Flow From Operating Activities				
	- Net Profit before tax as restated	99,421,332	258,129,647	23,707,813	90,364,780
	Adjustments for :				
	- Interest Expenses	75,328	1,813,368	2,817,227	4,337,683
	- Provision for Doubtful Debts	3,241,298	15,300,000	16,478,435	-
	- Provision for Rent Equalisation	1,111,321	4,445,280	2,222,640	-
	- Interest Income	(4,026,539)	(30,088,190)	(13,552,549)	(6,582,847)
	- Depreciation	35,388,991	153,008,722	111,341,880	63,306,631
	- Amortisation	10,788,305	45,212,899	59,374,280	45,064,837
	- Provision for Gratuity	2,581,076	3,044,075	1,406,890	546,028
	- Provision for Leave Encashment	2,302,777	3,314,726	1,466,184	940,000
	- Employee Stock Option Expense	1,360,050	29,843,030	9,157,527	-
	- Intangible assets Written Off / Impaired	-	-	111,161,878	-
	- Fixed Assets Written Off	-	255,946	6,790,123	-
	- Loss on Sale of Fixed Assets	653,363	4,390	805,932	-
	- Unrealised Forex (Gain)/ loss	(115,665)	(201,961)	1,018,013	(12,056)
	- Security Deposit Written Off	-	55,500	3,808,946	-
	- Dividend Income from Mutual Fund Investments	(207,715)	(51,520)	-	-
	- Profit on sale of Mutual Fund Investments	-	(140,046)	-	-
	Operating Profit before Working Capital Changes	152,573,922	483,945,866	338,005,219	197,965,056
	Movements in working capital:				
	- (Increase)/Decrease in Sundry Debtors	88,879,735	(128,694,855)	(166,002,677)	(129,718,387)
	- (Increase)/Decrease in Other Current Assets	(162,793,554)	39,446,462	(1,177,980)	-
	- (Increase)/ Decrease in Loans and Advances	33,439,955	(55,577,865)	(117,257,680)	83,191,287
	- Increase/ (Decrease) in Current Liabilities and Provisions	(10,997,574)	7,998,447	168,566,956	41,311,545
	Cash Generated from Operations	101,102,484	347,118,055	222,133,838	192,749,501
	- Tax outflow/(inflow)	24,195,798	111,357,356	79,720,628	29,316,605
	Net Cash generated from/(used in) Operating Activities	76,906,686	235,760,699	142,413,210	163,432,896
B.	Cash Flow From Investing Activities				
	- Purchase of Tangible Assets	(47,561,372)	(245,972,363)	(246,815,631)	(152,486,304)
	- Purchase of Intangible Assets	(13,154,542)	(74,040,422)	(84,059,365)	(55,957,931)
	- Proceeds from Sale of Fixed Assets	341,581	585,635	2,302,222	1,132,808
	- Investments in Associates	-	(33,700,000)	-	-
	- Payment for acquisition of subsidiary	-	-	-	(9,849,710)

	- Cash and Cash equivalents in subsidiary's financial statements as on the date of acquisition	-	-	-	9,456,633
	- Purchase of Mutual Fund	(207,715)	(244,074,917)	-	-
	- Proceeds from Sale of Mutual Fund Investments	-	189,173,562	-	-
	- Dividend Income from Mutual Fund	207,715	51,520	-	-
	- Financials income on Fixed Deposits	10,424,252	26,762,356	8,403,047	5,091,756
	- In Deposit with maturity of more than 3 months	(28,900,000)	183,591,285	(382,742,000)	-
	Net cash generated from/(used in) investing activities	(78,850,081)	(197,623,344)	(702,911,727)	(202,612,748)
C.	Cash Flow From Financing Activities				
	- Proceeds from issue of Share Capital	50,509	-	499,255,764	98,269,882
	- Share Issue Expenses	-	-	(12,747,776)	-
	- Share application money received	11,536	-	-	-
	- Proceeds from Long Term Borrowings	-	1,600,000	-	-
	- Proceeds from/ Repayment of Short Term Borrowings (net)	2,530,000	(789,891)	(1,200)	-
	- Repayment of Long Term Borrowings	(202,960)	-	(16,628,270)	(27,789,647)
	- Payment of dividend	-	(1,538)	-	-
	- Interest Expenses	(75,328)	(1,813,358)	(2,817,227)	(4,337,682)
	Net cash generated from/(used in) Financing Activities	2,313,757	(1,004,787)	467,061,291	66,142,553
D.	Net Increase (decrease) in Cash and Cash Equivalents (A+B+C)	370,362	37,132,568	(93,437,226)	26,962,701
	Cash & Cash equivalents at the beginning of the period	57,818,563	20,842,733	114,279,959	87,317,258
	Cash & Cash Equivalents at the end of the period	58,188,925	57,975,301	20,842,733	114,279,959
	Components of Cash and Cash Equivalents				
	Cash in hand	896,676	269,234	550,947	214,266
	Balances with scheduled banks:				
	- On Current Accounts	13,653,612	20,206,164	6,237,297	54,059,693
	- On Fixed Deposit Accounts	231,000,000	202,300,000	380,961,979	60,006,000
	- On Fixed Deposit Account (under lien)	11,455,425	11,255,425	15,984,731	14,104,707
	- On Margin Money Accounts (under lien)	125,000	125,000	325,000	425,000
	- Cash Credit Accounts	40,199,232	35,157,522	14,054,489	-
	Balances with other banks:				
	- On Current Accounts	3,485,285	2,185,643	-	-
	- Total	300,815,230	271,498,988	418,114,443	128,809,666
	- Less:				
	- In Deposit with maturity of more than 3 months	(242,580,425)	(213,680,425)	(397,271,710)	(14,529,707)
		58,234,805	57,818,563	20,842,733	114,279,959
	Add :				
	- Effect of exchange difference on bank balance held in foreign currency	(45,880)	156,738	-	-

	Grand Total	58,188,925	57,975,301	20,842,733	114,279,959

RESTATED UNCONSOLIDATED FINANCIAL INFORMATION OF ASSETS AND LIABILITIES

(Amount in ₹)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
(I) Fixed Assets						
Gross block	756,057,879	714,791,268	519,894,723	289,008,558	124,161,018	46,902,507
Less : Accumulated Depreciation	375,208,186	343,306,640	190,552,189	102,222,001	38,958,754	15,400,909
Net block	380,849,693	371,484,628	329,342,534	186,786,557	85,202,264	31,501,598
Capital Work-in-progress including Capital Advances	47,522,060	69,863,070	30,619,272	1,281,000	9,637,848	6,460,239
	428,371,753	441,347,698	359,961,806	188,067,557	94,840,112	37,961,837
(II) Intangibles (net of amortisation and including expenditure on software during development stage and Capital Advances)	133,188,381	132,323,970	108,268,975	199,616,942	188,723,847	125,612,961
(III) Investments	98,898,816	98,691,101	9,849,710	9,849,710	-	3,377,000
(IV) Current Assets, Loans and Advances						
Contract Work in progress	4,253,820	4,253,820	4,253,820	-	-	-
Sundry Debtors	364,077,088	458,040,983	345,745,670	196,934,376	67,203,933	119,398,657
Cash and Bank Balances	299,554,460	270,606,109	415,485,054	120,101,169	221,363,538	4,485,351
Other Current Assets	219,766,974	66,126,550	7,222,851	2,073,349	582,258	49,280
Loans and Advances	335,953,925	343,311,231	283,234,226	81,188,033	16,149,089	9,475,186
	1,223,606,267	1,142,338,693	1055,941,621	400,296,927	305,298,818	133,408,474
(V) Liabilities & Provisions						
Secured loans	3,600,585	1,273,545	463,436	17,091,706	44,881,353	42,074,765
Unsecured Loans	-	-	-	-	-	225,000
Current liabilities	239,508,952	274,396,900	288,183,703	73,283,754	26,579,837	14,188,522
Provisions	191,770,779	150,927,669	63,529,073	18,412,278	4,700,303	6,930,717
	434,880,316	426,598,114	352,176,212	108,787,738	76,161,493	63,419,004
(VI) Deferred Tax Liabilities (Net)	39,512,336	43,448,003	29,519,255	55,087,958	21,891,928	13,907,168
Net Worth (I+II+III+IV- V-VI)	1,409,672,565	1,344,655,345	1,152,326,645	633,955,440	490,809,356	223,034,100
Net Worth Represented by:						
(VII) Share Capital						
-Equity Shares	228,352,160	228,325,090	228,325,090	188,942,420	188,942,420	101,433,080
-Preference Shares	480,000,054	480,000,054	480,000,054	10,063,480	-	-

(VIII) Reserves and Surplus						
-Securities Premium Account	333,968,468	333,654,456	333,654,456	356,465,712	268,259,310	97,500,000
-Surplus in Profit and Loss Account	327,281,849	263,675,188	101,189,518	78,483,828	33,607,626	24,101,020
(IX) ESOP Outstanding	40,070,034	39,000,557	9,157,527	-	-	-
Net Worth (VII +VIII+IX)	1,409,672,565	1,344,655,345	1,152,326,645	633,955,440	490,809,356	223,034,100

RESTATED UNCONSOLIDATED FINANCIAL INFORMATION OF PROFITS AND LOSSES
(Amount in ₹)

Particulars	Period ended	For the year ended				
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
INCOME						
Sale of Services	350,117,814	1,140,937,104	799,043,404	395,032,629	142,526,565	108,541,687
Sale of products :						
-Domains	-	-	-	-	-	310,904,515
-Others	-	13,133,800	-	5,671,000	5,785,720	-
Other Income	4,965,663	30,864,113	13,858,014	7,011,146	1,168,898	278,064
Total Income	355,083,477	1,184,935,017	812,901,418	407,714,775	149,481,183	419,724,266
EXPENDITURE						
Cost of goods Sold	-	390,696	-	1,307,347	436,089	303,705,744
Connectivity and Content Expenses	43,569,120	142,711,969	84,200,668	35,977,074	11,382,492	12,834,573
Personnel Expenses	114,468,572	409,406,078	208,406,081	73,505,724	25,746,719	10,552,745
Operating and Other Expenses	55,010,043	169,351,632	208,906,041	92,833,874	34,079,900	13,392,781
Depreciation	35,388,991	153,008,722	111,341,880	63,306,631	23,557,845	10,723,498
Amortisation	10,714,665	45,016,257	59,374,280	45,064,837	24,056,717	8,071,747
Intangible Assets Written Off/Impaired	-	-	111,161,878	-	-	-
Financial Expenses :						
- Bank Charges	45,166	271,494	645,751	498,749	864,245	309,967
- Interest Expenses	69,247	1,811,354	2,817,227	4,337,684	8,754,505	5,004,698
Total Expenditure	259,265,804	924,768,202	786,853,806	316,831,920	128,878,512	364,595,753
Profit before tax	95,817,673	260,166,815	26047,612	90,882,855	20,602,671	55,128,513
Current Income Tax	36,146,679	83,746,781	40,110,000	-	-	-
Provision for Minimum Alternative Tax (MAT)	-	-	-	10,830,943	2,502,158	6,184,311
MAT Credit Entitlement	-	-	(14,141,451)	-	-	-
Fringe Benefit Tax	-	-	2,940,537	1,979,680	609,147	425,000
Deferred Tax Charge/ (Credit)	(3,935,667)	13,928,747	(25,568,702)	33,196,030	7,984,760	13,713,460
Profit After Tax	63,606,661	162,491,287	22,707,228	44,876,202	9,506,606	34,805,742
Balance brought forward from previous year/period as restated	263,675,188	101,189,518	78,483,828	33,607,626	24,101,020	2,160,958
Profit Available For Appropriation	327,281,849	263,680,805	101,191,056	78,483,828	33,607,626	36,966,700
Dividend on Preference Shares	-	4,801	1,315	-	-	-
Dividend Tax on Preference Shares	-	816	223	-	-	-
Issue of Bonus Shares	-	-	-	-	-	12,865,680
Surplus Carried to Balance Sheet	327,281,849	26,3675,188	101,189,518	78,483,828	33,607,626	24,101,020

RESTATED UNCONSOLIDATED FINANCIAL INFORMATION OF CASH FLOWS

(Amount in ₹)

	Particulars	Period ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
		June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
A.	Cash Flow From Operating Activities						
	- Net Profit before tax as restated	9,5817,673	260,166,815	26,047,612	90,882,855	20,602,671	55,128,513
	Adjustments for :						
	- Interest Expenses	69,246	1,811,355	2,817,227	4,337,684	8,754,505	5,004,698
	- Provision for Doubtful Debts	3,241,298	15,300,000	16,478,435	-	-	-
	- Provision for Rent Equalisation	1,111,320	4,445,280	2,222,640	-	-	-
	- Interest Income	(4,026,539)	(30,088,190)	(13,552,549)	(6,582,847)	(669,646)	(34,266)
	- Depreciation	35,388,991	153,008,722	11,1341,880	63,306,631	23,557,845	10,723,498
	- Amortisation	10,714,665	45,016,257	5,9374,280	45,064,837	24,056,717	8,071,747
	- Provision for Gratuity	2,538,107	2,914,538	1,406,885	546,029	449,543	169,761
	- Provision for Leave Encashment	2,158,324	3,235,355	1,466,184	940,000	33,845	-
	- Employee Stock Option Expense	1,360,050	29,843,030	9,157,527	-	-	-
	- Intangible assets Written Off/ Impaired	-	-	111,161,878	-	-	-
	- Fixed Assets Written Off	-	255,948	6,790,123	-	-	-
	- Loss on Sale of Fixed Assets	653,363	4,390	805,936	-	-	-
	- Preliminary Expenses Written Off	-	-	-	-	-	103,062
	- Unrealised Forex (Gain)/ loss	(115,669)	(201,959)	1,018,013	(12,056)	25,037	-
	- Security Deposit Written Off	-	55,500	3,808,947	-	-	-
	- Dividend Income from Mutual Fund Investments	(207,715)	(51,520)	-	-	-	-
	- Profit on sale of Mutual Fund Investments	-	(140,046)	-	-	-	-
	Operating Profit before Working Capital Changes	148,703,114	485,575,475	340,345,018	198,483,133	76,810,517	79,167,013
	Movements in working capital:						
	- (Increase)/Decrease in Sundry Debtors	90,818,577	(127,676,117)	(165,289,730)	(129,718,387)	52171,249	(63,123,847)
	- (Increase)/Decrease in Other Current Assets	(160,038,138)	39,389,487	-	-	-	-
	- (Increase)/ Decrease in Loans and Advances	33,707,153	(55,577,865)	(117,113,753)	83,191,286	(81,741,867)	(3,302,325)
	- Increase/ (Decrease) in Current Liabilities and Provisions	(10,308,145)	8,345,756	166,416,258	41,523,338	10,320,052	(16,293,647)
	Cash Generated from Operations	102,882,561	350,056,736	224,357,793	193,479,370	57,559,951	(3,552,806)
	- Tax outflow/(inflow)	24,151,063	111,084,453	79,624,527	29,298,338	9,739,865	4,471,533
	Net Cash generated from/(used in) Operating Activities	78,731,498	238,972,283	144,733,266	164,181,032	47,820,086	(8,024,339)
B.	Cash Flow From Investing Activities						

	- Purchase of Tangible Assets	(47,561,372)	(245,972,363)	(246,815,632)	(152,486,304)	(80,339,625)	(31,386,191)
	- Purchase of Intangible Assets	(13,154,542)	(70,800,453)	(80,263,930)	(55,957,931)	(4,711,675)	(105,457,562)
	- Proceeds from Sale of Tangible Assets	341,581	585,635	2,302,222	1,132,808	-	-
	- Proceeds From Sale of Investments	-	-	-	-	1,877,000	-
	- Investments in Associates	-	(33,700,000)	-	-	-	-
	- Advances given to Subsidiary	(2,198,785)	(4,617,055)	(37,582)	-	-	-
	- Investments in Subsidiaries	-	(99,990)	-	(9,849,710)	-	-
	- Purchase of Mutual Fund	(207,715)	(244,074,917)	-	-	-	-
	- Proceeds from Sale of Mutual Fund Investments	-	18,9173,562	-	-	-	-
	- Dividend Income from Mutual Fund	207,715	51,520	-	-	-	-
	- Financials income on Fixed Deposits	1,0424,252	26,762,356	8,403,047	5,091,756	136,668	-
	- In Deposit with maturity of more than 3 months	(28,900,000)	183,591,285	(382,742,000)	-	(132,446,280)	(900,000)
	Net cash generated from/(used in) investing activities	(81,048,866)	(199,100,420)	(699,153,875)	(212,069,381)	(215,483,912)	(137,743,753)
C.	Cash Flow From Financing Activities						
	- Proceeds from issue of Share Capital	50,509	-	499255,764	98,269,882	258,268,650	112,500,000
	- Share Issue Expenses	-	-	(12747,776)	-	-	-
	- Share application money received	11,536	-	-	-	-	-
	- Proceeds from Long Term Borrowings	-	1,600,000	-	-	37,733,629	4,433,596
	- Proceeds from/ Repayment of Short Term Borrowings	2,530,000	(789,891)	-	-	(35,152,041)	35,152,041
	- Repayment of Long Term Borrowings	(202,960)	-	(16628,270)	(27,789,647)	-	(212,325)
	- Interest Expenses	(69,246)	(1,811,356)	(2817,227)	(4,337,682)	(8,754,505)	(5,004,697)
	- Payment of Dividend	-	(1,538)	-	-	-	-
	Net cash generated from/(used in) Financing Activities	2,319,839	(1,002,785)	467062,491	66,142,553	252,095,733	146,868,615
D.	Net Increase (decrease) in Cash and Cash Equivalents (A+B+C)	2,471	38,869,078	(87,358,118)	18,254,204	84,431,907	1,100,523
	Cash & Cash equivalents at the beginning of the period / year	56,925,684	18,213,344	105,571,462	87,317,258	2,885,351	1,784,828
	Cash & Cash Equivalents at the end of the period / year	56,928,155	57,082,422	18,213,344	105,571,462	87,317,258	2,885,351
	Components of Cash and Cash Equivalents						
	Cash in hand	847,115	219,238	492,501	214,266	444,217	437,687
	Balances with scheduled banks:						
	- On Current Accounts	12,442,403	19,363,281	3,666,354	45,351,196	86,873,041	2,447,664
	- On Fixed Deposit Accounts	231,000,000	202,300,000	380,961,979	60,006,000	134,046,280	1,600,000
	- On Fixed Deposit Account (under lien)	11,455,425	11,255,425	15,984,731	14,104,707	-	-

- On Margin Money Accounts (under lien)	125,000	125,000	325,000	425,000	-	-
- Cash Credit Accounts	4,019,232	35,157,522	14,054,489	-	-	-
Balances with other banks:						
- On Current Accounts	3,485,285	2,185,643	-	-	-	-
- Total	299,554,460	270,606,109	415,485,054	120,101,169	221,363,538	4,485,351
- Less:						
- In Deposit with maturity of more than 3 months	(242,580,425)	(213,680,425)	(397,271,710)	(14,529,707)	(134,046,280)	(1,600,000)
	56,974,035	56,925,684	18,213,344	105,571,462	87,317,258	2,885,351
Add :						
- Effect of exchange difference on bank balance held in foreign currency	(45,880)	156,738	-	-	-	-
Grand Total	56,928,155	57,082,422	18,213,344	105,571,462	87,317,258	2,885,351

GENERAL INFORMATION

Our Company was incorporated on December 22, 2000, as “One97 Communications Private Limited” under the Companies Act with the RoC, National Capital Territory of Delhi and Haryana. For details in changes in our name and our registered office, see section titled “*History and Certain Corporate Matters*” on page 124.

Registered Office of the Company

First Floor, Devika Towers,
Nehru Place,
New Delhi 110 019
Tel: +91 11 4654 1946
Fax: +91 11 4654 1946
Website: www.One97world.com

Corporate Office of the Company

B 121, Sector 5,
Noida 201 301,
India.
Tel: +91 120 477 0770
Fax: +91 120 477 0771
Website: www.One97world.com

Corporate Identification Number: U72200DL2000PLC108985

Registrar of Companies

Our Company is registered with the RoC described below:

Registrar of Companies, National Capital Territory of Delhi and Haryana

4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi 110 019,
India.

Board of Directors

The following table sets out the current composition of our Board as on the date of the filing of this Red Herring Prospectus:

Name, designation, DIN and occupation	Age (years)	Address
Mr. Vijay Shekhar Sharma <i>Chairman and Managing Director</i> DIN: 00466521 Occupation: Business	32	57, First Floor, Hemkunt Colony, New Delhi -110048
Mr. Rajiv Madhok, <i>Non Executive Director</i> DIN: 01811443 Occupation: Business	37	S-269, Second Floor, Greater Kailash Part II, New Delhi – 110048
Mr. Vibhor Mehra <i>Non Executive Director</i> <i>Nominee of SAIF III Mauritius Company Limited</i> DIN: 00167957	34	Rock 101, Forest Apartment Sector 92, Noida, Uttar Pradesh

Name, designation, DIN and occupation	Age (years)	Address
<i>Occupation: Self employed</i>		
Mr. Deep Kalra <i>Independent Director</i>	41	J6/11A, DLF Phase-II, Gurgaon 122 001.
<i>DIN: 00039609</i>		
<i>Occupation: Business</i>		
Mr. Kunal Bajaj <i>Independent Director</i>	33	CP -233, Pritampura, New Delhi – 110034
<i>DIN: 00367842</i>		
<i>Occupation: Business</i>		
Mr. P.N. Vijay <i>Independent Director</i>	59	80, Sector 15A, Noida – 201 301
<i>DIN: 00049992</i>		
<i>Occupation: Financial Consultant</i>		
Mr. Rajesh Ghonasgi <i>Independent Director</i>	48	B17-18, Westend Village Bhusari Colony, near Saudamini Society, Off Paud Road, Kothrud Pune- 411 038.
<i>DIN: 01663261</i>		
<i>Occupation: Service</i>		

For further details and profile of our Directors, see the section titled “*Our Management*” on page 134.

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Mr. Akhil Chadha. His contact details are as follows:

Mr. Akhil Chadha

One97 Communications Limited
B -121, Sector 5
Noida 201 301
Uttar Pradesh, India
Tel: 91 120 477 0770
Fax: 91 120 477 0771
Email: complianceofficer@one97.net

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 account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

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

Book Running Lead Managers

IDFC Capital Limited Naman Chambers, C 32, G Block, Bandra Kurla Complex, Mumbai 400 051, Maharashtra, India Tel: +91 22 6622 2600 Fax: +91 22 6622 2501 Email: One97.ipo@idfc.com Website: www.idfccapital.com Investor Grievance ID: complaints@idfc.com Contact Person: Mr. Cyril Paul SEBI Registration Number: INM000011336	Avendus Capital Private Limited IL&FS Financial Center, B Quadrant, 5 th floor, Bandra Kurla Complex, Bandra East, Mumbai- 400 051 Maharashtra, India Tel: +91 22 6648 0050 Fax: +91 22 6648 0040 Email: One97.ipo@avendus.com Website: www.avendus.com InvestorGrievance ID:investorgrievance@avendus.com Contact Person: Mr. Prashant Kothari SEBI Registration No.: INM000011021

Syndicate Members

Sharekhan Limited A-206, Phoenix House, Phoenix Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 6748 2000 Fax: +91 22 2498 2626 Contact Person: Mr. Pankaj Patel Email: pankajp@sharekhan.com Website: www.sharekhan.com Registration Number: BSE:INB231073330 NSE:INB011073351	Avendus Securities Private Limited, IL&FS Financial Centre, 5 th Floor B Quadrant, Bandra Kurla Complex Bandra East, Mumbai 400 051 Tel: + (91 22) 6684 2877/6684 2828 Fax: + (91 22) 6684 2831 Contact Person: Mr. Niket Parikh Email: one97.ipo@avendus.com Website: www.avendus.com Registration Number: BSE:INB011292639 NSE:INB231294639
Reliance Securities Limited, R Tech Park, 11th Floor, Nirlon Compound, Behind HUB Mall, Western Express Highway, Goregoan East, Mumbai - 400 063. Maharashtra, India Tel: +(91 22) 3059 1234 Fax: +(91 22) 3059 1555 Contact Person: Mr. Jithesh Narayanan Email: jithesh.narayanan@relianceada.com Website: www.reliancemoney.com Registration Number: BSE: INB231234833 NSE: INB011234839	

Domestic Legal Counsel to the Issue

AZB & Partners

Plot No. A8, Sector 4,
Noida 210 301
India
Tel: +91 120 4 179 999
Fax: +91 120 4 179 900
Email: one97.ipo@azbpartners.com

International Legal Counsel to the Underwriters

Dorsey & Whitney LLP

50 South Sixth Street
Suite 1500
Minneapolis, Minnesota 55402-1498
USA
Tel: +1 612 340 2600
Fax: +1 612 340 2868
Email: india@dorsey.com

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: One97.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No.: INR000004058

Bankers to the Issue/ Escrow Collection Banks

HDFC Bank Limited

HDFC Bank Limited, FIG-OPS Department,
Lodha- 1 Think Techno Campus
O-3 Level, next to Kanjurmarg Railway Station
Kanjurmarg (East),
Mumbai 400 042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
Email: deepak.rane@hdfcbank.com,
figdelhi@hdfcbank.com
Contact Person: Deepak Rane
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

Standard Chartered Bank

270 D.N. Road,
Fort,
Mumbai 400 001
Tel: +91 22 2268 3955
Fax: +91 22 2209 6067
Email: Joseph.George@sc.com,
Contact Person: Joseph George
Website: www.standardchartered.co.in
SEBI Registration No.: INBI00000885

Self Certified Syndicate Banks

The list of banks who that been notified by SEBI to act as SCSBs are provided at <http://www.sebi.gov.in/pmd/scsb.pdf> or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSBs collecting the ASBA Form, please refer the above mentioned SEBI link.

Refund Banker

HDFC Bank Limited

FIG-OPS Department, HDFC Bank Limited
Lodha- 1 Think Techno Campus
O-3 Level, next to Kanjurmarg Railway Station
Kanjurmarg (East),
Mumbai 400 042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
Email: deepak.rane@hdfcbank.com,
figdelhi@hdfcbank.com
Contact Person: Deepak Rane
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

Auditor to our Company

S.R. Batliboi & Co.

Golf View Corporate Tower B,
Sector 42, Sector Road,
Gurgaon-122 002, India
Tel : (91-124)-4644000
Fax : (91-124)-4644050
Email : srbc@in.ey.com

Bankers to our Company

HDFC Bank Limited

FIG-OPS Department, HDFC Bank Limited
Lodha- 1 Think Techno Campus
O-3 Level, next to Kanjurmarg Railway Station
Kanjurmarg (East),
Mumbai 400 042
Tel: +91 93242 72185, +91 22 3057 2928
Fax: +91 22 2579 9801
Email: Deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Deepak Rane

Citibank N.A.

124 Connaught Circus,
New Delhi 110 001
Tel: +91 11 4254 5512
Fax: +91 11 2375 3973
Email: anand.panda@citi.com
Website: www.citibank.co.in
Contact Person: Mr. Anand Panda

Statement of Responsibilities of the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities in relation to this Issue among the Book Running Lead Managers:

S.No.	Activities	Responsibility	Designated Coordinating Book Running lead Manager
1.	Capital structuring with relative components and formalities etc.	IDFC Capital, Avendus	IDFC Capital
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the stock exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing and drafting and approving all statutory advertisements.	IDFC Capital, Avendus	IDFC Capital
3.	Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure etc.	IDFC Capital, Avendus	IDFC Capital

S.No.	Activities	Responsibility	Designated Coordinating Book Running lead Manager
4.	Appointment of intermediaries viz., legal counsel, printers and advertising agency	IDFC Capital, Avendus	IDFC Capital
5.	Appointment of other intermediaries viz., Registrar(s), Escrow Collection Banks, IPO Grading Agency, Monitoring Agency (if required) etc.	IDFC Capital, Avendus	Avendus
6.	Preparation of roadshow presentation and FAQs	IDFC Capital, Avendus	Avendus
7.	Institutional marketing strategy: International institutional	IDFC Capital, Avendus	IDFC Capital
8.	Institutional marketing strategy: Domestic institutional	IDFC Capital, Avendus	Avendus
9.	Retail / HNI marketing strategy - Finalise centers for holding conference for brokers etc. - Finalise media, marketing and PR strategy - Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material - Finalise bidding centers	IDFC Capital, Avendus	IDFC Capital
10.	Pricing, managing the book and coordination with stock-exchanges	IDFC Capital, Avendus	Avendus
11.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc	IDFC Capital, Avendus	Avendus
12.	The post Issue activities for the Issue will involve essential follow up steps, which include the 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 BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company)	IDFC Capital, Avendus	Avendus

Even if any of these activities are being handled by other intermediaries, the Book Running Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

IPO Grading Agency

CRISIL Limited

CRISIL House,
Central Avenue, Hiranandani Business Park
Powai, Mumbai – 400 076
India.
Tel: +91 22 3342 8012
Fax: +91 22 3342 8088
Website: www.crisil.com
Contact Person: Mr. Sagar Sawarkar

IPO Grading

This Issue has been graded by CRISIL Limited, a SEBI registered credit rating agency, and has been assigned the “IPO Grade 3/5” indicating average fundamentals through its letter dated September 7, 2010, which was later revalidated by a letter dated October 27, 2010, which is valid for a period of 60 days from the date of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and “IPO Grade 1” indicates poor fundamentals.

A copy of the report provided by CRISIL Limited, furnishing the rationale for its grading is annexed to the Red Herring Prospectus and will be made available for inspection at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing

Date. For details of summary of rationale for the grading assigned by the IPO Grading Agency, please see the section titled “*Other Regulatory and Statutory Disclosures*” on page 289.

Credit Rating

As this is an Issue comprising only Equity Shares, credit rating is not required.

Monitoring Agency

Since the Issue size is less than ₹ 5,000 million, there is no requirement for appointment of a monitoring agency.

Expert

Except the report provided by the IPO Grading Agency (a copy of which is annexed to this Red Herring Prospectus), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange and updated at the time of filing of the Red Herring Prospectus with the RoC, pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

Project Appraisal

None of the objects of this Issue have been appraised by an independent agency.

Trustee

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

“Book building” refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms. The Issue Price shall be determined by our Company in consultation with the Book Running Lead Managers, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Company;
- (2) the Book Running Lead Managers;
- (3) the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as underwriters;
- (4) the Registrar to the Issue;
- (5) the Escrow Collection Banks; and
- (6) SCSBs.

Pursuant to the first proviso to Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations, this being an Issue for less than 25% of the post-Issue equity share capital, is being made through a 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to QIBs. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith.

Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price in accordance with the SEBI Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to Mutual Funds only. 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 Managers.

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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, 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, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

Any Bidder 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. For details in this regard, specific attention is invited to "**Issue Procedure**" on page 307.

In accordance with the SEBI Regulations, QIBs bidding in the Net QIB Portion are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, QIBs (including the Anchor Investors) bidding in the Net QIB Portion are required to pay the Bid Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, see the sections titled "**Terms of the Issue**" and "**Issue Procedure**" on pages 300 and 307, respectively.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the Book Running Lead Managers to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

1. Check eligibility for making a Bid. For further details, see the section titled "**Issue Procedure**" on page 307. Specific attention of ASBA Bidders is invited to the section titled "**Issue Procedure – Issue Procedure for ASBA Bidders**" on page 334;
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
3. Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
4. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (for further details, see the section titled "**Issue Procedure**" on page 307);
5. Ensure the correctness of your Demographic Details (as defined in the section titled "**Issue Procedure – Bidder's Depository Account and Bank Account Details**" on page 315), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
6. Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected; and
7. Bids by QIBs will only have to be submitted to members of the Syndicate.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

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. A graphical representation of the consolidated demand and price would be made available at the Bidding Centres during the bidding period. The illustrative book as shown below 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%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the 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 Book Running Lead Managers, will finalise 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.

Withdrawal of this Issue

Our Company, in consultation with Book Running Lead Managers, reserve the right not to proceed with this Issue within a period of two days after the Bid/Issue Closing Date. In the event of withdrawal of this Issue, the reasons therefor shall be disclosed in a public notice which shall be published within two days of the Bid/Issue Closing Date in English and Hindi daily national newspapers and one regional daily newspaper, each with wide circulation. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the bank account of the ASBA Bidders within one day from the day of receipt of such notification and the Stock Exchanges shall be informed promptly. Further, in the event of withdrawal of the Issue, if the Company plans an IPO, a draft red herring prospectus will be submitted again for observations of SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

In terms of the SEBI Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period

BID/ISSUE OPENING DATE*	DECEMBER 1, 2010
BID/ISSUE CLOSING DATE FOR QIB BIDDERS	DECEMBER 3, 2010
BID/ISSUE CLOSING DATE FOR ALL OTHER BIDDERS	DECEMBER 6, 2010

**Our Company may consider participation by Anchor Investors. The Bid/Issue Period for Anchor Investors shall be one Working Day prior to the Bid/Issue Opening Date.*

Our Company, in consultation with the Book Running Lead Managers, may allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. For further details, see the section titled “**Issue Procedure**” on page 307.

Except in relation to the Bids received from the Anchor Investors, 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 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 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 Managers 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 Working 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. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final

data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

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 Book Running Lead Managers to the Stock Exchange within half an hour of such closure.

Our Company, in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations provided that the Cap Price should not be more than 120% of the Floor Price. Subject to compliance with the above-mentioned condition, 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 Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate Members.

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue, except such Equity Shares as are required to be compulsorily Allotted to QIBs under the QIB Portion. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters shall be responsible for bringing in the amount devolved to fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

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

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the 'Basis of Allotment'.

In the opinion of our Board (based on a certificate given by the Underwriters), 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. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of 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 in payment, the respective Underwriters, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe for Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

In case of under-subscription in the Issue, the Book Running Lead Manager as described in the section titled “**General Information – Statement of Responsibilities of the Book Running Lead Managers**” on page 56, responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the Underwriters is issued in terms of the SEBI Regulations.

CAPITAL STRUCTURE

Our share capital as of the date of this Red Herring Prospectus is set forth below:

(In ₹)

	Aggregate Value at nominal value	Aggregate Value at Issue Price
A) AUTHORISED SHARE CAPITAL		
36,000,000 Equity Shares of ₹ 10 each	360,000,000	
2,759,000 preference shares of ₹ 174 each	480,066,000	
B) ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL BEFORE THE ISSUE		
25,593,837 Equity Shares of ₹ 10 each	255,938,370	
C) PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS^(a)		
Public Issue of [●] Equity Shares aggregating ₹ 1,200 million	[●]	[●]
<i>Which comprises</i>		
QIB Portion of at least [●] Equity Shares, <i>of which the:</i>	[●]	[●]
(a) Mutual Fund Portion is [●] Equity Shares		
(b) Other QIBs, including Mutual Funds is [●] Equity Shares		
Non-Institutional Portion of not less than [●] Equity Shares	[●]	[●]
Retail Portion of not less than [●] Equity Shares	[●]	[●]
F) PAID-UP EQUITY CAPITAL AFTER THE ISSUE		
[●] Equity Shares	[●]	[●]
G) SECURITIES PREMIUM ACCOUNT		
Before the Issue	786,382,312	
After the Issue	[●]	

(a) This Issue has been authorized by resolution of our Board dated May 17, 2010, and by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on May 17, 2010.

For details in change of the authorised capital of the Company, see section titled “*History and Certain Corporate Matters*” on page 124.

Notes to Capital Structure

1. Share Capital History of the Company:

(a) The following is the history of the equity share capital of the Company:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue (Price (₹))	Nature of Consideration	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)
December 28, 2000	20	10	10	Cash	Subscription to Memorandum of Association	20	200
December 11, 2002	9,980	10	10	Cash	Preferential allotment	10,000	100,000
March 31, 2004	990,000	10	10	Cash	Preferential allotment	1,000,000	10,000,000
September 26, 2005	878,980	10	NA	Other than cash	Scheme of Amalgamation*	1,878,980	18,789,800
November 30, 2005	6,764,328	10	NA	NA	Bonus issue in the ratio of 18 Equity Shares for every 5 Equity Shares**	8,643,308	86,433,080
February 15, 2006	1,500,000	10	75	Cash	Preferential allotment	10,143,308	101,433,080
March 13, 2007	3,353,000	10	NA	NA	Bonus issue in the ratio of 200 Equity Shares for every 605 Equity Shares***	13,496,308	134,963,080
March 29, 2007	4,948,106	10	47.85	Cash	Preferential allotment	18,444,414	184,444,140
March 30, 2007	449,828	10	47.80	Cash	Preferential allotment	18,894,242	188,942,420
June 30, 2008	2,012,696	10	NA	NA	Conversion of 1,006,348 preference shares of ₹ 10 each	20,906,938	209,069,380
October 3, 2008	1,925,571	10	10	Cash	Preferential allotment	22,832,509	228,325,090
April 7, 2010	2,106	10	10	Cash	Equity Shares issued pursuant to ESOP Scheme 2008	22,834,615	228,346,150
April 7, 2010	601	10	49	Cash	Equity Shares issued pursuant to ESOP Scheme 2008	22,835,216	228,352,160
October 14, 2010	2,758,621	10	NA	NA	Conversion of 2,758,621 preference shares of ₹ 174 each	25,593,837	255,938,370

* These Equity Shares were allotted to the shareholders of Worldwide Computer Services Private Limited pursuant to the Scheme of Amalgamation. For further details of the Scheme of Amalgamation see section titled "History and Certain Corporate Matters" on page 124.

** The bonus issue is out of share premium account and profit and loss account.

*** The bonus issue is out of share premium account.

(b) The following is the history of the share premium account of the Company:

S. No.	Date	Reason	Cumulative share premium (₹)
1.	Pursuant to the Delhi High Court order dated August 24, 2005 approving the	₹ 54,777,600 transferred from share premium account of Worldwide Computer Services Private Limited to the share premium account of the Company pursuant to its amalgamation	54,777,600

S. No.	Date	Reason	Cumulative share premium (₹)
2.	Scheme of Amalgamation. November 30, 2005	with our Company. The entire amount of ₹ 54,777,600 out of the share premium account was utilised for bonus issue in the ratio of 18 Equity Shares for every 5 Equity Shares.	0
3.	February 15, 2006	Preferential allotment of 1,500,000 Equity Shares at a premium of ₹ 65 per Equity Share.	97,500,000
4.	March 13, 2007	Bonus issue of 3,353,000 Equity Shares out of the share premium account.	63,970,000
5.	March 29, 2007	Preferential allotment of 4,948,106 Equity Shares each at a premium of ₹ 37.85 per Equity Share.	251,255,812
6.	March 30, 2007	Preferential allotment of 449,828 Equity Shares each at a premium of ₹ 37.80 per Equity Share.	268,259,310
7.	December 28, 2007	Preferential allotment of 1,006,348 preference shares of face value of ₹ 10 at a premium of ₹ 87.65 per preference share.	356,465,712
8.	June 30, 2008	Expenses of ₹ 10,063,480 incurred out of share premium account for the conversion of 1,006,348 preference shares of ₹ 10 each into 2,012,696 Equity Shares.	346,402,232
9.	December 22, 2008	Expenses of ₹ 12,747,776 incurred out of share premium account for preferential allotment of 2,758,621 Compulsorily Convertible Preference Shares.	333,654,456
10.	April 7, 2010	Allotment of 601 Equity Shares pursuant to the ESOP Scheme 2008 at a premium of ₹ 39 per Equity Share.	333,968,468*
11.	October 14, 2010	Conversion of 2,758,621 preference shares into 2,758,621 Equity Shares at a premium of ₹ 164 per Equity Share.	786,382,312

* this amount includes ₹ 290,573 on account of difference between fair value of ESOPs exercised and exercise price of such ESOPs. In accordance with Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India, the said amount has been transferred from ESOP outstanding account to the share premium account, upon the exercise of ESOPs and consequent allotment of Equity Shares to the employees.

(c) Equity Shares issued pursuant to Scheme of Amalgamation

878,980 Equity Shares were allotted to the shareholders of Worldwide Computer Services Private Limited pursuant to the Scheme of Amalgamation, the details of which are mentioned below:

Date of allotment	No. of equity shares allotted	Face Value (₹)	Issue price (₹)	Name of Allottees
September 26, 2005	878,980	10	NA	Mr. Vijay Shekhar Sharma and Mr. Peeyush Aggarwal

For further details, see section titled “*History and Certain Corporate Matters- Amalgamation of Worldwide Computer Services Private Limited ("WCSPL") with the Company*” on page 124.

(d) History of preference share capital

The following is the history of the preference share capital of the Company:

Date of Allotment	No. of Preference Shares	Face Value (₹)	Issue Price (₹)	Reasons for allotment	Nature of Consideration	Date of Conversion into Equity Shares
December 28, 2007	1,006,348	10	97.65	Preferential allotment	Cash	June 30, 2008
December 22, 2008	2,758,621	174	174	Preferential allotment	Cash	October 14, 2010

2. Issue of Equity Shares in the last one year

Our Company has allotted and issued 2,707 Equity Shares on April 7, 2010, pursuant to the ESOP Scheme 2008. The details of such allotment are mentioned below:

S.No.	Name of the allottee	Number of Equity Shares	Issue Price (₹)
1.	Ms. Ritu Agarwal	2,106	10
2.	Mr. Kranthi Chaitanya Pulluru	101	49
3.	Mr. Vikas Garg	400	49
4.	Mr. Sanjeev Garg	100	49

Further our Company has allotted and issued 2,482,759 Equity Shares to Intel and 275,862 Equity Shares to SICP on October 14, 2010, pursuant to the conversion of the compulsory convertible preference shares held by such entities.

None of aforementioned allottees belong to the Promoter Group.

3. Promoter Contribution and Lock-in

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

Detailed below is the build up of our Promoter total shareholding in our Company:

Name of Promoter	Date of transfer/allotment*	Reasons for Acquisition/Transfer	Nature of Consideration	No. of Equity Shares	Acquisition Price (₹ per Equity Share)	% of total pre-Issue paid up capital (%)	% of total Post-Issue paid-up capital (%)
Mr. Vijay Shekhar Sharma	December 28, 2000	Subscriber to Memorandum of Association	Cash	10	10	0.00%	[●]
	December 11, 2002	Preferential allotment	Cash	9,980	10	0.04%	[●]
	August 21, 2003	Transfer of shares	Cash	(4,000)	10	(0.02%)	[●]
	March 31, 2004	Preferential allotment	Cash	594,000	10	2.32%	[●]
	April 19, 2004	Transfer of shares	Cash	10	10	0.00%	[●]
	September 26, 2005	Scheme of Amalgamation	NA	527,388	NA	2.06%	[●]
	November 30, 2005	Bonus issue in the ratio of 18:5	NA	4,058,597	NA	15.86%	[●]
	March 13, 2007	Transfer of shares	Cash	900,000	27.78	3.52%	[●]
	March 13, 2007	Bonus issue in the ratio of 200:605	NA	2,011,800	NA	7.86%	[●]
	March 31, 2007	Transfer of shares by way of gift by Mr. Peeyush Kumar Aggarwal	NA	1,341,200	NA	5.24%	[●]
	October 3, 2008	Preferential allotment	Cash	1,925,571	10	7.52%	[●]
	October 3, 2008	Transfer of shares by way of gift to Mr. Rajiv Madhok	NA	(905,040)	NA	(3.54%)	[●]
	February 23,	Transfer of	Cash	(600,000)	175	(2.34%)	[●]

Name of Promoter	Date of transfer/ allotment*	Reasons for Acquisition/ Transfer	Nature of Consideration	No. of Equity Shares	Acquisition Price (₹ per Equity Share)	% of total pre-Issue paid up capital (%)	% of total Post-Issue paid-up capital (%)
	2010	shares					
	Total			9,859,516		38.52%	[●]

* The Equity Shares were fully paid up on the same date.

(b) Details of Promoter's Contribution locked in for three years are as follows:

Pursuant to the ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by the Promoter for a period of three (3) years from the date of Allotment.

[●] Equity Shares, aggregating up to 20% of the post- Issue equity capital of the Company, held by the Promoter shall be locked in for a period of three (3) years from the date of Allotment in the Issue. Details of the same as are follows:

Date of transfer/ allotment	Nature of allotment	Consideration	Number of Equity Shares	Face Value (₹ Per Equity Share)	Acquisition Price (₹ Per Equity Share)
[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the ICDR Regulations.

9,859,516 Equity Shares are eligible for three year lock in as a part of the Promoter contribution. The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the ICDR Regulations. In this connection, we confirm the following:

- The Equity Shares offered for minimum 20% Promoter's contribution have not been acquired in the last three (3) years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- Our Company has not been formed by the conversion of a partnership firm into a company;
- The Equity Shares held by the Promoter and offered for minimum 20% Promoter's contribution are not subject to any pledge; and
- The minimum Promoter's contribution does not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.

(c) Details of other Equity Shares locked in

Other than the above Equity Shares that are locked in for three years, the entire pre-Issue capital is locked in for a period of one year from the date of Allotment of Equity Shares in the Issue.

However pursuant to Regulation 37 (b) of the ICDR Regulations, the 2,482,759 Equity Shares held by Intel (being a FVCI registered with SEBI holding Equity Shares which were allotted pursuant to conversion of compulsory convertible preference shares which were held for more than a year before filing of the Draft Red Herring Prospectus with SEBI) are exempt from such lock in.

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

(d) Other requirements in respect of lock-in:

The locked in Equity Shares held by the Promoter can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. However, Equity Shares locked in as Promoter's Contribution can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

The Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

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

4. Details of investment made by SAIF in the Company

SAIF is a significant shareholder in our Company and is registered with SEBI under registration number 20080497 (registered on May 23, 2008), as a sub-account of Kotak Mahindra UK.

The chronology of SAIF's investment in the Company is traced below:

- a) Pursuant to a share subscription agreement dated March 26, 2007 entered amongst the Company, SAIF and others, 4,948,106 Equity Shares were allotted to SAIF;
- b) Pursuant to a share subscription agreement dated December 20, 2007 entered amongst the Company, SAIF and others, 922,486 Compulsorily Convertible Preference Shares ("CCPS") were allotted to SAIF. Subsequently, on June 30, 2008, the 922,486 CCPS were converted into 1,844,972 Equity Shares at a conversion ratio of two Equity Shares for one preference share;
- c) Pursuant to a share purchase agreement dated February 18, 2010 entered amongst SAIF, the Promoter of the Company i.e. Mr. Vijay Shekhar Sharma and the Company, 600,000 Equity Shares held by Mr. Vijay Shekhar Sharma, were sold and transferred to SAIF;
- d) Pursuant to a share purchase agreement dated March 2, 2010 entered amongst SAIF, Mr. Peeyush Aggarwal and the Company, 2,000,000 Equity Shares held by Mr. Peeyush Aggarwal were sold and transferred to SAIF.

Accordingly, as of date, SAIF holds 9,393,078 Equity Shares of the Company.

For further details of the aforesaid agreements, see section titled "*History and Certain Corporate Matters*" on page 124 of this Red Herring Prospectus.

5. Employee Stock Option Scheme

Our Company has an employees' stock option plan i.e. ESOP Scheme 2008 in place which was approved by our shareholders in the EGM held on October 22, 2008.

The ESOP Scheme 2008 is administered by the Compensation/Remuneration Committee of the Board. Pursuant to the ESOP Scheme 2008, 795,056 options to acquire Equity Shares were granted to employees of the Company in December 2008. Further, in the month of September 2010, 252,101 options to acquire equity shares were granted to employees of the company at an exercise price of ₹180 per Equity Share (including a proposal to grant 30,000 options to Independent Directors subject to the approval from shareholders of the Company). As on October 25, 2010, out of the total granted options, employees to whom 5,922 options had been granted at an exercise price of ₹ 10 per Equity Share, employees to whom 176,194 options had been granted at an exercise price of ₹ 49 per Equity Share and employees to whom 58,081 options had been granted at an exercise price of ₹ 180 per Equity Share left the Company without exercising them. Therefore, such 240,197 options have again become available for grant under the ESOP pool. Further, 5,482 options have been exercised as of date (2,707 shares have been allotted and 2,775 shares are pending allotment). Accordingly, the total number of outstanding

options under ESOP Scheme 2008 is 801,478. Furthermore, 51,555 options have vested and 749,923 options are pending vesting. The terms and conditions of the ESOP Scheme 2008 are detailed below:

Particulars		Details	
Options granted			
	Date of grant	No. of options granted	Price per Equity Share
	December 31, 2008	233,602	₹ 10
	December 31, 2008	561,454	₹ 49
	September 3, 2010	252,101	₹ 180
	Total options granted	1,047,157	
	Less options cancelled	240,197	
	Less options exercised	5,482	
	Total options outstanding under ESOP Scheme 2008	801,478	
Pricing formula	The exercise price is decided by the Compensation Committee of the Board.		
Vesting period	The options shall vest over a period of 4 years in the following proportion:		
	<u>For options granted in 2008 :</u>		
	December 31, 2009 : 10%		
	December 31, 2010 : 20%		
	December 31, 2011 : 30%		
	December 31, 2012 : 40%		
	<u>For options granted in 2010 :</u>		
	September 3, 2011 : 10%		
	September 3, 2012 : 20%		
	September 3, 2013 : 30%		
	September 3, 2014 : 40%		
Options vested (excluding the options that have been exercised)	51,555		
Options exercised	5,482		
The total number of shares arising as a result of exercise of options (including options that have been exercised)	5,482		
Options lapsed	240,197		
Variation of terms of options	Nil		
Money realised by exercise of options	₹ 141,517		
Total number of options in force.	801,478		
Employee wise detail of options granted to			
Senior managerial Personnel/ Directors	<u>Name of the senior managerial personnel/ Directors</u>	<u>No. of options granted under the ESOP Scheme 2008</u>	
	Ms. Ritu Agarwal	21,060	
	Mr. Pushpinder Singh	23,560	
	Mr. Abhay Sharma	15,020	
	Mr. Deepak Mittal	23,538	
	Mr. Nitin Bansal	14,883	
	Mr. Jessjeet Bhandari	21,072	
	Ms. Renu Satti	11,536	
	Mr. Himank Jain	16,949	

Mr. Vikas Dixit	8,030
Mr. Anand Shankar	19,160
Mr. Vikas Thapar	80,000
Mr. Sujit Mishra	10,000
Mr. Kiran Kalyan Vasireddy	16,000
Mr. Kunal Bajaj (Independent Director)	10,000
Mr. Deep Kalra (Independent Director)	10,000
Mr. Rajesh Ghonasgi (Independent Director)	10,000

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital excluding outstanding warrants and conversions) of the Company at the time of grant

Fully diluted EPS pursuant to ₹ 2.48 as on June 30, 2010
issue of shares on exercise of ₹ 6.19 as on March 31, 2010
options in accordance with the relevant accounting standard.

Lock-in None

Impact on profit and EPS of the last three years **Impact on Profit :**

Period ended June 30, 2010 – ₹ 1.36 million
Fiscal 2010 – ₹ 29.84 million
Fiscal 2009 – ₹ 9.16 million
Fiscal 2008- Nil

Impact on EPS :

Period ended June 30, 2010 – ₹ 0.10
Fiscal 2010 – ₹ 1.30
Fiscal 2009 – Nil
Fiscal 2008- Nil

Difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options

Stock based employee compensation expense (Intrinsic Value Method)- ₹ 1.36 million

Stock based employee compensation expense (Fair Value Method)- ₹ 1.59 million

Impact on the profits of the Company and on the earnings per share arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)

Particulars	Amount (₹)
Profit/(loss) available to equity shareholders as at June 30, 2010	57,682,485
Add: stock based employee compensation expense (intrinsic value method)	1,360,050
Less: stock based employee compensation expense (fair value method)	1,588,945
Proforma net profit/(loss)	57,453,590

Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or

Weighted average fair value of options- ₹ 143 (as on October 25, 2010)

Weighted average exercise/grant price- ₹ 69.49 (as on October 25, 2010)

is less than the market price of the stock

Method and significant assumptions used to estimate the fair value of options granted during the year

Method used	Black Scholes Options Pricing Model		April 1, 2008	April 1, 2007
	April 1, 2010	April 1, 2009		
Risk free return	7.50%	7.50%	NA	NA
Expected life	5 Years	5 Years	NA	NA
Expected volatility	0%	0%	NA	NA
Expected dividends	0%	0%	NA	NA
Price of underlying shares in market at the time of the options grant	N.A.	N.A.	NA	NA

Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue

The Company is currently not aware of any intention of the holders of such options to sell Equity Shares on conversion of such options within three months after the listing of Equity Shares pursuant to the Issue.

Intention to sell equity shares rising out of the ESOP Scheme 2008 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having equity shares arising out of the ESOP Scheme 2008 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)

N.A.

6. Shareholding Pattern

(a) The table below presents our equity shareholding patterns as per Clause 35 of the Listing Agreement as on the date of this Red Herring Prospectus:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B (VI)	As a percentage of A+B+C (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(I V)*100
(I)	(II)	(III)	(IV)	(V)			(VIII)	
(A)	Shareholding of Promoter and Promoter Group							
1	<u>Indian</u>							
A	Individuals/Hindu Undivided Family	1	9,859,516	9,859,516	38.52	38.52	0	0.00
B	Central Government/ State Government	0	0	0	0.00	0.00	0	0.00
C	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
D	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
E	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	1	9,859,516	9,859,516	38.52	38.52	0	0.00
2	<u>Foreign</u>							

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
(I)	(II)	(III)	(IV)	(V)	As a percentage of A+B (VI)	As a percentage of A+B+C (VII)	Number of shares (VIII)	As a percentage (IX)=(VIII)/(I V)*100
A	Individuals (Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate i.e. OCBs	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	1	9,859,516	9,859,516	38.52	38.52	0	0.00
(B)				Public Shareholding				
1				<u>Institutions</u>				
A	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
B	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
C	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
D	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
E	Insurance Companies	0	0	0	0.00	0.00	0	0.00
F	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0.00
G	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
H	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (1)	0	0	0	0.00	0.00	0	0.00
2				<u>Non-Institutions</u>				
A	Bodies Corporate	7	14,681,574	13,788,160	57.36	57.36	0	0.00
B	Individuals							
I	Individual Shareholders holding nominal Share Capital value upto ₹ 1 lakh	5	7,707	7,707	0.04	0.04	0	0.00
II	Individual Shareholders holding nominal Share Capital value In excess of ₹ 1 lakh	4	1,045,040	1,045,040	4.08	4.08	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	0	0	0	0.00	0.00	0	0.00
Ii	NRI's	0	0	0	0.00	0.00	0	0.00
Iii	OCB's	0	0	0	0.00	0.00	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	16	15,734,321	14,840,907	61.48	61.48	0	0.00
	Total Public Shareholding (B)= (B)(1)+(B)(2)	16	15,734,321*	14,840,907	61.48	61.48	0	0.00
	Total (A)+(B)	17	25,593,837	24,700,423	100.00	100.00	0	0.00
(C)	Share held by Custodian and against which Depository Receipts	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	17	25,593,837	24,700,423	100.00	100.00	0	0.00

* Out of the total public shareholding of 15,734,321 Equity Shares, SAIF being a significant shareholder holds 9,393,078 Equity Shares constituting 36.70 % of the pre Issue Capital of the Company.

(b) The table below presents our equity shareholding pattern before and after the proposed Issue:

S.No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
1.	Mr. Vijay Shekhar Sharma	9,859,516	38.52	●	●
2.	SAIF	9,393,078	36.70	●	●
3.	Intel	2,482,759	9.70	●	●
4.	IIAL ¹	1,357,323	5.30	●	●
5.	Mr. Rajiv Madhok	905,040	3.54	●	●
6.	SICP	893,414	3.49	●	●
7.	Reliance Capital Limited	384,616	1.50	●	●
8.	Intelsys Software & Consultants Private Limited	160,384	0.63	●	●
9.	Mr. Peeyush Aggarwal	105,000	0.41	●	●
10.	Mr. Atul Aggarwal	20,000	0.08	●	●
11.	Mr. Om Prakash Agarwala	15,000	0.06	●	●
12.	Rapid Estates Private Limited	10,000	0.04	●	●
13.	Poonam Aggarwal	5,000	0.02	●	●
14.	Ms. Ritu Agarwal	2,106	0.01	●	●
15.	Mr. Vikas Garg	400	0.00*	●	●
16.	Mr. Kranthi Chaitanya Pulluru	101	0.00*	●	●
17.	Mr. Sanjeev Garg	100	0.00*	●	●
	Total	25,593,837	100.00	●	100.0

* negligible

1. IIAL is a Portfolio Manager registered with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993. IIAL has launched a Portfolio Management Scheme product namely IDFC Hybrid Infrastructure Portfolio (“IDFC Portfolio”). The subscribers to the IDFC Portfolio (“Beneficiaries”) have signed a portfolio management services agreement (“PMS Agreement”) and have also executed a power of attorney in favour of IIAL. IIAL has subscribed to the 1,357,323 Equity Shares through its IDFC Portfolio and is the holder of the Equity Shares on behalf of the Beneficiaries. After the Bid/ Issue Closing Date and before the date of allotment of Equity Shares pursuant to the Issue, IIAL shall transfer all or part of the Equity Shares held by it to the Beneficiaries of IDFC Portfolio.

Except as disclosed above, none of the BRLMs, our Promoter, Promoter Group, Directors and key managerial personnel hold any Equity Shares.

7. Top ten (10) shareholders

The list of our top 10 shareholders and the number of Equity Shares held by them is provided below:

(a) Our shareholders as on the date of filing and 10 days prior filing of this Red Herring Prospectus with RoC are as follows:

S.No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
1.	Mr. Vijay Shekhar Sharma	9,859,516	38.52	●	●
2.	SAIF	9,393,078	36.70	●	●
3.	Intel	2,482,759	9.70	●	●
4.	IIAL ¹	1,357,323	5.30	●	●
5.	Mr. Rajiv Madhok	905,040	3.54	●	●
6.	SICP	893,414	3.49	●	●
7.	Reliance Capital Limited	384,616	1.50	●	●
8.	Intelsys Software & Consultants Private Limited	160,384	0.63	●	●
9.	Mr. Peeyush Aggarwal	105,000	0.41	●	●
10.	Mr. Atul Aggarwal	20,000	0.08	●	●

1 IIAL is a Portfolio Manager registered with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993. IIAL has launched a Portfolio Management Scheme product namely IDFC Hybrid Infrastructure Portfolio (“IDFC Portfolio”). The subscribers to the IDFC Portfolio (“Beneficiaries”) have signed a portfolio management services agreement (“PMS Agreement”) and have also executed a power of attorney in favour of IIAL. IIAL has subscribed to the 1,357,323 Equity Shares through its IDFC Portfolio and is the holder of the Equity Shares on behalf of the Beneficiaries. After the Bid/ Issue Closing Date and before the date of allotment of Equity Shares pursuant to the Issue, IIAL shall transfer all or part of the Equity Shares held by it to the Beneficiaries of IDFC Portfolio.

* negligible

(b) Our shareholders as of two years prior to filing this Red Herring Prospectus with RoC are as follows:

Shareholder's Name	No. of Equity Shares	Percentage of shares
Mr. Vijay Shekhar Sharma	10,459,516	45.81
Mr. Peeyush Aggarwal	4,057,323	17.77
SAIF	6,793,078	29.75
SICP	617,552	2.71
Mr. Rajiv Madhok	905,040	3.96
Total	22,832,509	100.00

8. Secondary transfer of Equity Shares

No.	Transferor's Name	Transferee's Name	No. of Equity Shares	Record Date
1.	Mr. Peeyush Aggarwal	IDFC Investment Advisors Limited	1,357,323	September 24, 2010
2.	Mr. Peeyush Aggarwal	Reliance Capital Limited	384,616	September 24, 2010
3.	Mr. Peeyush Aggarwal	Intelsys Software & Consultants Private Limited	160,384	October 22, 2010
4.	Mr. Peeyush Aggarwal	Mr. Atul Aggarwal	20,000	October 22, 2010
5.	Mr. Peeyush Aggarwal	Mr. Om Prakash Agarwala	15,000	October 22, 2010
6.	Mr. Peeyush Aggarwal	Rapid Estates Private Limited	10,000	October 22, 2010
7.	Mr. Peeyush Aggarwal	Ms. Poonam Aggarwal	5,000	October 22, 2010

9. Our Company, the Promoter, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
10. Neither the BRLMs nor their associates hold any Equity Shares, except 1,357,323 Equity Shares (representing 5.30% of the current paid-up equity share capital of the Company) held by IIAL, which is an associate of IDFC Capital Limited.
11. During the period of six months immediately preceding the date of filing of this Red Herring Prospectus, no financing arrangements existed whereby our Promoter, our Directors and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
12. Except the sale and transfer of 600,000 Equity Shares at a price of ₹ 175 per Equity Share by our Promoter and Director, Mr. Vijay Shekhar Sharma to SAIF on February 23, 2010, none of our Promoter, Promoter Group, Directors or their immediate relatives have purchased or sold any Equity Shares within the six months preceding the date of filing of the Red Herring Prospectus with RoC.
13. Pursuant to the first proviso to Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations, this being an Issue for less than 25% of the post-Issue equity share capital, is being made through a 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to QIBs. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith.
14. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, 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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, 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.

15. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the 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.
16. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Retail Portion or the Non-Institutional Portion would be met with spill-over from other categories or combination of categories, at the sole discretion of our Company, in consultation with the Book Running Lead Managers. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
17. Oversubscription, if any, to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'. Consequently, the Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
18. An investor 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 investor.
19. Pursuant to the Consolidated SHA, SICP and SAIF hold 7,410,630 Equity Shares (617,552 Equity Shares held by SICP and 6,793,078 Equity Shares held by SAIF) that have certain special rights inter alia including preferential rights for distribution of liquidation proceeds and the right to increase their shareholding on the occurrence of certain events mentioned in the Consolidated SHA. Further, the parties to the Consolidated SHA have entered into a Suspension Agreement pursuant to which the Consolidated SHA will terminate on the filing of the Prospectus with the RoC. For further details see section titled "**History and Certain Corporate Matters**" on page 124.
20. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
22. As on the date of this Red Herring Prospectus, the Company has seventeen (17) equity shareholders.
23. We have not raised any bridge loans against the proceeds of the Issue.
24. There are no partly paid up Equity Shares in our Company. All the Equity Shares will be fully paid up at the time of Allotment.
25. We have not issued any Equity Shares out of revaluation reserves. Except as disclosed in this section, our Company has not issued any Equity Shares for consideration other than cash.
26. Except the grant of ESOPs or allotment of Equity Shares to be made pursuant to exercise of ESOPs by our employees/ directors in whom the ESOPs have vested or shall vest under the ESOP Scheme 2008, we presently do not intend or propose to alter our capital structure for a period of six months from the date of listing and trading of our Equity Shares, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, when we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures or to use such shares as consideration for such joint ventures.
27. As on the date of this Red Herring Prospectus, the Equity Shares held by the Promoter are not subject to any pledge.
28. Our Promoter and members of the Promoter Group will not participate in the Issue.

29. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
30. There are certain restrictive covenants in the loan agreements entered into by our Company with HDFC Bank Limited. For details in relation to such restrictive covenants, see the section titled “***Financial Indebtedness***” on page 277. HDFC Bank Limited has consented to this Issue pursuant to its letter dated May 10, 2010.
31. Our Company shall ensure that transactions in the Equity Shares by our Promoter and the Promoter Group between the date of filing of the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be intimated to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE ISSUE

The proceeds of the Issue, after deducting the Issue related expenses (the “**Net Proceeds of the Issue**”), are estimated to be approximately ₹ [●] million. The Net Proceeds of the Issue are proposed to be utilised by our Company for the following activities:

- (i) Procuring telecom equipment and software for installation at our office as well as various sites of our customers;
- (ii) Procurement of Other Fixed Assets; and
- (iii) General corporate purposes.

(collectively referred to herein as the “**Objects**”).

In addition, our Company expects to achieve the benefits of the listing of the Equity Shares on the Stock Exchanges.

The main objects clause and the objects incidental to the main objects set out in our Memorandum of Association enable our Company to undertake the existing activities and the activities for which funds are being raised by us through this Issue. Further, we confirm that the activities we have been carrying on until now are in accordance with the objects clause of our Memorandum of Association.

Issue Proceeds, Issue Related Expenses and Net Proceeds

The details of the proceeds of the Issue are summarized below:

Particular	Estimated Amount (₹ million)
Gross proceeds of the Issue	1,200.00
Less: Issue related expenses of our Company*	[●]
Net proceeds of the Issue*	[●]

* To be incorporated after finalization of the Issue Price

The listing fees and all other Issue related expenses will be borne by our Company.

Utilization of Net Proceeds of Issue and Deployment of Fund

The fund requirement and deployment is based on management estimates, vendor quotations and has not been appraised by any bank or financial institution or any other independent agency. Our funding requirements for the Objects and the deployment schedule of the Net Proceeds are based on current conditions and are subject to change in light of external circumstances or costs or changes in our financial condition, business or strategy. On the basis of our current estimates, details of our requirement of funds towards the Objects and the proposed deployment are set forth in the table below:

Sr. No.	Particulars	Total Estimated Cost
1.	Procuring telecom equipment and software for installation at our office as well as at various customer sites	834.93
2.	Procurement of other fixed assets	105.41
3.	General corporate purposes	[●]
Total		[●]

Any expense incurred towards the Objects would be recouped from the Net Proceeds of the Issue. In the event estimated utilization of the Net Proceeds of the Issue in any given Fiscal is not completely met, the same shall be utilized in the next Fiscal.

Details of Means of Finance

We propose to meet the entire requirement of funds for the Objects entirely from the Net Proceeds of the Issue. No amount is required to be raised through means other than this Issue for financing the Object. Accordingly, the requirement of Regulation 4(g) of the SEBI ICDR Regulations for firm arrangements of finance through

verifiable means for 75% of the stated means of finance excluding the Issue Proceeds and existing identifiable internal accruals does not arise.

Variation in fund requirements and Shortfall of Net Proceeds

Our Company operates in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of new initiatives that it may pursue including any potential acquisition opportunities. Consequently, our Company's funding requirements are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and/or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure, at the discretion of our management.

In case of any shortfall of the Net Proceeds of the Issue for the Objects or cost overruns, our Company may explore a range of options including utilizing our internal accruals, seeking additional debt from existing and future lenders, or raising equity capital, subject to necessary consents and approvals.

Details of Objects to be financed from Net Proceeds

(a) Procuring telecom equipment and software for installation at our office and at various customer sites

In order to achieve our growth strategy of developing new and innovative platforms, products and services, enhancing the scope of our existing applications, we would require significant procurement of new equipments including software capabilities. The purchase of equipments will be entirely financed from the Net Proceeds of the Issue. Some of the key factors behind our proposed procurement of telecom equipment and software are as follows:

- *Capitalising on the growth of the Indian telecommunications industry:* The Indian telecommunications industry is one of the fastest growing in the world and India is projected to become the second largest telecom market globally by 2010 (*Source: India Brand Equity Foundation at www.ibef.org accessed on March 12, 2010; and Confederation of Indian Industry at www.cii.in accessed on May 14, 2010*). According to the Telecom Regulatory Authority of India ("TRAI"), the number of telecom subscribers (wireless and wireline) in India increased to 688.38 million in July 2010 from 671.79 million in June 2010, thereby registering a growth rate of 2.49% during July 2010. With this increase the overall tele-density (telephones per 100 people) reached 58.17. (*Source: TRAI*). The number of wireless subscribers in India increased from 617.53 million at the end of May 2010 to 635.51 million at the end of June 2010 (*Source: TRAI*). It is expected that once the 3G spectrum becomes available in India, about 275 million Indian subscribers will use 3G-based services, and the number of 3G-enabled handsets will reach close to 395 million by the end of 2013. (*Source: www.ibef.org*)

Given the growth potential of the Indian telecommunications industry, we plan to develop innovative consumer services and products that address various possibilities which have arisen given the emergence of the mobile handset as a tool for media consumption, commerce and messaging. Currently we use SMS, mobile internet and USSD interaction to offer consumers various services on their handsets. Going forward, we plan to expand the channels used to offer consumer services to include video services and other services that are more compatible with 3G networks.

- *Increasing the current levels of penetration among telecom service provider customers:* Currently, we offer our services to nine telecom service providers in India, and three telecom providers overseas. In order to stay in step with the expansion plans of our network customers and to keep up with the growth and innovations taking place in the Indian telecommunications sector, there is a felt need for us to invest in state-of-the-art telecom infrastructure in order to gain deeper inroads with its customers. Additionally, we also plan to increase our geographical penetration among operators – i.e., deploying our resources across a wider number of telecom circles wherein our network customers have presence, in order to aggressively capture opportunities and increase operator penetration.
- *Increasing our current levels of subscriber penetration:* As of October 15, 2010, we had approximately 17.43 million subscribers, 12 telecom service operators customers, and 244 enterprise customers. With our market experience, technical capabilities and operational expertise, we plan to increase our customer penetration, resulting in a wider number of subscribers using our services. We have various new services

and product lines under development such as automated speech recognition (ASR) systems for network services, video and 3G services deployments for network and consumer services, international deployments for network and consumer services, etc., which would see wide deployment across customers. In order to ensure that our customers receive uninterrupted service as well as to ensure minimum service downtimes, there is a need to increase the number of servers and other associated telecom infrastructure across geographies.

- *Hardware utilization practice:* As a best-practice and as per customer mandates, we make separate deployments of servers for each operator in each circle for each service. We also maintain redundant deployments (i.e. additional parallel deployments) of servers to ensure optimum online experience for our customers as well as to ensure uninterrupted delivery of services. Additionally, in all cases feasible, we also maintain separate database servers to ensure minimum processing load on the main application server in order to enhance its longevity.

The extent of network utilization depends upon the nature of services being run; for instance, most network services and consumer services have utilisation throughout the day. However, some network services (such as self care portals) and consumer services (such as in-dial content consumption portals) see utilization varying at different times of the day. The capacity of these servers is decided as per the “peak hour” utilization which is when maximum subscribers access the system. As a practice, we run our servers at an optimum utilization of 80% capacity, to ensure that the customer experience is not compromised and that there is continuity of service. Whenever any server sees hardware utilization levels of more than 70%, capacity is augmented in order to ensure that actual utilization levels do not cross 80%. The number of servers as of June 30, 2010 is 966 servres. For details pertaining to our historical acquisition of servers, see page 273.

We estimate to incur a total capital expenditure of approximately ₹ 834.93 million to fund the purchase of various telecom equipments (including hardware and software) for our office at Noida and at various customer sites. We have obtained quotations from suppliers in relation to the purchase of the equipments mentioned below. Such quotations are valid until April- May 2011, whereafter the rates would be subject to negotiation. Based on such quotations, the details of costs of the equipments which we intend to purchase from the Net Proceeds of the Issue are set forth in the table below:

Description of Items	Quantity	Average cost per unit (₹)	Total cost (in ₹ million)	Estimated Schedule of Deployment of Funds	
				FY 2011 (In ₹ million)	FY 2012 (In ₹ million)
Servers Used for hosting the operating system, computer telephony interface media cards, computer telephony interface signaling cards, and other software	1,593	102,828	163.80	60.77	103.03
OS Server Licenses License for using operating system software for servers	1,593	24,950	39.75	14.75	25.00
Computer Telephony Interface Media Cards (CTI Media Cards) Used as a carrier between application/middleware and mobile station switching centre	1,953	142,178	277.67	49.05	228.62
Computer Telephony Interface Signaling Cards (CTI Signaling Cards) Used for telecom network SS7 signaling support	509	123,488	62.85	10.74	52.11
H100 Bus Cable	509	2,893	1.47	0.25	1.22
CTI Software Software platform to make telephony applications comprising of the following:			90.92	10.19	80.73
Compact-Outbound-20	216,000	189.00	40.82	-	-
Compact-Normal-20	108,000	346.50	37.42	-	-
Compact-Outbound-35	9,000	346.50	3.12	-	-
Compact-Normal-35	12,000	378.00	4.54	-	-
Standard-Modified-35	5,378	472.50	2.54	-	-

Standard-Normal	4,500	551.25	2.48	-	-
Enhanced Signaling Cards	720	199,694	143.78	29.36	114.42
Used for SS7 signaling support facilitating greater call controls					
8 Port Punch Block	1,953	8,500	16.60	2.93	13.67
Used for connecting servers and other equipment					
Racks and Rack Kits	320	55,350	17.71	6.58	11.13
For containing servers and related accessories					
Multiplexor Units	95	101,641	9.66	5.59	4.07
For combining multiple message signals or digital data streams into one signal over a shared medium					
ASR License	3,209	3,338	10.71	5.83	4.88
License for using automatic speech recognition software					
Total			834.93	196.05	638.88

(b) Procurement of other Fixed Assets

Our corporate office at B 121, Sector 5, Noida 201301, India, covers an area of approximately 48,000 sq.ft. and houses a major part of the telecom equipment required for our business operations. As at March 31, 2010, 621 employees operated out of our office at Noida. In line with our strategy to develop new and innovative platforms, products and services, we need to invest in capital expenditure for acquiring certain IT-related and other assets, as well as for conducting certain leasehold improvements at our corporate office. We have obtained quotations in this regard which are valid until April-May 2011 whereafter the rates would be subject to negotiation. Accordingly, we estimate to incur a total capital expenditure of approximately ₹ 105.41 million at our corporate office, details of which are given below:

Description of Items	Price (₹ In million)	Estimated Schedule of Deployment of Funds	
		FY 2011 (₹ In million)	FY 2012 (₹ In million)
Conducting certain leasehold improvements at our office at Noida	31.01	20.00	11.01
Procurement of Vehicles	7.32	5.60	1.72
Furniture and Fixtures	17.03	10.00	7.03
Procuring of computer systems, components and peripherals for our office at Noida	50.05	22.50	27.55
Total	105.41	58.10	47.31

We have not included the names of our vendors for our proposed equipment as we believe such information, being competitive in nature, is sensitive to our business.

(c) General Corporate Purposes

The Net Proceeds of the Issue will first be utilized towards entirely financing the purchase of equipments, as disclosed above. The balance is proposed to be utilized for general corporate purposes, including strategic initiatives, acquisitions, brand building exercises, strengthening of our marketing capabilities and meeting exigencies which we may face in the ordinary course of our business. Our management, in accordance with the policies of the Board, will have the flexibility to revise its business plans for utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds of the Issue from time to time.

Appraisal

The fund requirement and deployment of the funds mentioned above are based on internal management estimates and vendor quotations and have not been appraised by any bank or financial institution or any other independent third party agency.

Bridge loans

We have not raised any bridge loans against the Net Proceeds of the Issue.

Interim Use of Proceeds

The management of our Company, in accordance with the policies set up by the Board from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the Net Proceeds of the Issue in high quality interest/dividend bearing liquid instruments including investments in mutual funds, deposits with banks and other investment grade interest bearing securities. Such investments would be in accordance with investment policies approved by the Board from time to time. We confirm that pending utilization of the Net Proceeds of the Issue, we shall not use the funds for any investments in the equity markets.

Monitoring of Utilisation of Funds

As this is an Issue of less than ₹ 5,000 million, there is no requirement for the appointment of a monitoring agency, in terms of Regulation 16(1) of the SEBI ICDR Regulations.

The Board or a committee of the Board will monitor the utilisation of the Net Proceeds of the Issue. The Company will disclose the utilisation of the Net Proceeds of the Issue including interim use, under a separate head in its financial statements for such fiscal periods as required under the ICDR Regulations, the Listing Agreements with the Stock Exchanges and any other applicable law or regulations, clearly specifying the purposes for which the Net Proceeds of the Issue have been utilized. Our Company will also, in its financial statements for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds of the Issue that have not been utilized.

Pursuant to clause 49 of the listing agreement with the Stock Exchanges, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds of the Issue. On an annual basis, our Company shall prepare a statement of Net Proceeds of the Issue utilized for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Disclosure shall be made until such time that all the Net Proceeds of the Issue have been fully utilised. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in the Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49 of the Listing Agreement.

In the event we are unable to utilize the Net Proceeds of the Issue for the Objects we shall, with the approval of the shareholders of our Company, deploy the funds for other business purposes.

Other Confirmations

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds of the Issue or estimated cost as above with the Promoter, the Directors, the Company's key management personnel or companies promoted by the Promoter. We confirm that none of the quotations have been sourced from any party who is directly or indirectly related to our Promoter. Further, no part of the Net Proceeds of the Issue will be paid by us as consideration to our Promoter, Directors, Promoter Group companies or the Company's Key Managerial Personnel except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares offered by the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is ₹ 10 per share and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

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

- Our access to a significant number of mobile phone users in India;
- Our long-standing relationships with telecom service providers, which create technological and time-to-market barriers to entry for new entrants;
- Our diversified income base, which reduces our reliance on any single market, telecom service provider, product or service; and
- Our strong culture of innovation with deep understanding of consumers preferences and proven track record of bringing innovative solutions to the market, etc.

For details of qualitative factors which form the basis of computing the Issue Price, kindly refer the sections titled “**Our Business**” and “**Risk Factors**” on pages 104 and 2, respectively.

Quantitative Factors

Information presented in this section is derived from our Restated Financial Information. For more details on the same, kindly refer the section titled “**Financial Information**” on page 155.

1. Basic and Diluted Earnings per Share (EPS):

₹ per share

Period	As per our Restated Consolidated Summary Statements			As per our Restated Unconsolidated Summary Statements		
	Basic EPS	Diluted EPS	Weights	Basic EPS	Diluted EPS	Weights
Fiscal year ended March 31, 2008	2.36	2.30	1	2.38	2.31	1
Fiscal year ended March 31, 2009	0.89	0.89	2	0.95	0.95	2
Fiscal year ended March 31, 2010	6.33	6.19	3	6.35	6.22	3
Weighted Average	3.86	3.78		3.89	3.81	
Three months ended June 30, 2010*	2.52	2.48		2.49	2.44	

*Not annualized

Note:

1. Earnings per share calculations are in accordance with Accounting Standard 20 “Earnings per Share” issued by the Institute of Chartered Accountants of India.
2. The face value of each Equity Share is ₹ 10 per share.

2. Price Earning Ratio (P/E) in relation to the Issue Price of ₹ [●] per Equity Share of ₹ 10 each

Particulars	P/E at the lower end of the price band	P/E at the higher end of the price band
Based on EPS of ₹ 6.35 per Equity Share for the Fiscal 2010 (as per Restated Unconsolidated Summary Statements)	[●]	[●]
Based on EPS of ₹ 6.33 per Equity Share for the Fiscal 2010 (as per Restated Consolidated Summary Statements)	[●]	[●]
Based on Weighted average EPS of ₹ 3.86 per Equity Share	[●]	[●]
Industry P/E *		

Highest	40.2
Lowest	9.2
Industry Composite	16.7

Source: Corporate Scoreboard, Capital Market, Vol. XXV/18 dated November 01-14, 2010, Category: Telecommunications – Service Provider

3. Return on Net worth (RoNW%)

Period	As per our Restated Consolidated Summary Statements	Weight	As per our Restated Unconsolidated Summary Statements	Weight
Fiscal ended March 31, 2008	7.00%	1	7.08%	1
Fiscal ended March 31, 2009	1.76%	2	1.97%	2
Fiscal ended March 31, 2010	11.95%	3	12.08%	3
Weighted Average	7.73%		7.88%	
Three months ended June 30, 2010*	4.74%		4.51%	

*not annualized

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the Fiscal 2009:

Minimum RONW required for maintaining pre-Issue EPS for the Fiscal 2009 is [●].

5. Net Asset Value per Equity Share

	Amount (In ₹)
NAV as at March 31, 2010, (unconsolidated)	58.89
NAV as at March 31, 2010, (consolidated)	58.79
NAV as at June 30, 2010 (unconsolidated)	61.73
NAV as at June 30, 2010 (consolidated)	61.68
Issue Price	[●]
NAV after the Issue (unconsolidated)	[●]
NAV after the Issue (consolidated)	[●]

NAV per Share = $\frac{\text{Net worth, as restated, at the end of the year (excluding Preference share capital)}}{\text{Number of equity share outstanding at the end of the year}}$

The Issue price of ₹ [●] per Equity Share has been determined on the basis of the demand from investors through the Book Building Process and is justified based on the above accounting ratios.

6. Comparison with other listed companies

Name of Company	Face Value	EPS (Basic)	Book Value	RoNW	P/E Multiple
One97 Communications Limited	₹ 10	₹ 6.33	₹ 58.79	11.95%	[●]
Peer Group⁽¹⁾					
OnMobile Global Limited	₹ 10	₹ 8.7	₹ 123.3	7.6%	32.0

Note: The EPS, RONW and NAV figures mentioned above for the Peer Group are based on the consolidated audited financials for fiscal 2010. The EPS, RONW and NAV figures mentioned above for the Company are based on the restated consolidated summary statements for fiscal 2010.

(1) Source: Corporate Scoreboard, Capital Market, Vol. XXV/18 dated November 01-14, 2010, Category: Telecommunications – Service Provider

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the Book Running Lead Managers on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, see the section titled “**Risk Factors**” on page 2 and the financials of the Company including important profitability and return ratios, as set out in the section titled “**Financial Information**” on page 155.

STATEMENT OF TAX BENEFITS

To,

Board of Directors,
One97 Communications Limited
B 121 Sector 5
Noida- 201301
India

Dear Sirs,

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

We hereby report that the enclosed annexure, prepared by One97 Communications Limited (the “Company”) states the possible tax benefits available to Company and shareholders of the Company under the Income-tax Act, 1961 (‘IT Act’) and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. The preparation of the contents stated in the enclosed Annexure is the responsibility of the Company’s management. We are informed that this annexure is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences 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 conditions prescribed for availing the benefits, where applicable have been / would be met with; or
- ii. the Company or its shareholders will continue to obtain these benefits in future.

The contents of the enclosed annexure and our opinion 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.

For S. R. Batliboi & Co.

Firm registration no: 301003E

Chartered Accountants

per Yogender Seth
Partner
Membership No.94524

Place: Gurgaon, India
Date: October 8, 2010

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

The information provided below sets out the possible tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

The I.T. Act is revised by the Finance Act every fiscal year. The following is based on the provisions of Indian tax laws as of the date hereof, which are subject to change, possibly on a retroactive basis. This summary is not intended to constitute a complete analysis of the Indian tax consequences to any particular shareholders. Individual tax consequences of an investment in Equity Shares may vary for Non-Residents in various circumstances, and potential investors should therefore consult their own tax advisers as to the tax consequences of such purchase, ownership and disposition under the tax laws of India, the jurisdiction of their residence and any tax treaty between India and their country of residence.

UNDER THE INCOME TAX ACT, 1961 ('THE ACT')

A. BENEFITS AVAILABLE TO THE COMPANY

1. Amortisation of Preliminary Expenses

The Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature and amounts specified in section 35D of the Act, including expenditure incurred on present issue such as underwriting commission, brokerage and other charges as specified, by way of amortization over a period of five successive years, after the commencement of the business in connection with the extension of undertaking or in connection with the setting up of new unit. [section 35D of the Act].

2. Credit of Minimum Alternate Tax ('MAT')

MAT credit allowable is the difference between MAT paid and the tax computed as per the general provisions of the Act and can be utilized in the years in which tax becomes payable under the general provisions of the Act. MAT credit can be utilized to the extent of difference between tax payable under the general provisions and MAT payable for the relevant year. MAT credit can be carried forward and set off for a period of ten assessment year immediately succeeding the assessment year in which it becomes allowable.[section 115 JAA of the Act].

3. Dividends

Dividend income (interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders. Thus the dividend income received by the Company from investments made in any domestic company will be exempt in its hands [section 10(34) of the Act read with section 115O].

4. Income from Units

The following incomes are exempted from tax under the Act:

- a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
- b. Income received in respect of units from the Administrator of a specified undertaking; or
- c. Income received in respect of units from a specified company, a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeals Act, 2002 (58 of 2002)).

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be [section 10(35) of the Act].

5. Capital Gains

- 5.1. Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long-term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of shares held in a company or other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as 'long term capital gains'.
- 5.2. In computing the capital gains arising on sale of a capital asset, the cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset shall be deducted from the sale consideration. However, in respect of capital gains arising from transfer of long-term capital assets, the Act offers a benefit by permitting substitution of cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement is computed by adjusting the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time [section 48 of the Act]
- 5.3. As per the provisions of section 10(38) of the Act, long term capital gains arising on sale of equity shares in a company or a unit of an equity oriented fund would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax ('STT'). Such income can however be taxed under the provisions of Minimum Alternate tax ('MAT').
- 5.4. Long-term capital gains (other than mentioned in point 5.3 above) are taxed at the rate of 20% (plus applicable surcharge and education cess) after claiming indexation benefit. However, the tax liability on long term capital gains arising from the transfer of a long term capital asset being listed security can be restricted to 10% (plus applicable surcharge and education cess) if the indexation benefit is not claimed [section 112 of the Act].
- 5.5. As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to Rs. 50 lakhs in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.

Under section 111A of the Act, short-term capital gains arising from sale of an equity share in a company or a unit of an equity oriented fund would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT.

6. Depreciation

- 6.1. Under Section 32 of the Act, the company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses etc.

7. Relief from Double Taxation

- 7.1 In terms of section 90 / 91 of the Act and depending upon the Double Taxation Avoidance Agreement signed between India and the country with which our company does business with, India allows as a credit from the tax on the income of the company.

8. Special tax benefits available to the Company

There are no special tax benefits available to the Company such as benefits available u/s 10A, 10B, 80IA, 80IC of the Income Tax Act, 1961. This is illustrative and not exhaustive.

B. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS OF THE COMPANY

1. Dividends

- 1.1 Dividend income (interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders and accordingly no taxes are required to be deducted at source on the dividend payment [section 10(34) of the Act read with section 115O].

2. Capital gains

- 2.1 In computing the capital gains arising on sale of a capital asset, the cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset shall be deducted from the sale consideration. However, in respect of capital gains arising from transfer of long-term capital assets, the Act offers a benefit by permitting substitution of cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement is computed by adjusting the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time [section 48 of the Act]
- 2.2 Long-term capital gains arising on transfer of equity shares of a listed company are exempt from tax in the hands of the shareholders provided the transaction for sale of such equity shares is liable to STT [section 10(38) of the Act].
- 2.3 Long-term capital gains (other than mentioned above) are taxed at the rate of 20% (plus applicable surcharge and education cess) after claiming indexation benefit. However, the tax liability on long term capital gains arising from the transfer of a long term capital asset being listed security can be restricted to 10% (plus applicable surcharge and education cess) if the indexation benefit is not claimed [section 112 of the Act].
- 2.4 Short-term capital gains from transfer of equity shares are taxed at the rate 15%(plus applicable surcharge and education cess) provided the transaction for sale of such equity shares is liable to STT [section 111A of the Act].
- 2.5 As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to Rs. 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.
- 2.6 Long-term capital gains (other than those covered above) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares are exempt from capital gains tax if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer. If part of the net consideration is invested within the prescribed period in a residential house, such gains would be exempt from tax on a proportionate basis. The minimum holding period for the new purchased / constructed house to remain eligible for exemption is 3 years [section 54F of the Act].

3. Securities Transaction Tax (STT) allowed as deductible expenditure

- 3.1 In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act)

C. BENEFITS AVAILABLE TO NON-RESIDENT SHAREHOLDERS OF THE COMPANY

1. Dividends

- 1.1 Dividend income (interim or final) received from a domestic company is exempt from tax in the hands of the non resident shareholders and accordingly no taxes are required to be withheld on dividend payment [section 10(34) of the Act read with section 115O].

2. Capital gains

- 2.1. In computing capital gains arising from transfer of shares acquired in convertible foreign exchange (as per the exchange control regulations), the capital gain/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was utilized for the purchase of shares. Cost indexation benefit is not available in such a case [section 48 of the Act].
- 2.2. Long-term capital gains arising on transfer of equity shares of a listed company are exempt from tax in the hands of the shareholders provided the transaction for sale of such equity shares is liable to STT [section 10(38) of the Act].
- 2.3. Long-term capital gains (other than those covered in point 2.2 above) are taxed at the rate of 20% (plus applicable surcharge and education cess). However, the tax liability on long term capital gains arising from the transfer of a long term capital asset being listed security can be restricted to 10% (plus applicable surcharge and education cess) without considering the indexation benefit [section 112 of the Act].
- 2.4. Short-term capital gains from transfer of equity shares are taxed at the rate 15% (plus applicable surcharge and education cess) provided the transaction for sale of such equity shares is liable to STT [section 111A of the Act].
- 2.5. As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to Rs. 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.
- 2.6. Long-term capital gains (other than those covered in point 2.2 above) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company are exempt from capital gains tax if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer. If part of the net consideration is invested within the prescribed period in a residential house, such gains would be exempt from tax on a proportionate basis. The minimum holding period for the new purchased / constructed house to remain eligible for exemption is 3 years [section 54F of the Act].
- 2.7. A non resident taxpayer has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial to him [section 90(2) of the Act]

3. STT as deductible expenditure

- 3.1 In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act)

D. BENEFITS AVAILABLE TO SHAREHOLDERS BEING MUTUAL FUNDS

Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, or Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorized by the Reserve Bank of India and subject to the conditions notified by Central Government in this regard, would be eligible for income-tax exemption on their income [section 10(23D) of the Act].

E. BENEFITS AVAILABLE TO SHAREHOLDERS BEING FOREIGN INSTITUTIONAL INVESTORS (FIIS)

1. Dividends

- 1.1 Dividend income (interim or final) received from a domestic company is exempt from tax in the hands of the FIIs and accordingly no taxes are required to be withheld on dividend payment [section 10(34) of the Act read with section 115O]

2. Capital Gains

- 2.1 Long-term capital gain arising on transfer of equity shares of a listed company are exempt from tax in the hands of the shareholders provided the transaction for sale of such equity shares is subject to STT and accordingly no taxes are required to be deducted at source [section 10(38) of the Act].
- 2.2 Short-term capital gains from transfer of equity shares are taxed at the rate 15%(plus applicable surcharge and education cess) provided the transaction for sale of such equity shares is subject to STT [section 111A of the Act].
- 2.3 Long term Capital gains arising from transfer of shares [other than those covered in point 2.1 above], are taxed at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation and foreign currency fluctuation protection as provided under section 48 of the Act are not available to FIIs. [section 115AD of the Act]
- 2.4 As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to Rs. 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.
- 2.5 A non-resident taxpayer has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial to him [section 90(2) of the Act]

3. STT as deductible expenditure

- 3.1 In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act)

UNDER THE WEALTH TAX ACT, 1957

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

For and on behalf of Board of Directors
Of One97 Communications Limited

Vijay Shekhar Sharma
Managing Director

Place: Noida
Date:

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

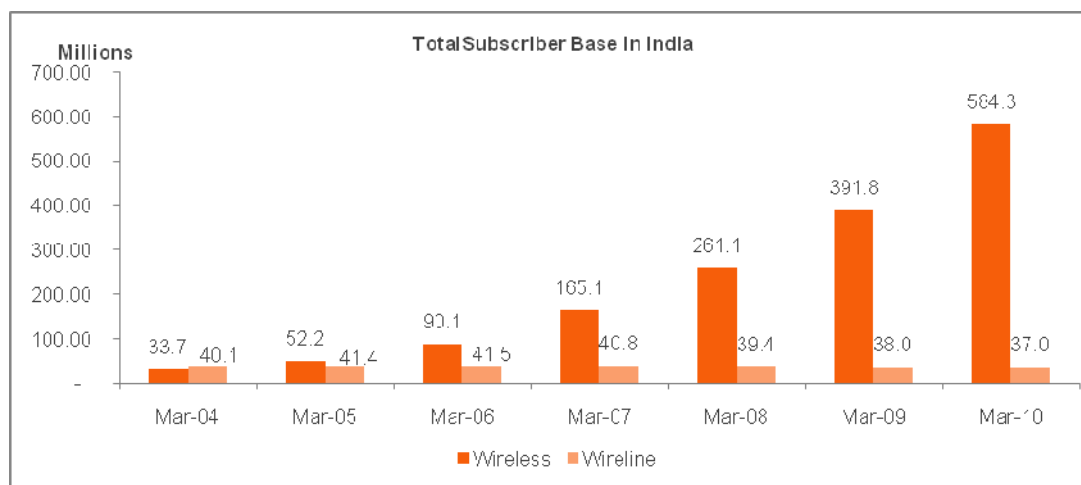
The information in this section has been extracted from the websites of and publicly available information, data and statistics of various sources, including, but not limited to, government and industry websites and publications, including reports that have been prepared by Frost & Sullivan. The data may have been re-classified by us for the purpose of presentation. Our Company accepts responsibility for accurately reproducing such data, information and statistics. Neither we nor any other person connected with the Issue has verified the information provided in this section. 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. Accordingly, investment decisions should not be based on such information.

Except for where otherwise stated, information in this Industry Overview has been derived from the Frost and Sullivan reports –

- *Indian Mobile Value Added Services (VAS) Market, February 2010*
- *Enterprise Value Added Services (EVAS) Market, February 2010*
- *Mobile Advertising Market in India, February 2010*
- *Network VAS Market in India, March 2010*

Indian Telecommunications Market

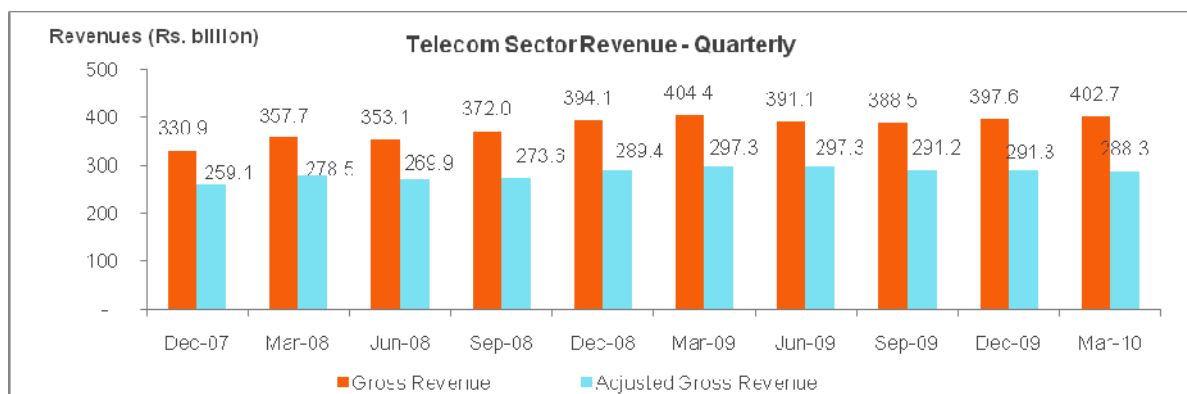
The Indian telecommunications industry is one of the fastest growing in the world and India is projected to become the second largest telecom market globally by 2010. (Source: India Brand Equity Foundation at www.ibef.org accessed on March 12, 2010; and Confederation of Indian Industry at www.cii.in accessed on May 14, 2010) According to the Telecom Regulatory Authority of India (“TRAI”), the number of telecom subscribers (wireless and wireline) in India increased to 688.38 million in July 2010 from 671.79 million in June 2010, thereby registering a growth rate of 2.49% during July 2010. With this increase the overall tele-density (telephones per 100 people) reached 58.17. (Source: TRAI) India is currently adding eight to ten million mobile subscribers every month. (Source: India Brand Equity Foundation (“IBEF”) at www.ibef.org accessed on March 12, 2010)



Source: Telecom Regulatory Authority of India (TRAI)

The number of wireline subscribers in India declined from 40.75 million at the end of March 2007 to 36.96 million at the end of March 2010. Wireline tele-density was 3.14 as at the end of March 2010. The number of wireless subscribers in India increased from 165.11 million at the end of March 2007 to 584.32 million at the end of March 2010. Wireless tele-density was 49.60 as at the end of March 2010. (Source: TRAI)

Gross revenue (“GR”) and adjusted gross revenue (“AGR”) of the Indian telecom sector for the quarter ended March 2010 were ₹ 402.65 billion and ₹ 288.30 billion, respectively. This reflects an change of 1.28% and - 1.02% in GR and AGR, respectively, compared to the quarter ended December 2009. (Source: TRAI)



Source: TRAI

Despite growth in the number of subscribers, the Average Revenue Per User (“ARPU”) and Minutes of Usage (“MOU”) per month have declined for both GSM and CDMA operators since the last quarter of 2007 or first quarter of 2008, as the case may be. ARPU for GSM service declined from ₹ 144 in the quarter ended December 2009 to ₹ 131 in the quarter ended March 2010, a decrease of 9.03%. ARPU for CDMA service declined by 7.32% from ₹ 82 in the quarter ended December 2009 to ₹ 76 in the quarter ended March 2010. (Source: TRAI)

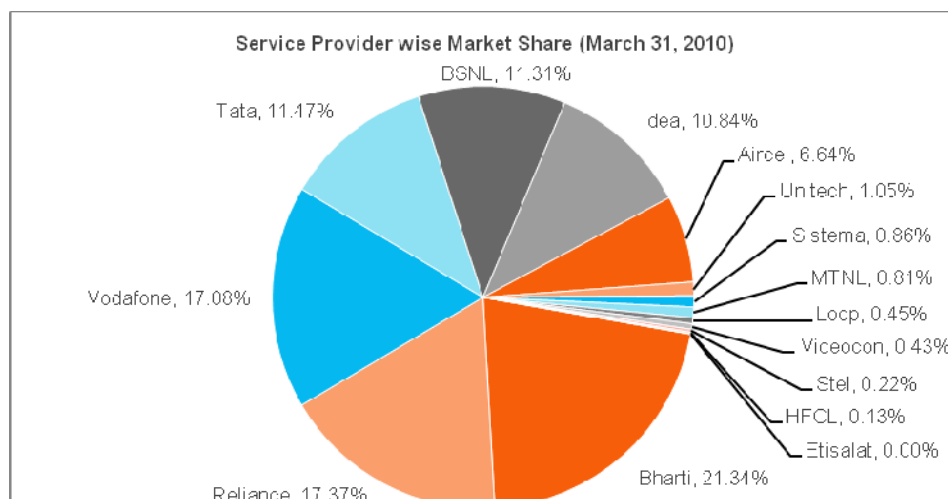
MOU per subscriber for GSM services experienced a decline of 0.24% between the quarter ended December 2009 and the quarter ended March 2010, decreasing from 411 in the quarter ended December 2009 to 410 in the quarter ended March 2010. Outgoing MOUs for GSM services declined by 0.50% while incoming MOUs for GSM services declined by 0.48% during this period. MOU per subscriber for CDMA services decreased by 3.46% from 318 in the quarter ended December 2009 to 307 in the quarter ended March 2010. Outgoing MOUs for CDMA services declined by 3.31% while Incoming MOUs for CDMA services declined by 4.19% during this period. (Source: TRAI)

The table below shows key trends for GSM and CDMA operators on a quarterly basis from December 2007 to December 2009.

Key Indicators	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
GSM										
ARPU (₹)	260	264	239	221	220	205	185	164	144	131
% Pre-Paid	90.3	91.0	92.0	92.0	93.0	93.5	94.3	94.8	95.2	95.8
MOU	464	493	505	499	496	484	454	423	411	410
SMS per month	28	26	22	25	29	30	28	29	32	38
CDMA										
ARPU (₹)	176	159	139	122	111	99	92	89	82	76
% Pre-Paid	n/a	90.8	91.5	92.1	92.1	92.9	93.1	93.4	93.7	93.8
MOU	375	364	354	332	371	357	342	308	318	307
SMS per month	n/a	16	13	14	13	10	11	10	14	13

Source: TRAI

As of March 31, 2010, the top seven telecom service providers in India (Bharti, Reliance, Vodafone, Tata, BSNL, Idea and Aircel) held 96.05% share of the market.



Source: TRAI

It is expected that once the 3G spectrum becomes available in India, about 275 million Indian subscribers will use 3G-based services, and the number of 3G-enabled handsets will reach close to 395 million by the end of 2013. The target for the 11th Plan period (2007-12) is for there to be 600 million wireless subscribers in India by the end of the plan period with USD 73 billion invested in wireless services. Apart from basic wireless service, there is an enormous potential for various value-added services. (Source: India Brand Equity Foundation at www.ibef.org accessed on March 12, 2010)

Mobile Value Added Services (“VAS”) – An Overview

Telecom networks enable two or more people to connect with one another in order to communicate verbally. Any additional service like SMS, mobile internet, music, mobile commerce or enterprise applications offered on telecom networks are value added services offered by value added service providers (“VAS Providers”). Telecom service providers (i.e. telecom providers) look to such value added services to enhance their revenues and differentiate their services in the market place.

Some popular types of value added services include SMS applications such as voting on favorite TV programmes (tele-voting), downloading ring tones or playing music when someone calls on a user’s handset (i.e., caller ring back tones).

Consumers are increasingly using mobile phones for a variety of services beyond traditional communication (i.e., phone calls). Today consumers expect their mobile phones to deliver entertainment, information and access to their personal and/or enterprise data. Companies offering these services to consumers (either directly and/or in partnership with telecom service providers) are VAS Providers.

Value added services that can be delivered to a handset use most of the features available on a telecom network. Such features include the following:

1. A voice call (i.e., voice VAS);
2. An SMS that is received or sent, (i.e., SMS services);
3. Internet available on handsets through Wireless Application Protocol (“WAP”), namely WAP Services;
4. Messages sent or received with multimedia content on a handset through Multimedia Messaging Service (“MMS”); and
5. Video call (only possible on 3G Network) to access stored or live video content.

In order to offer content services to the subscribers, a VAS Provider develops required technology, sources content (if required) and sets up a platform with a telecom service provider. The service provider creates a number (a short code like 53030) to which the subscribers either make calls or send SMSs to access services. For WAP services, subscribers access a mobile web site using a web address that is similar in manner to a desktop browser.

Telecom service providers charge the subscribers, who use value added services on pay per download, pay per call or on a monthly subscription basis, among others. VAS Providers receive a share of this revenue from the telecom service provider. The content providers get their revenue in the form of content fees or royalty either from the VAS providers or directly from the telecom service providers.

The VAS market has brought newer offerings like mobile based commerce services (e.g., bill payment, mobile shopping and mobile ticketing), social networking services like Facebook, Twitter on mobile and accessing/sharing video from mobile phones. VAS Providers also offer brand management and marketing campaigns to enterprises, which often includes mobile advertisements and tele-voting contests, among others.

Some additional value added services include managed services where a VAS Provider manages on behalf of telecom service providers systems delivering other value added services like SMS sending servers and Mobile Internet Gateways and self care platforms where consumers check their prepaid balance or find out about new recharge offers and services.

Some of the services that a network service provider uses for improving business efficiency, churn management, customer communication and customer lifecycle management are called network value added services.

VAS Market Segments

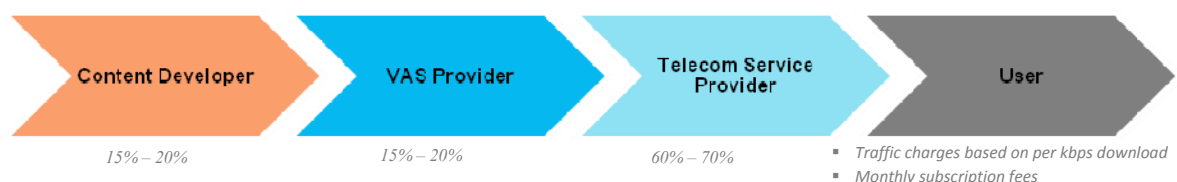
The VAS market can be segregated into two segments: *Consumer VAS* and *Enterprise VAS*. A thin line separates these segments due to the overlapping of products and services offered in each segment. Consumer VAS usually encompasses consumer-centric applications and services spanning entertainment and information applications like music, screen savers, games and news, among others. Various fee payment models have been developed for charging consumers for VAS. Moreover, revenues are shared by the various players across the value chain.

In respect of enterprise VAS, the focus is on providing enterprise-centric VAS and charging the enterprises for such services. These services span a number of areas such as marketing (e.g., mobile campaigns and mobile advertisements), mobile office applications, core business applications and unified communications. The objective is to use mobile channel effectively to enhance brand building activities and/or improve efficiencies of operations and communications for an enterprise.

Within enterprise VAS, VAS providers can provide specialized applications or services to telecom service providers, often with the purpose of enhancing the consumer (i.e., subscriber) experience on the network and/or improving the efficiency and profitability of the telecom service provider. This niche segment is called “Network VAS” and can be considered a special type of Enterprise VAS provided to telecom service providers.

The content provided by VAS providers is generated by them in-house, by individual end-user consumers and by content providers from whom VAS providers purchase distribution rights. The VAS provider acts as a facilitator for the provision of value added services by providing a technology platform, solutions and network components like Short Messaging Service Component (“SMSC”), WAP and Unstructured Supplementary Service Data (“USSD”), among others, and may act as a content aggregator.

The VAS providers generate revenues from various sources in return for the services provided by them. For consumer VAS, the consumers pay based on the content used. This revenue is often collected by the telecom service providers, which distribute a portion of the revenue collected to VAS providers under revenue sharing arrangements. VAS providers in turn share revenue with the content providers/aggregators. In certain cases, the content can be sold directly to consumers independently from the telecom service provider. For example, short code services exist where the consumer can download content and get charged by the VAS provider or content provider. The telecom service provider will levy basic access and service charges (i.e., standard call or SMS charges). A typical revenue sharing model for consumer VAS segment is depicted below:

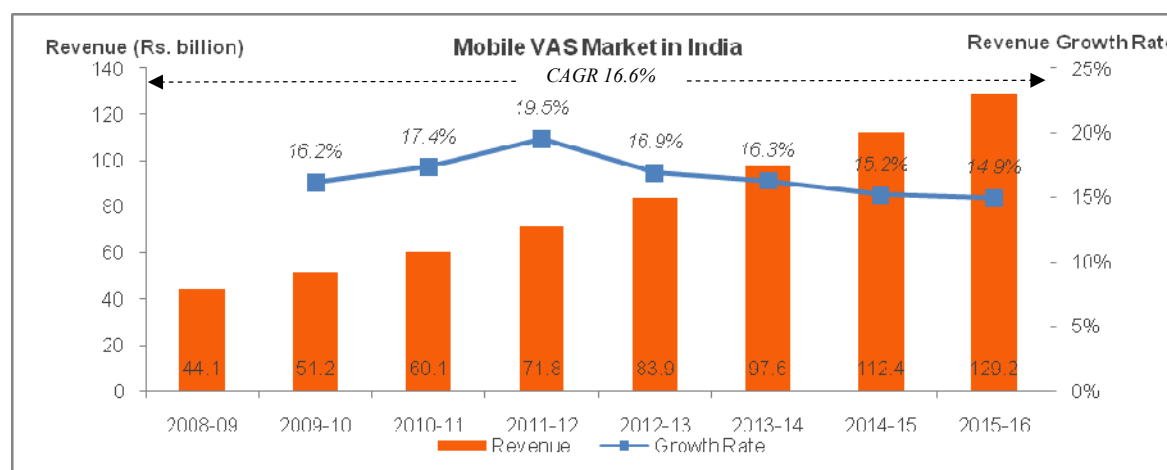


Source: Frost & Sullivan, Indian Mobile Value Added Services (VAS) Market, February 2010

The VAS market is highly fragmented with a large number of players that provide a variety of products and services from pure content/content-aggregation to technology platforms and solutions, managed services and network components. Declining voice tariffs are contributing to lower ARPU rates. As a result, telecom service providers in India are actively looking for growth in the non-voice, value-added services (VAS) market to offset declining voice tariffs. The VAS market participants that have been growing more prominent in the VAS market landscape are the ones that are introducing exciting applications and innovative offerings.

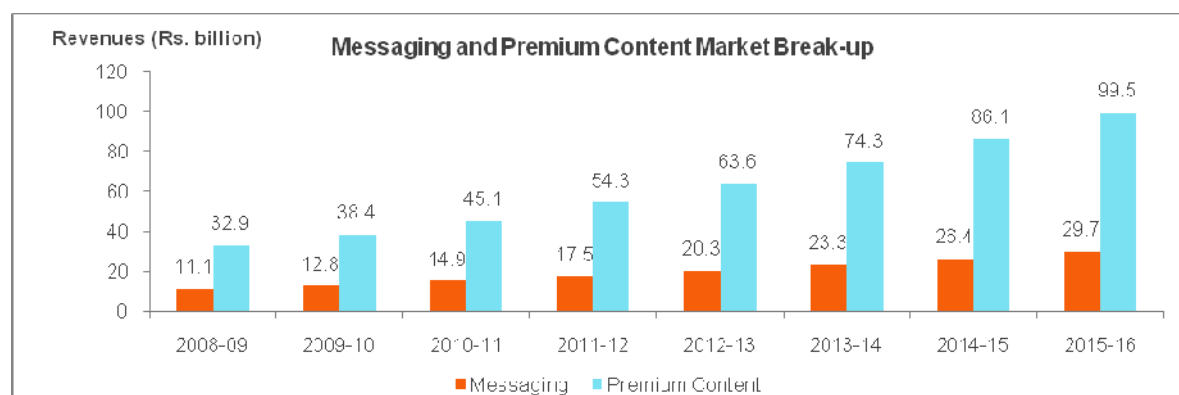
Mobile VAS Market

Mobile VAS market revenues in India constituted 5.4% of the total mobile services market revenues in fiscal 2009. It is expected to grow from ₹ 44.1 billion in fiscal 2009 to ₹ 129.2 billion in fiscal 2016 at a CAGR of 16.6%. With telecom service providers increasingly looking to grow mobile VAS offerings, it is anticipated that this market will experience strong growth, especially after the proliferation of 3G networks.



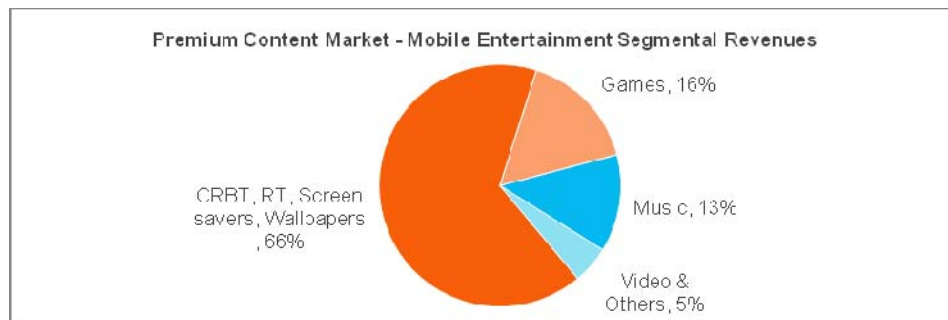
Source: Frost & Sullivan, Indian Mobile Value Added Services (VAS) Market, February 2010

The mobile VAS market can be further divided into mobile messaging and premium content segments. The messaging market represented 25.3% of the overall VAS market in India in fiscal 2009. Due to the fact that most content-based services rely on SMS, the messaging market is expected to grow steadily in the future. Revenues generated from messaging services are very low, contributing only 1.4% of the overall mobile services market revenue in fiscal 2009. Application-to-Peer (“A2P”) type SMS is typically used by enterprises wishing to send information to their clients. Reasons for using A2P range from information retrieval, alerts and reminders to marketing and sales-related activities.



Source: Frost & Sullivan, Indian Mobile Value Added Services (VAS) Market, February 2010

The premium content market comprises of mobile infotainment and other premium content like mobile commerce, mobile banking and mobile enterprise applications. The mobile entertainment segment includes the chargeable entertainment-related mobile premium content such as ringtones, screensavers, wallpapers, icons, music and video. This market has been thus far limited because of stakeholders' narrow focus on the youth segment to generate revenues. Ringtones are the most popular content type followed by icons, music, video and games. Music downloads and Java based games have been increasing in popularity. The majority of the mobile consumers still prefer low-end handsets, which do not support data-intensive traffic such as music, video and multi-player games. This is one of the main reasons for the comparatively limited revenues resulting from the entertainment segment. However, segments such as music and video are expected to grow at a faster pace with the onset of high-speed data networks such as 3G and the availability of moderately priced handsets with advanced capabilities. Full track music downloads are anticipated to be key growth drivers in the mobile music segment. The mobile games market is also expected to grow at a steady pace due to the presence of a huge replacement market in India and increasing penetration of GPRS-enabled handsets.



Source: Frost & Sullivan, Indian Mobile Value Added Services (VAS) Market, February 2010

Growth Drivers:

7. India is one of the fastest growing telecom markets globally;
8. VAS potential as an ARPU enabler;
9. Increased availability of affordable multifunction handsets with enhanced capabilities;
10. A need for telecom service providers to differentiate themselves based on key VAS offerings;
11. High speed networks like 3G and WIMAX likely to drive adoption of VAS; and
12. The telecom market still has significant potential for growth, especially among rural population.

Market Restraints:

5. Lack of advanced infrastructure such as high-speed networks to facilitate VAS offering to consumers;
6. Availability of alternate channels to procure content such as internet;
7. Security-related issues; and
8. Restricted use of enterprise VAS in the enterprise.

Network VAS Market

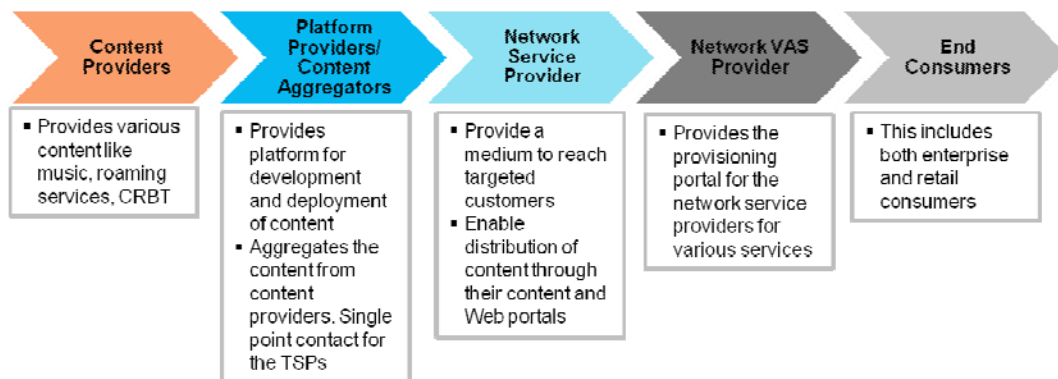
A network VAS provider works with telecom service providers and delivers enhancements necessary for selling value added services, offering customer communication, self care and managing the VAS technology platforms. The scope of work for network VAS include (but is not limited to) enabling easy access to information (details about the value added service, usage charges and various features available for that service) and providing a method for starting and stopping the service.

A network VAS provider offers customer communication through outbound dialing (a machine generated call using Interactive Voice Response System) or outbound SMS and uses subscribers' network usage data to deliver the best offer to each consumer. The system is also used by telecom service providers to offer similar information and special deals for their prepaid or post paid plans to consumers. The network VAS provider also offers self care, mostly through inbound dialing, which is a toll free information helpline with details of services available on the network.

Telecom service providers offer subscribers the opportunity to customize and personalize calls made on the network, which forms part of call management services. For example, when a subscriber makes a phone call and before the second party's phone starts ringing, the network can play some information, content or alert with relevant information (based on the calling subscriber's preferences). This is a pre-call announcement service. In case a subscriber misses a call while he or she is out of network or switched off, an SMS is sent as a missed call alert providing information about the caller and call attempt time. A pre call USSD message can be sent to the subscriber to alert him about a pre-paid service and likewise a post call USSD message can be sent to display the remaining pre-paid balance or the call charges. USSD strings (which are short phone numbers such as *123#) can be sent by a subscriber to inquire about various details regarding his account (e.g., charges, pre paid balance and bill amount, among others).

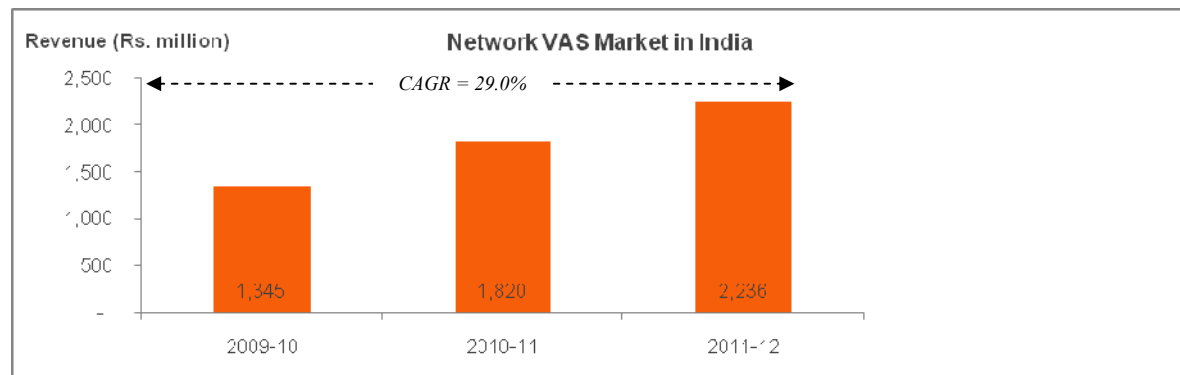
These services can be revenue generating (e.g., CRBT and missed call alert) or purely cost-based (pre and post call USSD message).

The Network VAS value chain is depicted below:



Source: Frost & Sullivan, Network VAS Market in India, March 2010

The Network VAS market is expected to grow from ₹ 1,345 million in fiscal 2010 to ₹ 2,236 million in fiscal 2012 at a CAGR of 29.0%.



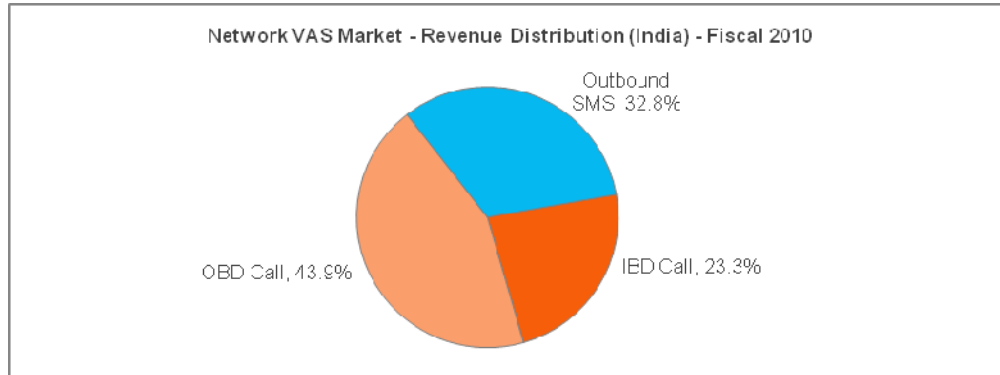
Source: Frost & Sullivan, Network VAS Market in India, March 2010

Customer communications comprises of outbound and inbound communication. In outbound communication, outbound dialing ("OBD") refers to calls or SMSs ("Outbound SMS") generated on the telecom service provider's end. Bulk SMS, promotional calls/messages and grace calling are a part of this segment. Inbound communication refers to inbound dialing ("IBD"), which includes the customer care or toll free self care number services available to customers. Inbound SMS is not included under this category.

65-75% of OBD traffic is for VAS based services, of which CRBT forms a major portion. The telecom service providers typically pay the VAS providers on a per call/SMS or per port basis (i.e., based on the capacity of VAS provider deployed servers to handle concurrent calls). About 10-15% of this revenue flows to the content developer depending on the content.

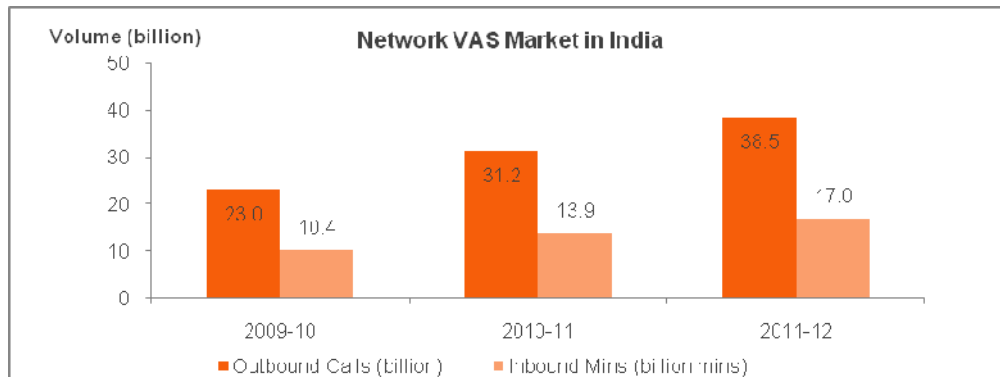
65-70% of IBD traffic is for customer care and self service and 20-25% of traffic is for toll free numbers available for responding to promotional messages. The telecom service providers pay VAS providers predominantly on per pulse (minute) basis. The content/application is purchased from a developer typically with a one-time payment. Annual maintenance may be payable to the developer for future periods.

OBD generates more revenue than IBD due to high traffic volume and higher revenue per call. Traffic volume for IBD is much lower than OBD traffic and contributes only 23.3% of overall network VAS market revenue.



Source: Frost & Sullivan, Network VAS Market in India, March 2010

The traffic forecast for outbound calling and inbound calling are as shown in the graph below:



Source: Frost & Sullivan, Network VAS Market in India, March 2010

Market Drivers:

- Innovative content driving the growth of VAS and in turn the need for promotional services;
- Telecom service provider's need to improve customer services in order to increase user retention;
- Telecom service provider's focus on increasing consumers' awareness of mobile VAS; and
- Robust growth in mobile subscriber base.

Market Restraints

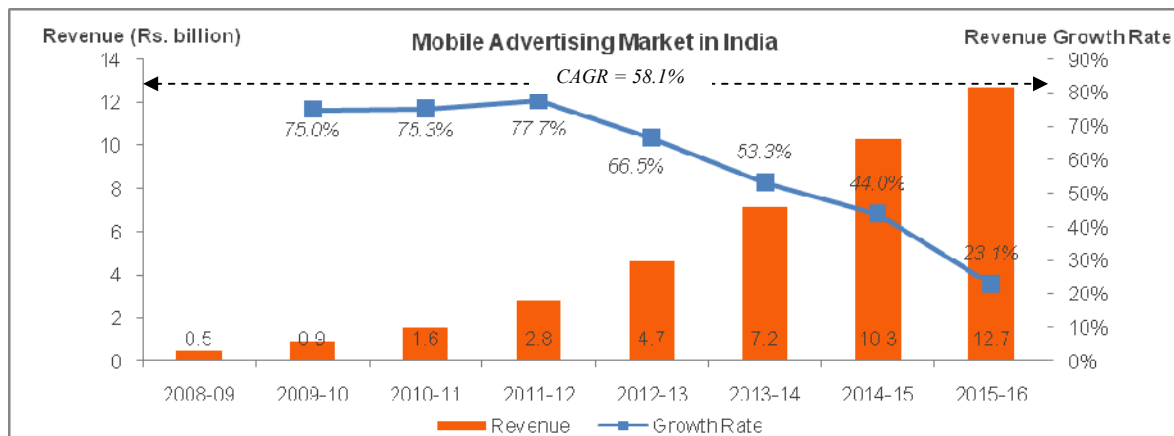
- Subscriber growth is mostly expected from rural regions, some of which lack English knowledge and familiarity with SMS. Lack of local language IVR and content make it difficult to target this segment effectively;
- Stricter regulation expected with respect to spam and unwanted calling. More users opting for Do Not Disturb ("DND") services; and
- Increasing adoption of multiple subscriber identification modules (i.e., sim cards) by the subscribers, which reduces the percentage of successful calling and conversion.

Market Trends:

- Discovery of content (e.g., selection of songs for CRBT), rather than usage of content itself, was traditionally a major source of revenue. However, the trend has changed towards making content discovery free while promoting increased usage of content. This shift has helped to increase traffic of various network VAS (calls to toll free numbers, outbound calls and SMS for CRBT services, among others);
- In the current competitive environment, management and retention of subscribers has gained importance. Customer care and self care services have experienced increased focus from telecom service providers;
- CRBT traffic contributes the largest portion of network VAS traffic. The trend is expected to continue due to the popularity of this service across all categories of subscribers;
- USSD alerts (post and pre call alerts) have potential to be commercialized as a marketing tool. These alerts are currently used for internal product promotion; and
- Constant technological innovation and assured quality are expected to result in an exponential growth rate for the VAS market. This would in turn translate into high growth of network VAS market.

Mobile Advertising Market in India

Indian mobile advertising market is in the early stages of development and has very high growth potential. Market participants have realized the benefits and potential of this medium, and they have taken measures to increase the awareness of these benefits and potential. Mobile advertising is likely to experience exponential growth in India driven by an awareness of the benefits and potential of this medium, evolving technology, new business models and collaborative push by all market participants. According to Frost & Sullivan's estimates, the mobile advertising market in India is expected to grow from ₹ 0.5 billion in fiscal 2009 to ₹ 12.7 billion in fiscal 2016 at a CAGR of 58.1%.



Source: Frost & Sullivan, Mobile Advertising Market in India, February 2010

SMS-based mobile advertising

SMS-based mobile advertising dominates the mobile advertising market with a share of over 80%. Participants are experimenting with different business models and delivery systems to realize the full potential of this medium. The personalization allowed by SMS based advertising, which results in a more efficient advertising campaign, is a reason for the high return on investment achieved through SMS-based advertising. SMS based advertising can be categorized as follows:

Bulk SMS/SMS Blast:

- This is the oldest form of mobile advertising. Typically, a content aggregator buys a bulk deal from a network service provider and adds its own margins, which are usually 10-12%. The margins have decreased considerably with the maturity of this form of advertising; and

- In some arrangements, an advertising agency directly approaches telecom service providers. In such cases, revenue is distributed 15% to the advertising agency, 12-15% to the content aggregator and the remainder to the telecom service provider.

Targeted SMS:

- Participants create their own databases through a mix of various media;
- Revenue sharing varies from campaign to campaign;
- Subscriber spending through mobile phone that can be tracked by the telecom service provider is 2-3% of the subscriber's total spending. As subscriber spending through the mobile phone is very low, it is difficult to accurately profile a subscriber's preferences and target the appropriate advertisement to him/her; and
- Location-based advertising using Bluetooth and Wi-Fi also falls into this category.

Short Code:

- The entertainment industry, especially television shows, has generated huge profits through this medium; and
- Out of the cost of ₹ 3 per short-code message, network service provider retains 85-90%. However, if an SMS costs ₹ 10, a telecom service provider is likely to retain 40-50%. Thus, the sharing model depends on the cost of message and volume of messages generated.

Internet-based mobile advertising

Internet-based mobile advertising is expected to gain prominence with the roll out of 3G in India. This will also help in increasing the share of rich content-based advertisement, which is considered more effective. Internet based advertisement happens mostly through two routes:

1. On-deck advertising: This is controlled by the telecom service provider; and
2. Off-deck advertising: Telecom service providers have no control. Yahoo, MSN and Google are penetrating aggressively into this area. The competition is high and prices have declined by 70-80% in 2009.

Targeted advertising

Targeted advertising is advertising that targets individuals based on user gender, age, location or other characteristics. There is high potential for the growth of this medium. On-deck advertisement is most effective for such targeted campaign. The simpler design of wireless application protocol ("WAP") sites, when compared to internet sites, makes it more effective for users to notice and respond to advertisements. However, compatibility with mobile handsets and slow download capability has to be addressed to fully realize the potential of this medium. Only 3% of internet traffic constitutes direct mobile advertising. This clearly shows that a large portion of internet-based advertising takes place through other media such as e-mail and social networking sites.

Voice-based advertising

Voice-based advertising is expected to experience the highest growth of any segment of the mobile advertising market in India due to its ability to effectively reach all segments of society. The preference for low-end handsets in India, high download time due to network congestion (which restrains WAP-based advertising) and low awareness/literacy rate (which restrains SMS-based advertising) are likely to make voice-based advertising very attractive in the near future. Language barriers and lack of local language content in other media are also expected to help the growth of voice-based advertising. Voice-based advertising is compatible on all handsets and has low download time.

Telecom service providers are working hard to promote on-deck advertising. However, they find it increasingly difficult to do so, as this requires a paradigm shift in their business model. Reliable customer data, to which a psychographic profile should be matched for advertisement targeting, is hard to collect in the pre-paid-dominated, high-churn rate market such as India. Competitive advantage will be gained in building accurate customer profiles and building a large customer base. Due to diverse mobile handset operating systems and

device characteristics, rendering of the advertisement to ensure a common look or branding experience is challenging.

Growth Drivers:

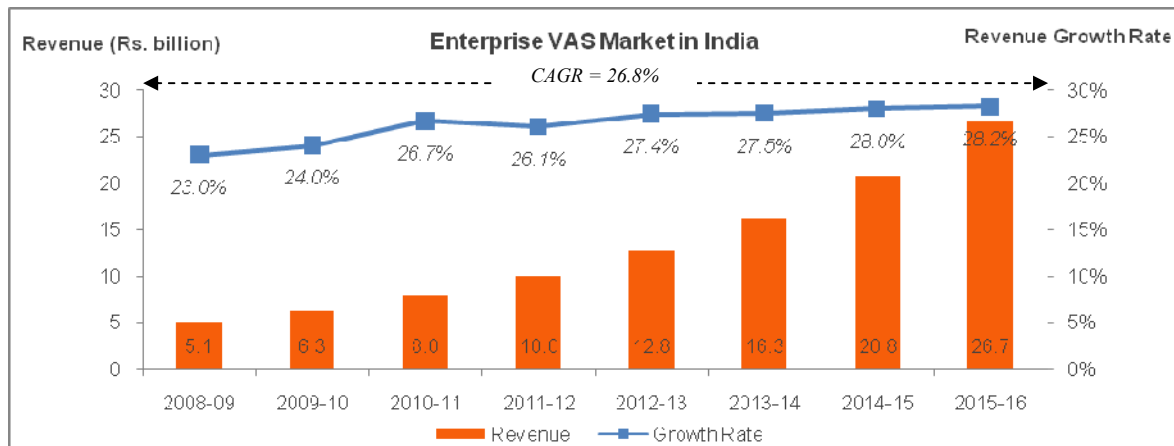
1. Need for personalization of advertisement;
2. Certainty to reach user unlike other forms of advertising;
3. Advertiser's need to find the effective delivery channel and differentiate the manner in which message is delivered;
4. A larger targetable audience than is available through other media;
5. Better resource utilization in comparison to TV or radio;
6. Faster delivery of message;
7. Need of telecom service providers to maximize investment by changing the business model from mere network provider to controller of advertising media;
8. Planned roll out of 3G in India enabling content-rich advertising, which is more effective in capturing end consumers' imagination; and
9. Better profiling of customers.

Market Restraints:

1. Lack of good business models;
2. Intrusion into consumer's privacy;
3. Revenue-sharing issues among various participants in the value chain;
4. Advertiser skepticism about a market still maturing;
5. Advertisers'/brand owners' lack of familiarity with voice based advertising media; and
6. Slow transition from "SMS blast" to "targeted advertisement".

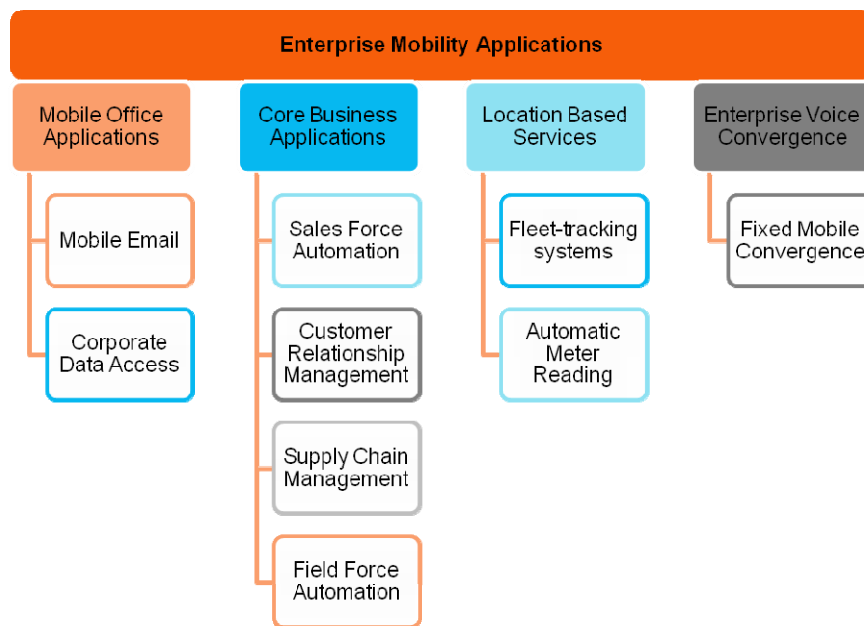
Enterprise VAS Market

Enterprise Value Added Services ("EVAS") market is currently at a very early stage of development. Frost & Sullivan estimates that EVAS currently contributes 7.5% of total enterprise mobile revenue. The size of the EVAS market in India is estimated at ₹ 5.1 billion. It is expected to grow at CAGR of 26.8% to reach ₹ 26.7 billion by fiscal 2016.



Source: Frost & Sullivan, Enterprise Value Added Services (EVAS) Market, February 2010

EVAS can be segmented into enterprise mobility and other enterprise value added services such as call center solution and SMS based solution other than bulk SMS. The enterprise mobility market is broadly divided into mobile office applications and core business applications, such as supply chain management, location-based services and enterprise voice convergence.



Source: Frost & Sullivan, Enterprise Value Added Services (EVAS) Market, February 2010

Mobile Office Applications

Mobile office applications enable access to office-related data through smart phones. Mobile e-mail includes GPRS-based push e-mail services. It also provides the ability to access and manage e-mail from enterprise e-mail servers with either a pull or push option. Corporate data access solutions, another type of mobile office application, enable designated people to access the appropriate corporate information in a secure manner.

The majority of enterprise mobility revenue is generated from mobile office applications, such as push e-mail services, a market dominated by Research In Motion Limited's ("RIM") Blackberry.

Core Business Applications

Core business applications enable execution of business processes through mobile handsets in order to increase efficiency and improve speed of information flow. Using Sales Force Automation ("SFA"), enterprises can empower their field associates and ensure a flow of information in real-time over their networks to connected mobile devices. Customer Relationship Management ("CRM") includes applications that enable viewing and updating critical customer, sales and service information in real time, directly from a smart phone to the corporate CRM system. CRM also makes possible on-the-go management of customers, leads, sales opportunities, service cases and document repositories. Supply Chain Management applications include mobile dispatch, mobile order tracking package tracking, instant messaging, on-the-spot mobile printers, exception alerts, virtual real-time vehicle tracking and integration to various data collection devices (e.g., barcode, radio-frequency identification and electronic signatures). Field Force Automation ("FFA") enables timely communication and coordination, both inbound and outbound, to the field that are critical. It enables workflow processes, service scheduling, status reporting and remote data entry.

Core business applications such as SFA and CRM are largely application service provider-driven markets where the telecom service provider's revenues are restricted to data revenues from downloads and uploads.

Location Based Services

Location based services like tracking systems offer enterprises the ability to identify and track locations, goods and services in the form of directions or maps and GPS coordination. It also provides them with location-based time cards, which give the duration of stay of an employee at a particular location. These services are used in fleet management and vehicle location services as well as in environments that have mobile equipment. Automatic meter reading solutions enable remote entities such as meter devices to be tracked or monitored without needing human supervision. It therefore facilitates further study and analysis of captured data.

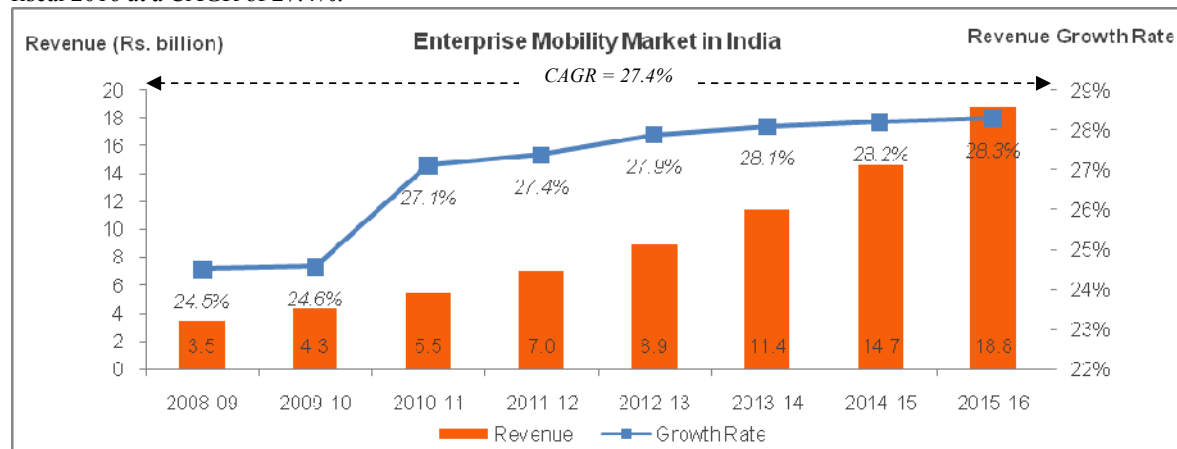
However, this segment is yet to take off due to poor provision of content and the low quality of maps, which do not have a complete coverage of roads. Higher growth is expected once content development improves.

Enterprise Voice Convergence

Enterprise voice convergence is the concept of a single device that combines the functionality of a traditional landline (wireline) phone with a cell phone (i.e., fixed mobile convergence (“FMC”)). FMC helps employees to be connected to an enterprise within and beyond the workplace.

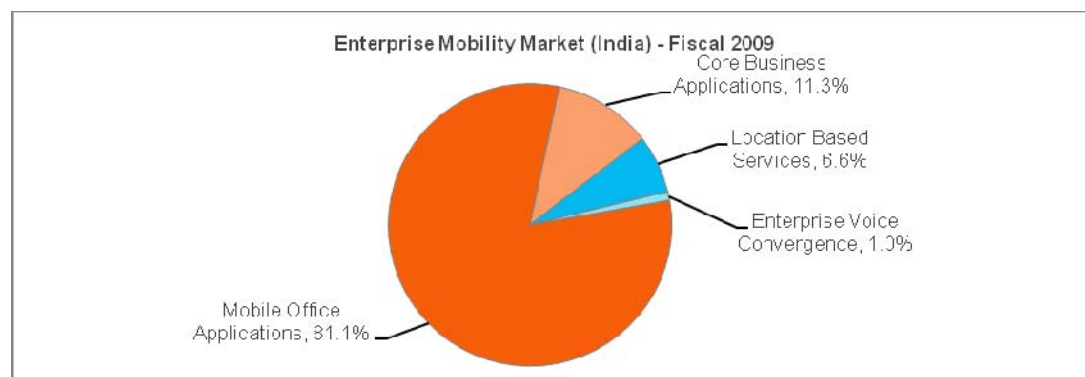
Enterprise voice convergence is a sector where much growth is not expected in India. This technology is usually required when high wireless spectrum costs make fixed lines a lot less expensive. The availability of wireless spectrum at very low rates nearly eliminates the need for this technology.

The enterprise mobility market in India is expected to grow from ₹ 3.5 billion in fiscal 2009 to ₹ 18.8 billion in fiscal 2016 at a CAGR of 27.4%.



Source: Frost & Sullivan, Enterprise Value Added Services (EVAS) Market, February 2010

Mobile office applications make up the majority of the enterprise mobility market, constituting 81.1% of such market, due in large part to the popularity of RIM Blackberry’s e-mail platform. Core business applications, such as SFA and CRM, are the second biggest generator of revenue within the enterprise mobility market. The key mobile SFA applications in demand include lead management, account management, contact management, customer records, customer purchase history and planning applications. Enterprises in India are yet to adopt enterprise voice convergence applications, such as FMC, in a significant manner. Regulatory issues surrounding the use of the applications further dampen interest in these applications.



Source: Frost & Sullivan, Enterprise Value Added Services (EVAS) Market, February 2010

Third Generation (3G) Services

The Government of India is expected to complete the 3G spectrum auction in 2010. 3G-based services include wireless telephone access in large areas, video calls and wireless data, all in a mobile environment. 3G allows simultaneous use of speech and data services and higher data rates than 2G and 2.5G services.

Mobile video is expected to grow in popularity with proliferation of 3G-based high-speed networks. 3G-based VAS is expected to contribute significantly to the VAS revenues with more content being created by the VAS content generators/aggregators to take advantage of the benefits of the 3G spectrum. It is expected that once the 3G spectrum becomes available in India, about 275 million Indian subscribers will use 3G-based services, and the number of 3G-enabled handsets will reach close to 395 million by the end of 2013. (Source: India Brand Equity Foundation at www.ibef.org accessed on March 12, 2010).

OUR BUSINESS

Overview

We are a leading provider of telecommunications value added services to telecom service providers, consumers and enterprises in India. We offer products and services to meet the needs of (1) telecom service providers, (2) consumers (i.e., mobile phone users) and (3) enterprises. We develop and purchase content and applications, provide the relevant platform for delivery of our products and services and integrate these products and services with the core network elements of telecom service providers.

Our applications can be deployed on any telecom network and accessed from most mobile handsets. We utilise interactive voice response (“IVR”) system or voice, Short Message Services (“SMS”), Unstructured Supplementary Services Data (“USSD”) and Wireless Application Protocol (“WAP”) technology to deliver our products and services.

Network Services

The focus of our network services is to assist telecom service providers in enhancing network efficiency and improving their revenues and profitability by delivering innovative solutions that enhance their subscribers’ experiences. Our network services include providing network components such as Short Message Service Centres (“SMSC”), which facilitate the accurate delivery of SMS messages to their intended destinations, USSD gateways, which enable a subscriber to obtain information (e.g., sports results, stock quotes and the amount of unused prepaid balance on a SIM card) and call management systems such as pre-call announcements, call forwarding and call block services.

We also provide customer lifecycle management services that are aimed at increasing average revenue per user (“ARPU”), including self-care portals, service provisioning portals, loyalty programs and customer churn management services. Our services such as toll-free infolines, customer communication tools through outbound diallers, tagged-SMS, missed-call back services and USSD inserts further enable our telecom service provider customers to enhance their subscribers’ experiences while using their respective networks.

Our Subsidiary Oorja Mobile Services Private Limited (“Oorja”) provides focused marketing solutions to telecom service providers. Oorja has developed an analytics driven comprehensive customer communications platform that enables telecom service providers to target customers with particular services, products and promotions based on profiling of customers using network footprints and voluntary customer profiles. This platform enables telecom service providers to offer targeted mobile advertising services to enterprises wishing to place advertisements through their respective networks. Oorja’s product portfolio currently includes pre-call inserts and profiled post-call notifications, which allow focused advertisements inserted before or after telephone calls to be directed at individual subscribers based on their network footprint; incomplete call announcements, which are customized messages and advertisements directed at customers when a dropped call occurs; and a recommendation engine, which is an analytics-driven comprehensive customer communications platform that tracks explicitly expressed preferences and exhibited preferences of customers thereby enabling telecom service providers to offer non-intrusive and highly relevant content in their mobile advertising services. Oorja’s products are targeted towards telecom service providers and are currently being evaluated by or commercially rolled out to four telecom service providers in India.

We provide network services to nine telecom service providers in India, one telecom service provider in Afghanistan, one in Nigeria and one in Bangladesh. We earn revenue from providing these services to network service providers on a per transaction basis, on a periodic, per port fee basis or revenue share basis. For further details on these services, see “ ***Our Principal Products and Services – Network Services***” on page 109.

Consumer Services (Services for mobile phone users)

We offer a broad range of mobile content, applications and commerce services to consumers (i.e., mobile phone users), for which we earn revenue through revenue sharing arrangements with telecom service providers. Our content and applications include music browsing, ring-tone downloads, caller ring-back tone downloads, content alerts, contests and chat and messaging applications that are delivered to consumers via voice, SMS and WAP. The content offered by us is generated in-house or by content providers from whom we have purchased distribution rights for particular content.

One of the consumer applications that we offer is a mobile phone security and data backup service called WaveSecure, which enables mobile phone subscribers to protect their handsets and personal data against misuse in the event that their handsets are lost or stolen. A second consumer application that we offer is our social networking site for mobile phones called Oc2ps, which enables subscribers to post photos, videos and updates onto the site as well as to other social networking websites at the same time and get updates from contacts on our site and other social networks, all with one mobile interface and one sign in.

Our content and applications are deliverable to the subscribers of nine telecom service providers in India, two telecom service providers in Afghanistan and one telecom service provider in Nigeria. As at October 15, 2010, we had approximately 17.43 million subscribers for our consumer services. Depending on the content or application, we sell our consumer services on a subscription basis and/or per transaction basis. Consumers who use our services are charged by their network providers who then pay us an agreed percentage under a revenue sharing arrangement.

Our subsidiary PayTM Mobile Solutions Private Limited (“PayTM Mobile”) is primarily engaged in the business of managing a mobile commerce platform called “PayTM” or “Pay Through Mobile”. PayTM enables telecom service providers and enterprises to accept payments from their customers over IVR, SMS, WAP and websites. PayTM Mobile, through its partnerships with banks, offers multiple payment options including credit cards, debit cards, internet banking and prepaid cash cards. PayTM Mobile has received the PCI DSS (i.e., Payment Card Industry Data Security Standards) certification for its adherence to strict information and network security norms established by the PCI Council, which comprises leading payment systems enterprises such as MasterCard, VISA, Discover and American Express. PayTM allows consumers to undertake a variety of transactions, including mobile prepaid recharges, direct-to-home television (“DTH”) recharges, movie ticketing, bill payments and mobile shopping. PayTM Mobile is also engaged in the business of selling digital products directly to the consumers over websites, SMS, WAP, IVR and on device portals. In July 2010, PayTM Mobile launched a website (<http://www.paytmonline.com>) for selling prepaid mobile recharges directly to the mobile subscribers. PayTM Mobile generates revenue through the sale of its own products (i.e., MVAS content) or through commissions earned from the resale of products (e.g., mobile recharges) of third party merchants such as telecom service providers.

In most instances our consumer services provide a source of additional revenue to telecom service providers without any additional capital expenditure on their part.

Enterprise Services

We use telecom networks as media to assist enterprises with customer communication, self-care solutions and brand services. Our SMS outbound campaign service and very interactive out diallers (“VIO”) allow for outbound communication with customers, enterprise messaging, brand communication and advertising. Our voice portals and SMS pull services on 53030 SMS short code enable enterprises to make self care services available to customers. We also develop WAP sites for enterprises and offer them mobile payment gateways (i.e., PayTM). For further details on these services, see “***Our Principal Products and Services – Enterprise Services***” on page 113.

Selected Highlights

Our Company was founded in 2000 by Mr. Vijay Shekhar Sharma, the Company’s Managing Director and Promoter. The Company was awarded The Emerging Company of the Year at *Voice & Data’s* Telecom Awards 2009. Further, in 2009 Deloitte, as part of its Deloitte Technology Fast 50 India program, recognized our Company as the 10th fastest growing technology company in India based on our percentage revenue growth.

Our consolidated total income as per our Restated Consolidated Summary Statements was ₹ 407.71 million for the year ended March 31, 2008, ₹ 813.97 million for the year ended March 31, 2009, ₹ 1,190.51 million for the year ended March 31, 2010 and ₹ 361.22 million for the three month period ended June 30, 2010. Our consolidated net profit as per our Restated Consolidated Summary Statements was ₹ 44.58 million for the year ended March 31, 2008, ₹ 21.37 million for the year ended March 31, 2009, ₹ 161.78 million for the year ended March 31, 2010 and ₹ 64.68 million for the three month period ended June 30, 2010.

Our Competitive Strengths

We believe that our key competitive strengths include the following:

Access to a significant number of mobile phone users in India

We provide services to 12 telecom service providers in India. Our arrangements with these telecom service providers gives us access to a significant number of mobile phone users in India.

Long-standing relationships with telecom service providers, which create technological and time-to-market barriers to entry for new entrants

We have long-standing relationships with many of our telecom service provider customers through which we provide our consumer services. Our customer contracts for consumer services generally take the form of master contracts that allow us to add new products and services rapidly with essentially the same terms and conditions as the master contract. Since our inception in December 2000, we have not lost any major customers. We have been able to hold onto our customers because of our development of innovative revenue generating products and joint product planning and service deployments with our customers, thereby making us integral to our customers' growth plans.

Furthermore, service deployments with our major network customers involve complex hardware systems and software applications deeply embedded within the network's infrastructure and integrated into the network's billing, provisioning, service management, customer care and other core systems. In order to manage, maintain and operate the software applications provided to our customers and integrate them into our joint product planning and new service deployment processes, we maintain a high level of interaction and close working relationships with each of our telecom service provider customers. This minimizes the complexities involved in deploying and marketing new services, which gives us an advantage over our competitors in the development, testing and commercialisation of innovative new mobile solutions and products by reducing the time-to-market for new product introductions as the new products, content and updates can be easily launched through our existing infrastructure. As such, technological and time-to-market barriers to entry for new entrants exist.

Strong culture of innovation with a deep understanding of consumers preferences and a proven track record of bringing innovative solutions to market

We believe that we were the first company in India in the telecommunications value added services industry to introduce the revenue share model whereby we receive a fixed percentage of the net revenue generated by our consumer services. We also believe that we were the first company in India to introduce a business model whereby (i) we provide the hardware, software and rights that facilitate a telecom service provider's use our platform and (ii) the telecom service providers pay us on a per transaction basis or on the basis of revenue generated from such hardware, software and rights. This business model relieves our telecom service provider customers of the need to incur any capital expenditure in order for them to provide our services to their subscribers. Freed of this burden, our telecom service provider customers have more flexibility in planning their capital expenditure and are able to focus on marketing to gain new subscribers. We believe that these business models make us an attractive service provider to network service providers.

Moreover, we have a proven track record of creating, developing and successfully launching innovative product applications such as Ringtone ka Maharaja (a unique portal for downloading music ringtones) and pre-call insert service through which a voice message is played before a call is connected. This pre-call service led to Oorja being one of a small group of finalists for a NASSCOM Innovation Award in 2009. We believe that with our track record, accumulated market experience, technical capabilities and operational expertise, we are well positioned to serve as an integrated solutions provider for our customers who want to rapidly and cost-effectively provide a broad range of telecommunications value added services to their subscribers.

As our product portfolio and end user base expands, we benefit from increased market understanding, which enables us to analyse purchasing and usage behaviour, develop products which match consumer preferences and cross-sell services to the consumers we reach. In addition, we have invested and will continue to invest resources in research and development in order to keep creating new applications and solutions and to upgrade or improve our existing ones. We believe that the research and development experience and knowledge base that we have developed over the years will enable us to continue delivering innovative services in the area of new and enabling technologies and keep us at the forefront of developments in our industry. The technical expertise

of our research and development team allows us to offer and customize tailored products and services to our customers in very short timeframes with advanced software features.

We draw significant benefits from our scale of operations and breadth of products

Our business exhibits significant economies of scale in the areas of software development manpower costs, hardware and software purchasing, centralised operations support staff, content purchasing and infrastructure purchasing and deployment. We use the same platform for our network services and consumer services, which enables us to extract value from cross-selling services, data mining, cost sharing, re-use of software code, sharing of system resources and databases and other similar synergies. It allows our telecom service provider customers to offer a wide range of similar user interface services to their subscribers, resulting in ease of market adoption, faster revenue results, and higher consumer satisfaction. We continuously work on feature enhancements and inter-linkages between our products to generate new products in a cost efficient manner. We believe that such synergies are not available to many of our single-product competitors.

Diversified income base, which reduces our reliance on any one market, telecom service provider, product or service

Our revenue from network services, consumer services and enterprise services comprised 51.11%, 44.64% and 4.25%, respectively, of our operating income for the three month period ended June 30, 2010. We offer several product lines to each of the network services, consumer services and enterprise services markets. Moreover, during the three month period ended June 30, 2010, no single telecom service provider accounted for more than 25.00% of our total income on a consolidated basis.

Our Strategy

Our goal is to be the preferred provider of telecommunications value added products, services and solutions to telecom service providers, consumers and enterprises. We intend to achieve this goal through the following strategies:

Build on our network services experience and capabilities to continue to offer innovative services and products

Our network services business account for the largest portion of our operating income, comprising 50.33% of our operating income on a consolidated basis for the three month period ended June 30, 2010, and we believe that in terms of revenue we are one of the largest companies offering network services to telecom service providers in India. Network services has become an integral part of our business and as such we hope to continue to grow this business. Our aim in offering network services is to enable network service providers in India to enhance consumers' network experiences and to enable them to manage and monitor subscribers' needs using lifecycle management services. We have sought to develop innovative products and services that enable network service providers to enhance usage of their core offerings (i.e., voice minutes, subscriber trunk dialling, international subscriber dialling minutes and SMSs). Going forward, we intend to build on the experience and capabilities that we developed in respect of network services to develop new products and services on an ongoing basis that appeal to consumers and further enhance their network experience while minimizing the cost of offering such products and services for our telecom service provider customers.

Develop our relationships with our telecom service provider customers in a way that will lead to collaborative efforts to develop ideas for new products and services

We have developed relationships with 12 telecom service providers in India. In order to manage, maintain and operate the software applications provided to our customers and integrate them into our joint product planning and new service deployment processes, we maintain a high level of interaction and close working relationships with each of our telecom service provider customers. Going forward, we intend to develop our relationships with our telecom service provider customers in a way that will lead to collaborative efforts to develop ideas for new products and services. Moreover, we will seek to parlay our relationship with telecom service providers into relationships with their corporate clients with the aim of offering our enterprise services to such corporate clients. Our plan is to enter into strategic alliances with telecom service providers to provide enterprise services to their corporate clients.

Continue to develop innovative consumer products and services that facilitate the use of mobile handsets for

media consumption, commerce and messaging

We strive to develop innovative consumer services and products that address the possibilities that have arisen given the emergence of the mobile handset as a tool for media consumption (e.g., the mobile phone having become a means for listening to music, watching television and reading the news), commerce and messaging. We have delivered products and services that facilitate the use of mobile handsets in these manners and will continue to explore opportunities to develop products and services that allow the use of mobile handsets in these ways. Currently we use SMS, mobile internet and USSD interaction to offer consumers services on their handsets. We plan to expand the channels we use to offer consumer services to include video services and other services that are more compatible with 3G networks.

In addition, various core network components like SMS messaging are out of step with evolving consumer requirements. We have delivered innovative messaging products that address such issues. Going forward, core telecom services will require much more consumer savvy product development. We believe that our focus on consumer savvy product development will result in service offerings that maximize consumers' mobile handset experiences.

Focus on offering enterprise services to enterprises in particular industries

We intend to focus on providing enterprise services to enterprises in particular industries, including banking, financial services and insurance, consumer services, fast moving consumer goods and consumer electronics. We intend to develop sector specific solutions for our existing and future enterprise customers. We believe that our ability to leverage our network services experience so as to be able to offer enterprise customers telco grade services will appeal to the enterprises that we target. We also believe that the fact that we offer most enterprise services in a manner that would not require them to undertake significant capital expenditure to commence using our enterprise services and the fact that many of our enterprise services are offered on a per transaction basis will be appealing to them.

Continue to move towards business models that provide more certainty of profits

We believe that our business model whereby (i) we provide the hardware, software and rights that facilitate a telecom service provider's use of our platform and (ii) the telecom service providers pay us on a per transaction basis or on the basis of revenue generated from such hardware, software and rights results in a unique advantage for us. We believe that we are a more attractive option as a provider of network services because this business model frees network service providers of the need to incur any capital expenditure in order for them to provide our services to their subscribers. We believe that a business model that makes us a more attractive provider of network services will contribute to growth in revenue from our network services business. As such, we intend to use this business model as the primary model for our relationships with network service providers in the future.

With respect to our consumer services business, we intend to focus on increasing subscription based services rather than focusing on offering services on a per-transaction basis. Subscription-based services provide us with more certainty of steady revenue compared with services provided on a per-transaction basis. Long-term we intend to move towards a revenue model that functions on a pay-per-session basis and a revenue model whereby advertisers underwrite the cost of offering services.

With respect to our enterprise services business, we intend to move from a revenue model based on per-transaction fees to a revenue model whereby revenue is generated from per-transaction fees and a service charge. We are also working towards creating a hosted-solutions services based business model whereby we offer enterprise services to enterprises through strategic alliances with network service provider customers, which would provide us access to a large number of our network service providers' existing customers. Further, a hosted-solutions based business model would entail the network service providers bundling our services with their own service offerings. The bundling of services would make it less likely that the network service providers would discontinue offering our services to enterprises that are receiving services through a hosted-solutions based business model.

Expand our international presence

We currently operate in India, Bangladesh, Afghanistan and Nigeria. We intend to expand our geographic presence by leveraging our expertise and track record in offering products that address the needs of international networks and their subscribers as well as enterprises outside India. We initially intend to look to expand in

markets that we believe are similar to India such as South East Asia, Africa and a few pre-paid minutes dominated European markets. We also intend to leverage our relationships with Indian networks so as to sell our network services and consumer services to their associated networks outside India. We may also acquire companies to expand our presence internationally.

Pursue selective strategic acquisitions and investments

We continually seek new growth and acquisition opportunities in our existing line of business as well as related businesses to expand our geographic presence, service offerings, network relationships and technological expertise, including investment in or acquisition of minority or majority stakes in companies which support our business. As part of this strategy, we entered into a memorandum of understanding dated June 24, 2010 with SAIF Partners to establish a non-exclusive framework, known as the One97 Mobility Fund, to identify and invest in opportunities in start-up companies involved in the Indian MVAS sector in which we and SAIF Partners may invest jointly or individually. For further details regarding this memorandum of understanding, see the section titled “***History and Certain Corporate Matters - Material Agreements***” on page 128. By selecting the opportunities for growth and acquisition carefully and leveraging our transactional, project execution and operational skills, we expect to continue to expand our business. For example, in December 2009 we acquired a 21.28% ownership interest in TenCube, which developed WaveSecure, the mobile phone security and data back-up application service that we sell, and subsequently sold our ownership interest in TenCube to a third party pursuant to a stock purchase agreement dated July 29, 2010. In February 2008, we acquired a 54.99% ownership interest in Oorja, our Subsidiary that provides mobile marketing services to telecom service providers.

Our Principal Products and Services

Network Services

In light of the intense competition among Indian telecom service providers to retain customers, we provide a number of products and services to telecom service providers to assist them in delivering innovative solutions that enhance their subscribers’ experiences while using their respective networks. We collaborate closely with a number of telecom service providers to improve their revenues, efficiencies and profitability. Our network services include providing: (1) network components such as SMSCs and USSD Gateways; (2) customer lifecycle management services that are aimed at increasing ARPU; and (3) marketing services.

Network Components

- ***SMSCs.*** An SMSC provides a software interface that enables the sending and receiving of SMSs to and from any subscriber in a network or across networks. Applications are also provided to facilitate instant messaging, messaging firewalls, Twitter feeds, location service, bulk push on SMS interface and premium SMS services.
- ***USSD Gateways:*** A USSD gateway provides an interface to establish a USSD session with a subscriber. Applications are also provided to facilitate instant messaging, balance enquiries, self-care portals, Twitter feeds and location service on a USSD interface.
- ***Call Management Services.*** Call management services consist of providing network service providers with the capability to offer subscribers customized call features such as call diversion (i.e., the ability to divert an incoming call to another number), special ringtones for particular callers, call hold and call waiting (i.e., the ability to receive or make another call while already on a call without disconnecting the first call), caller ID and music on hold and in-queue music (i.e., music played while a caller is on hold or waiting for his or her call to be answered), among others. The flexibility offered by our call management services help telecom service providers control their subscribers’ experience and communications efficiently and effectively and allow them to offer more relevant communication options. Our call management system also offers advanced reporting capabilities to analyze and derive usage trends.

We provide network component services to four telecom service providers in India. We offer such services on a one-time basis, per transaction basis, period fee basis, per subscriber management basis or combination of those bases.

Customer Lifecycle Management Services

We offer customer lifecycle management services to telecom service providers that are aimed at increasing ARPU, including:

- best offer and product communication portals with segmented offerings, product information and subscription options;
- toll free value added services infolines with information on content and applications along with online charging and provisioning;
- missed call back services for marketing campaigns;
- instant alerts that enable out diallers to send promotional messages to handsets as soon as a customer switches on his handset;
- special tariff voucher up-sell services;
- loyalty programs; and
- churn management services, including identification of customers who are more likely to churn.

We provide customer lifecycle management services to nine telecom service providers in India and one telecom service provider in Bangladesh, one telecom service provider in Afghanistan and one telecom service provider in Nigeria. We earn revenue from providing customer lifecycle management services on a per transaction basis or on monthly fee per port basis.

Marketing Services

We provide marketing services to telecom service providers through our Subsidiary Oorja. Oorja has developed an intelligent customer interaction engine that analyses data from customers of a network so as to enable a network to market to its customers via handsets based on intelligent profiling rather than on a push basis. We provide this service to two telecom service providers in India. We earn revenue from marketing services on a per transaction basis.

Contracts for Network Services

Most of our contracts for network services are typically master contracts that allow our new products and services to be quickly deployed under the contracts' existing terms and conditions by using an addendum or an amendment, without the need to enter into and negotiate a new contract.

Under most of our contracts for network services, we have, among other things, agreed to indemnify our telecom service provider customers against loss or damage arising from our breach of contract, actions brought against the network by a third party for infringement of intellectual property rights and any matter relating to services performed under the network services contract or performance by us of obligations under such contract. However, under some of those contracts, the indemnification obligation extends to all remote and consequential losses and damages, whether foreseeable or not. Further, our liabilities for such losses are unlimited under the terms of the relevant contracts. For further details, see ***“Risk Factors – Under some of our agreements with telecom service provider customers and enterprise customers, our indemnification obligation extends to all remote and consequential losses and damages.”*** on page 12.

Our contracts for network services are typically on a non-exclusive basis. While some of our contracts have terms varying between one to three years, others are typically valid until termination. Our network contracts also allow either party to terminate the contract for specific reasons, including for a breach of a material term or condition that is not rectified within a specified cure period. Either party is also allowed to terminate the contract without cause by giving written notice. For further details, see ***“Risk Factors – Most of our telecom service provider contracts for consumer services are non-exclusive, which could adversely affect our business, results of operations and financial condition.”*** and ***“Risk Factors – We may be unable to renew or extend our contracts with existing telecom service provider customers prior to their expiration on terms acceptable to us or at all”*** on pages 8 and 10, respectively.

Consumer Services

We have a broad range of content, applications and commerce services that are delivered by our telecom service provider customers to consumers via SMS, voice and WAP.

Content

Our content includes the following:

- *Music-Based Content.* Our music-based content includes caller ring back tones and ring tones. We have a caller ring back tones platform where subscribers can choose ring back tones of their choice and select it to be played for various callers. Our caller ring back tones platform provides other special features like time based caller songs and group caller songs. We source and aggregate ring tone content from major music label companies and unbranded content from local musicians. Our ring tone repository is updated regularly to provide subscribers with the latest content. Our ring tone application provides subscribers the option to download ring tones over voice, SMS and WAP.
- *Picture-Based Content.* Our picture-based content includes animation, screensavers, themes, WAP greetings, name cards and wallpapers. For instance, our wallpaper application allows subscribers to download coloured wallpaper from a wide range of categories, such as celebrities, animals, humour, romance, devotional and nature.
- *Text-Based Content.* Our text-based content includes jokes, gossip, tips, cricket scores, and news, among others. We provide news content on a real-time basis in multiple languages accessible by categories such as politics, business or international news.
- *Contests, Quizzes and Puzzles.* Our contest application enables networks and enterprises to set up contests for mobile phone and wireline subscribers. As part of our services, we provide the technology as well as the content for this application. Our contest application enables us, for example, to create a question bank, set up different quiz formats, conduct a post-contest analysis of the scores and manage the distribution of prizes to winners of the contests. Winning subscribers are rewarded with prizes. Sponsors and advertisers can use the opportunity to make subscribers aware of their brands and products.
- *Segmented Content on Voice and Text.* Our segmented content includes educational, astrology, devotional and rural applications. Our educational applications allow subscribers to learn basic skills such as English language skills. Our educational applications also include alerts regarding exam results and job alerts. Our astrology applications allow subscribers to download personalized horoscopes on their mobile phones based on astrology or numerology, tips on feng shui and personality analysis. Our devotional application gives subscribers access to a repository of devotional songs in multiple languages and multiple religions. Our rural applications allow subscribers to receive information on agricultural matters, fisheries and other infotainment content relevant for subscribers located in rural areas.

Rights to Content

We generate some of the content in-house, such as music content and text-based content (e.g., jokes and tips). Some of the content is user generated, such as information in our rural applications for a leading telecom service provider, and we purchase the rights to some of the content on a royalty basis, such as film music and branded news feeds.

We have four in-house studios where all voice content is developed after it has been scripted by the editorial team. We have content editors for text-based content who develop content in multiple languages. Our in-house content development team had 40 full time employees and employees on probation as at September 30, 2010.

When we purchase the rights to content, the relevant agreement typically provides that we pay a royalty as a percentage of the revenues that we earn from the service that is using the content.

Applications

- *Mobile Phone Security and Data Backup.* WaveSecure service enables mobile phone subscribers to protect their handsets and personal data against misuse in the event that their handsets are lost or stolen. It enables subscribers to remotely lock down their phones, activate a warning message on the screen of their handsets and sound an alarm. WaveSecure further enables a subscriber to track the lost or stolen phone and send SMS and email alerts to contacts regarding the loss or theft of the phone. In addition, WaveSecure provides subscribers with the ability to backup personal data, either through an auto back-up mechanism or through a remote trigger mechanism. Moreover, WaveSecure gives subscribers the option to remotely wipe all data and information from a lost or stolen handset. WaveSecure was developed by TenCube. Under a reseller agreement dated November 30, 2009 (and subsequently amended by an amendment effective as of the closing of the sale of our interest in TenCube to a third party) (the “Reseller Agreement”), TenCube granted us a limited license to represent and re-sell WaveSecure. The reseller agreement expires on November 29,

2010, but may be terminated by either TenCube or us at any time without cause upon 90 days' written notice or with cause upon 30 days' written notice.

- *Social Networking Site for Mobile Phones.* Oc2ps is our proprietary social networking system for telecom service providers and users of their services. Oc2ps enables subscribers to post photos and videos and the location where such videos photos or videos were taken on both Oc2ps and other social networks such as Facebook and Twitter, among others, all with one mobile interface and one sign in. Users also receive access to their friends on multiple social networks and can connect with them via Oc2ps. This service provides subscribers with an option to create a backup of the content on their handsets, such as phone book contacts, multimedia content and text messages, to a central server. Privacy for the uploaded content is maintained by allowing access of the uploaded content only through a user name and password. Subscribers can also share content with contacts in their social address book. Further, Oc2ps has an application store that offers applications that can be used on a wide spectrum of devices. Subscribers can also access content and applications available on a telecom service provider's deck and/or application store. Oc2ps is currently live on a limited basis. We are in discussions with several telecom service providers in India regarding a larger-scale launch of this service.

Delivery of Content and Applications

Depending on the content or application, we sell our consumer services on a subscription basis and/or a per transaction basis. As at October 15, 2010, we had approximately 17.43 million subscribers for our content and applications.

- *SMS.* Consumers can subscribe for certain content such as jokes, film gossip, news, lifestyle tips and cricket scores to be sent via SMS to their handsets. As at October 15, 2010, we had approximately 11.19 million subscribers for our SMS content.
- *Voice Portal.* We have a voice portal service offering a suite of applications, including music browsing, ring-tone downloads, caller ring-back tone downloads, chat and messaging applications; dedicated devotional applications, educational applications and applications for rural users. As at October 15, 2010, we had approximately 6.24 million subscribers for our voice portal. Additionally, consumers may pay to download or listen to content on a per minute or per call premium rate instead of paying a subscription fee for voice portal.
- *WAP Portal.* Juiceup is our proprietary WAP portal where subscribers can access music, movies, information, entertainment, video games and utilities based products and services. Juiceup is equipped with user profile management capabilities, which allows for the delivery of content options based on customer behaviour patterns.

Our content and applications are delivered to the subscribers of nine network service providers in India, including BSNL, two telecom service providers in Afghanistan and Globacom in Nigeria.

Consumers who use our services are charged by their network service providers who then pay us an agreed percentage. In most instances, our value added services for consumers provide a source of additional revenue to our network service provider customers without capital expenditure on their behalf. We are in the process of rolling out a website and an IVR mechanism which will enable consumers to also pay us directly for our consumer services.

Commerce Services

PayTM, or "Pay Through Mobile", is our mobile commerce platform for consumers and enterprises. PayTM enables mobile phone users to make payments through their mobile phones in a secure and easy manner over voice, SMS, WAP, websites and on-device applications using credit cards, debit cards, pre-paid cash cards, net banking and third party payment gateway providers such as PayPal. Using PayTM allows consumers to undertake a variety of transactions, including mobile prepaid recharges, DTH recharges, movie ticketing, bill payments and mobile shopping. We generate revenue from providing PayTM services on a per transaction basis.

Contracts with Telecom Service Providers for Consumer Services

Most of our contracts with telecom service providers for consumer services are on a revenue sharing basis pursuant to which we receive a fixed percentage of the net revenue generated by our consumer services. A few of these contracts, especially those related to pull SMS based services, provide for us to deliver a minimum amount of traffic for various geographic areas on a monthly basis. If the minimum amount of traffic is not met for any area in any given month, the telecom service provider is not obligated to pay us our portion of the revenue generated for such area for such month.

Further, most of our contracts with telecom service providers for consumer services are typically master contracts that allow our new products and services to be quickly deployed under the contracts' existing terms and conditions by using an addendum or an amendment, without the need to enter into and negotiate a new contract.

Under contracts with telecom service providers for consumer services, we have, among other things, agreed to indemnify the telecom service providers against loss or damage arising from our breach of contract, actions brought against the network by a third party for infringement of intellectual property rights and any matter relating to services performed under the contract or performance by us of obligations under such contract. However, under some of those contracts the indemnification obligation extends to all remote and consequential losses and damages, whether foreseeable or not. Further, our liability for such losses are unlimited under the terms of the relevant contracts. For further details, see ***“Risk Factors - Under some of our agreements with telecom service provider customers and enterprise customers, our indemnification obligation extends to all remote and consequential losses and damages.”*** on page 12.

Our contracts with our telecom service providers customers are typically on a non-exclusive basis. While some of our contracts have terms varying between one to three years, others are typically valid until termination. Our contracts also allow either party to terminate the contract for specific reasons, including for a breach of a material term or condition that is not rectified within a specified cure period. Either party is also allowed to terminate the contract without cause by giving written notice. For further details, see ***“Risk Factors – Most of our telecom service provider contracts for consumer services are non-exclusive, which could adversely affect our business, results of operations and financial condition.”*** and ***“Risk Factors – We may be unable to renew or extend our contracts with existing telecom service provider customers prior to their expiration on terms acceptable to us or at all”*** on pages 8 and 10, respectively.

Enterprise Services

We use telecom networks as media to assist enterprises with customer communication, self-care solutions and brand services.

Our enterprise services include:

- ***SMS Pull Service.*** This service enables in-bound communication and two-way interactive message transfer enabling an enterprise to receive customer requests and feedback through SMS. It also provides an enterprise with an automated method to disseminate information to the customer. Some of the SMS pull applications are information services, including customer requests, processing customer inquiries, recording customer feedback, opinion polls, surveys, mobile ticketing and human resource services (attendance/leave notification given via SMS).
- ***Voice Portals.*** We set-up voice portals for enterprises. These voice portals are interactive, easy to use, low maintenance, available 24 hours per day, secure and more cost effective than call centres. Some of the services that can be delivered via a voice portal include customer care request facilities, mobile commerce and information about companies and products, among other things. We have set-up voice portals for many companies including Adlabs and Bookmyshow.
- ***VIO Auto Dialler.*** Our VIO auto dialler service automatically dials telephone numbers faster than manual dialling. The VIO auto-dialler generates an auto call and provides pre-recorded information once the subscriber picks up the call. The subscriber is then given an option to perform certain activities (e.g., expressing interest in a particular service) through dual-tone multi-frequency input. Our VIO auto dialler supports special features such as a “Do Not Disturb” filter and the ability to analyze customer behaviour patterns, thereby tracking the effectiveness of our dial services for future reference. This service is ideal for up selling and communicating important events to an enterprise’s customers.

- *SMS Outbound Campaign.* This service enables an enterprise to disseminate an SMS to a large number of people at one time. Typical uses for this service include disseminating company news, promotions, group messages, reminders, alerts and announcements about new products, specials and bargains.
- *Mobile Payment Services.* Our PayTM platform enables enterprises to sell products and services and accept secure payments from their customers via mobile phones or through the internet. PayTM has been awarded a PCI DSS security certificate for its adherence to stringent information and network security standards.
- *Developing WAP Sites.* We develop WAP sites for enterprises that enable consumers to have an internet like experience on a mobile phone.

We also combine different services into one product to satisfy the particular demands of an enterprise. We typically charge for enterprise services on a per transaction fee basis (some time with a minimum monthly commitment), project fee basis, rental basis, maintenance fee basis or a combination of these bases. During the six month period ended October 15, 2010, we provided enterprise services to 115 customers.

Contracts with Enterprise Customers

Under most of our contracts with enterprise customers, we have, among other things, agreed to indemnify our customers against loss or damage arising from our breach of contract and any matter relating to services performed under the enterprise services contract or performance by us of obligations under such contract. However, under some of those contracts the indemnification obligation extends to all remote and consequential losses and damages likely to be suffered by the enterprise customer as a result of our representations, warranties or undertakings being false, untrue, misleading or incorrect. Further, our liability under for such losses are unlimited under the terms of the relevant contracts. For further details, see “*Risk Factors – Under some of our agreements with telecom service provider customers and enterprise customers, our indemnification obligation extends to all remote and consequential losses and damages.*” on page 12.

Operations Support

Each of our telecom service provider customers has been assigned an operations support team headed by an operations manager. The operations support team consists of the following sub-teams:

Business and Product Operations. This team conceptualizes product campaigns and undertakes the creation and delivery of products and services. The business and product operations team also compiles reports with a focus on maximizing conversions by consumers to our products. This team also profiles customers to identify the right target, right message and right product for customers. The business and product operations team uses SMS, USSD, Voice and WAP delivery channels for communications with customers.

Service Delivery. This team carries out the testing and operation of interfaces (SMS, IVR, USSD and WAP) and ensures adherence to customer requirements. The service team runs outbound dialers and consumer analytics to improve the efficiency of product campaigns. It also undertakes filtering for the NDNC registry as well as for maintaining databases of consumers meeting various criteria. The service delivery team interfacing with the content and infrastructure teams to ensure seamless operations of customer systems and works with support teams to ensure L1 and L2 level support for application issues, content quality assurance and testing, revenue assurance and reconciliations.

Service Monitoring. This team works to ensure adherence with Service Level Agreement (SLA) requirements for service and application uptime. The servicing monitoring team provides twenty-four hour support seven days a week for customers. This team uses various in-house and third party tools to ensure a proactive approach to service delivery. The service monitoring team is experienced in system monitoring and management, system health checks, the utilization of memory, RAM and central processing units, deployment of applications and infrastructure at our sites and customer sites, and management information systems and reporting.

Sales and Marketing

Our sales and marketing team is responsible for catering to the needs of our existing telecom service provider customers and enterprise customers. It also identifies new customers to approach about our applications and services. As at September 30, 2010, we had 206 fulltime employees and employees on probation working in our sales and marketing team. We also sell our enterprise services through resellers, who purchase our products and resell them to small enterprises. We also team up with network equipment providers to bid for managed services

assignments to help them service their customers better. For example, we teamed up with a leading network equipment vendor to manage the operations of their service delivery platform in connection with services being provided to a leading telecom service provider.

Technology and Product Development

We create applications, services and platforms that are required to be telecom grade with availability and uptime 24 hours a day throughout the year. In order to facilitate the use of various products and services used by our telecom service provider customers, our systems and applications have to be integrated with the telecom service providers' core network elements, which carry out call switching and mobility management functions for mobile phones on the network, and their billing and provisioning systems. In order to facilitate such integration, we need to have a thorough understanding of mobile platforms and technologies including voice, video and data delivery. We have a dedicated pool of engineers with detailed knowledge of GSM and CDMA networks and in-depth understanding of voice, data and video technologies. Our system deployments are widely dispersed and have to be actively monitored to ensure telecom grade availability and uptime. We use industry standard SNMP based systems, which have been built in-house to monitor our delivery infrastructure, that are deployed through multiple operators in India as well as overseas.

Competition

The telecommunication value added services industry is fragmented, in the early stages of development, highly competitive and is characterized by frequent introductions of new solutions and products, evolving wireless platforms and new and improved technologies.

Competition is expected to intensify in the telecommunications value added services industry in India and there may also be increasing competition from global players. We expect competition to intensify further as new entrants emerge in the industry due to available growth opportunities, as companies in other industries try to expand into the telecommunications value added services industry and as existing competitors seek to expand their services. Further, consolidation among our competitors may also leave us at a competitive disadvantage. We also face competition from large device makers that offer applications for handsets through their respective proprietary application stores, direct-to-consumer businesses and existing service integrators and system integrators. In addition, we may face additional competition in respect of our enterprise business from resellers of bulk push SMS (i.e., a service enabling an enterprise to send an SMS to a large number of handsets) and short code service (i.e., a service that provides a special, short telephone number that can be used to send SMSs and MMSs from mobile phones and fixed phones). Some of our competitors may also be able to quickly replicate our services and products. Such replicated services and products would compete with our services and products. Moreover, our competitors may be able to adapt their applications for deployment on a 3G spectrum on a more rapid basis than us. Any such competition may impact our results of operations and financial condition.

Our major competitors in India in the network services segment are Ericsson, NSN, Comviva and Ascension. Our major competitors in the consumer services segment are Buongiorno, Spice Mobile VAS, OnMobile, Indiatimes and Cellebrum. Our major competitors in the enterprise services segment are ACL Wireless and Air2Web.

For further details on our competition, see *“Risk Factors – The markets in which we operate are highly competitive and some of our competitors have greater resources than we do.”* and *“Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors That May Affect Results of Operations – Competition”* on pages 9 and 245, respectively.

Intellectual Property

Our success depends to a large extent on our proprietary technology and know-how. We rely primarily on a combination of trade secrets and copyright laws and restrictions on access to protect our trade secrets and proprietary rights. We provide services under agreements that grant customers a right to use our services and that contain terms and conditions prohibiting its unauthorized use or transfer. In addition, we enter into confidentiality agreements with our telecom service provider customers when we disclose proprietary information to them. We also enter into confidentiality agreements with our employees and consultants.

We submitted applications to register the following trademarks in classes 38 and 42 with the Registrar of Trademarks, New Delhi, on August 11, 2009:

1. one97;
2. one97 | Let's get talking; and
3. one97 | Let's get talking (with logo);
4. 197; and
5. Let's get talking!

We offer a broad range of voice, music, text, and image-based content to our customers, which are either developed in-house or sourced from users or third party content providers. Third party content providers grant us the right to use their content under licensing agreements. We have not obtained any copyrights in connection with the in-house content that we have developed. This is largely because such content comprises text-based content and are in the form of jokes, tips and contests, among other things, offered by us as part of our consumer services, and which are generic in nature. Such content is gathered from several sources in the public domain. Additionally, the voice-based content developed in-house has short shelf-life and is constantly being changed or updated.

Employees

As at June 30, 2010, we had a total of 772 permanent employees and employees on probation and 48 contract staff workers. The Company ensures that its employees are up-to-date with current trends in our industry and accomplishes this by providing professional training to employees at all levels. Moreover, we have an employee stock option plan in place, which we use to incentivize our employees. For further details on our employee stock option plan, see the section entitled “*Capital Structure – Employee Stock Option Plan*” in this Red Herring Prospectus.

Our employees are not unionized and we have never experienced any work stoppages. We believe that our employee relations are good.

Insurance

The following table sets out the insurance policies that we maintain for our assets, each of which is in effect until February 1, 2011 (except the Directors and Officers Liability Policy which is in effect until November 16, 2010):

S.No.	Type of policy	Sum Insured (In ₹ million)
1.	Standard fire and special perils policy	120.00
2.	Standard fire and special perils policy	122.88
3.	Baggage Insurance Policy	25.00
4.	Marine Cargo Open Policy	20.00
5.	Marine Cargo Open Policy- Land	50.00
6.	Standard fire and special perils policy	20.72
7.	Burglary and House Break-ins Insurance Policy	120.00
8.	Burglary and House Break-ins Insurance Policy	122.88
9.	Electronic Equipment Insurance Policy	534.16
10.	Machinery Breakdown	1.50
11.	Plate Glass Insurance Policy	2.50
12.	All Risk Insurance	27.80
13.	Burglary and House Break-ins Insurance Policy	20.72
14.	Marine Cargo Open Policy- Land	100.00
15.	Directors and Officers Liability Policy	50.00

Further, we also maintain group personal accident insurance and group mediclaim insurance for our employees and a key-man insurance policy for our Promoter and Director Mr. Vijay Shekhar Sharma. Our total insurance coverage as of September 30, 2010 was ₹ 2,014.25.

Properties

Our corporate office is located at B-121, Sector 5, Noida, Uttar Pradesh 201301, India (the “**Corporate Office**”). The lease for the premises where our Corporate Office is located has a five-year term that commenced February 11, 2008 and may be extended for an additional term of four years at the sole discretion of the Company. Moreover, our registered office has been leased by our Company pursuant to various lease deeds.

Details of the other properties that we currently lease or licence in India are set forth in the table below:

Purpose	Location	Lease Expiry Date
Registered Office	1st Floor Devika Tower, Flat No. 126A, New Delhi, 110 019	October 31, 2011
Branch Office	Balammal Building No. 33, 2nd Floor, Building-Burkit Road, T. Nagar, Chennai 600 017	January 17, 2011
Branch Office	Balammal Building, No. 33 Burkit Road, T. Nagar, Chennai 600 033	August 31, 2013
Branch Office	Office No. 102, 1st Floor, Cosmos Court Premises Co-Operative Housing Society Limited, SV Road, Vile-Parle (West) Mumbai 400 056	December 22, 2010
Accommodation for our Director, Rajiv Madhok	S-269, Greater Kailash-II, New Delhi 110 048	January 31, 2012
Office Premises	306, Jaswanti Landmark, Mehra Industrial Estate, Near Vikhroli Station (W), Mumbai – 400 079	November 7, 2015
Guest House	Flat No. 201, A&B Sea Legend, Off Andheri-Versova, Link Road, Versova, Mumbai, Andheri (West), Mumbai 400 061	December 23, 2010
Accommodation for Mr. Vijay Shekar Sharma, our Managing Director	57, Hemkunt Colony, New Delhi 110 048	November 30, 2012
Bangladesh Branch	House No. 03, Flat No. B-06, Boshoti Dream, Room No. 1, Road No. 20, Gulshan-1, Dhaka-1212	May 10, 2011
Accommodation of our Associate Vice-president, Himank Jain	261, Laxmibai Nagar, New Delhi - 110023	April 30, 2011

REGULATIONS AND POLICIES

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

Intellectual Property

The nature of our business involves the generation and use of intellectual property for the protection of which we rely on the legal regime governing the acquisition and protection of intellectual property in India. Such laws are briefly summarised below:

Patents

Patent is a statutory right for the intellectual property relating to an invention, for a limited period granted by the Government to the patentee in exchange of full disclosure of his invention.

The grant of a product patent in India confer upon the patentee the exclusive right to prevent third parties from the act of making, using, offering for sale, selling or importing for those purposes the patented product in India; and in case of a process patent it confers upon the patentee the exclusive right to prevent third parties from using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.

The patent right is territorial in nature and a patent obtained in one country is not enforceable in other country. At present, no world patents or international patents exist. In general, an application for a patent must be filed, and a patent shall be granted and enforced, in each country in which the applicant seeks patent protection for his invention, in accordance with the law of that country. In some regions, a regional patent office, for example, the European Patent Office (EPO) and the African Regional Intellectual Property Organization (ARIPO), accepts regional patent applications, or grants patents, which have the same effect as applications filed, or patents granted, in the member States of that region.

Indian patent system:

Patent registration and protection in India is governed by the Patents Act, 1970 as amended, and the Patents (Amendment) Rules, 2006 ('**Patent Rules**'). The invention to be patentable should satisfy the criterion of novelty, inventive step and industrial application. As per Section 2 (ja) of the Patents Act, 1970 "inventive step" means a feature of an invention that involves technical advance as compared to existing knowledge or having economic significance or both and that makes the invention not obvious to person skilled in the art. The Patents Act, 1970 excludes certain inventions from the purview of patentability. Such inventions *inter alia* include:

- (a) Frivolous or contrary to well-established natural laws;
- (b) Contrary to public order or morality or which causes serious prejudice to human, plant or animal life, health or environment;
- (c) Scientific principle, abstract theory or discovery of any living thing or non-living substance occurring in nature;
- (d) A method of agriculture or horticulture;
- (e) A mere scheme, rule or method of performing mental act or playing games;
- (f) A presentation of information; and
- (g) Topography of integrated circuits etc.

The grant of a patent involves various stages which are:

- (a) Making an application;
- (b) Publication and examination of the patent application
- (c) Term of the patent granted under the Patents Act, 1970 is 20 years from the date of filing of application for the patent, subject to payment of renewal fee.
- (d) Opposition

- (e) A resident in India cannot make or cause to be made any application for grant of a patent for an invention outside India without a written license/ permission from the Controller in the prescribed manner unless - (a) an application for a patent for the same invention has been made in India, not less than six weeks before the application outside India; and (b) either no direction has been given under sub-section (1) of section 35 (relating to inventions relating for defence purposes) in relation to the application in India, or all such directions have been revoked.

The Patents Act, 1970 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, 1970 as it currently stands, disentitles computer programs per se from patent protection.

International Patent Protection Mechanism

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 treaty results in the effective filing of a separate application in each of several designated countries under the PCT.

PCT is an agreement for international cooperation in the field of patents. It is the most significant advancement in international cooperation in this field since the adoption of the Paris Convention itself. It is, however, largely a treaty for rationalization and cooperation with regard to the filing, searching and examination of patent applications and the dissemination of the technical information contained therein. The PCT does not provide for the grant of "international patents". The task and responsibility for granting patents remains exclusively in the hands of the Patent Offices of, or acting for, the countries where protection is sought (the "regional Offices"). PCT is a special agreement under the Paris Convention open only to states, which are members of the Paris convention and is administered by International Bureau (IB) under World Intellectual Property Organization ("WIPO"), Geneva. PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing a single patent application ("International Application") instead of filing several separate national or regional patent applications. The international application under the PCT mechanism is divided in to two phases: (a) International phase, and (b) national phase.

- (a) International Phase: The international application may be filed by anyone who is a national or resident of a contracting state. It may generally be filed with the national patent office of the contracting state of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva. If the applicant is a national or resident of a contracting state which is party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the revised Bangui Agreement Relating to the Creation of an African Intellectual Property Organization or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO), the African Intellectual Property Organization (OAPI) or the Eurasian Patent Office (EAPO), respectively.

The international application is then subjected to an "international search." International search is carried out by one of the major patent offices appointed by the PCT assembly as an International Searching Authority (ISA). The said search results in an "international search report," that is, a listing of the citations of such published documents that might affect the patentability of the invention claimed in the international application. At the same time, the ISA prepares a written opinion on patentability.

The international search report and the written opinion are communicated by the ISA to the applicant who may decide to withdraw his application, in particular where the said report or opinion makes the granting of

patents unlikely. If the international application is not withdrawn, it is, together with the international search report, published by the International Bureau.

- (b) National Phase: The granting of patents corresponding to International applications remains under the control of the national or regional patent offices through the “national phase” patent application. After the end of the International Phase, the applicant can start to pursue the grant of patents directly before the national (or regional) patent Offices of the countries of interest separately. Procedural and substantive requirements for the grant of patents as well as the amount of fees required are different from one country/region to the other. It is therefore advisable to consult a practicing lawyer who is specialized in patents in those countries in which the applicant is interested to get protection.

Convention Application:

As per the Patents Act, 1970 where the applicant has made an application for a patent in respect of an invention in a convention country (“basic application”), the applicant can file applications under the Patents Act, 1970 within 12 months from the date of the basic application for the same invention. One of such international convention is the Paris Convention for the Protection of Industrial Property, 1883 (the “**Paris Convention**”). The Paris Convention applies to industrial property in the widest sense, including patents, trade marks, industrial designs, geographical indications, etc. 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. In case of patent filings in multiple jurisdictions, Paris Convention, 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 the patent protection in any other contracting states within 12 months and claim priority over other applications relating to the same inventions, which have been filed by other applicants during the said 12 month period.

Copyright Protection

The Copyright Act, 1957 (“**Copyright Act**”) governs copyright protection and certain rights akin to copyright 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. The Copyright Act also provides for special right to Broadcasting Organisations and Performers. 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 favoring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a literary, dramatic, musical or artistic work lasts for a 60-year period following the death of the author. However, in anonymous and pseudonymous work, in photographs, cinematograph films, works in which the government, public undertakings or international organisations are the first owner, the term of the copyright shall subsist until sixty years from the beginning of the calendar year in which the work is published.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public not being copies already in circulation, performance or exhibition in public, making a translation of the work, making an adaptation of the work or making a cinematograph film or sound recording 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 applicable provisions stated above, any unauthorised sale or 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:

- (a) 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;
- (b) 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;

- (c) 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
- (d) 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.

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 Trademark 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 such as marks which contain or comprise of any matter likely to hurt the religious susceptibilities of any class or section of people or which consists exclusively of the shape of goods which result from the nature of the goods themselves are absolutely prohibited. However, marks which are not distinctive or which indicate the kind or quality of the goods may be allowed to proceed to registration if the proprietor is able to show that owing to the mark’s extensive and prolonged use, it has acquired distinctiveness or has attained a secondary meaning.

Applications for a trademark registration may be made for in one or more international classes. India recognises the NICE classification uptill Class 42 which is also as a residual class encompassing all the services beyond Class 42 uptill Class 45 as covered in other jurisdictions. The Trademark Act also provides for filing of applications claiming priority from convention countries 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 has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks are 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 and there is a misrepresentation on the part of the Opposite party. In contrast, the owner of a registered trademark is *prima facie* regarded as the owner of the mark by virtue of the registration obtained.

Trade Secrets and Confidential Information

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

Labour laws

There are various legislations in India which have defined ‘employee’ and ‘workman’ based on factors which *inter alia* include nature of work and remuneration. People who come under the definition of workman or employee are entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection.

Termination of the employment of a non-workman is governed by the terms of the relevant employment contract.

As regards a ‘workman’, the IDA sets out certain requirements in relation to the termination of services. These include a detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

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.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of ‘5 year continuous service’ is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of ₹ 1 million for an employee.

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.

The Maternity Benefit Act, 1961

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

The Contract Labour (Regulation and Abolition) Act, 1970

The purpose of the Contract Labour (Regulation and Abolition) Act, 1970 is to regulate the employment and protect the interests of labourers who are hired on the basis of individual contracts. In the event that any aspect of the activity is outsourced and is carried out by labourers hired on a contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, 1970 will also be necessary.

The Telecom Unsolicited Commercial Communications Regulations, 2007

TRAI has introduced the Telecom Unsolicited Commercial Communications Regulations, 2007 (“**Regulations**”) to curb unsolicited telemarketing communications, thereby reducing the nuisance and inconvenience to subscribers. TRAI has set up the NDNC registry, which is operational since October, 2007 for this purpose.

The Regulations aim at balancing the right to privacy of the subscriber and the rights to freedom of speech and profession of the telemarketing industry. TRAI has therefore set out an ‘opt-out approach’ where a subscriber has an option of opting out of receiving the UCC. All service providers have to maintain a “Private Do Not Call List” of the subscribers who request non-reception of the UCC. This list is then subsequently uploaded on to a NDNC registry. The telemarketers undertake to not make UCC to any subscriber registered on the NDNC registry, failing which disconnection of connection may be a possibility. Further, UCC made to other subscribers, who have not requested non-reception of the UCC, has to be prefixed with a message informing the subscriber of the UCC and to approach the service provider if it is unwanted. All these services, above mentioned, are provided free of charge to the subscribers under the Regulations. The service provider has an obligation to incorporate the registration of a subscriber into the NDNC registry within 30 days of such a request. If the subscriber after 45 days from the day of his request still receives the UCC, he can file a complaint with his service provider. The complaint is then forwarded to the originating service provider who shall charge the tariff from the telemarketer, which is ₹ 500 for each UCC and ₹ 1,000 for every subsequent UCC. The connection of the telemarketer shall also be disconnected if he has made an UCC even after one UCC has been charged as above.

The 2008 amendment to the Regulations provides for a detailed procedure for conducting an inquiry by a committee consisting of three officers, not below the rank of ‘Advisor’ in the TRAI, for violation of certain provisions of the Regulations. Chapter IVA specifically laid down the payment that was needed to be made by service providers violating the Regulations by way of financial disincentive not exceeding ₹ 5,000 for the first non-compliance and ₹ 20,000 for subsequent non-compliance(s). Any decision made by the TRAI in this respect may be appealed to the Telecom Disputes Settlement and Appellate Tribunal.

Guidelines for Telemarketers

The Guidelines for Telemarketers, released by the DoT, Ministry of Communications and Information Technology requires that an entity engaged in soliciting or promoting any commercial transaction in relation to goods, investment or services to apply for registration to DoT or any other agency authorized by DoT. The registration granted under these guidelines is valid for a period of 10 years. Further, the telemarketer shall not, without the prior written consent of DoT, either directly or indirectly, assign or transfer the registration in any manner whatsoever to a third party or enter into any agreement for sub-leasing and/or partnership relating to any subject matter of the registration to any third party either in whole or in part i.e. no sub-leasing/partnership/third party interest shall be created. Further, the DoT reserves the right to suspend the registration at any time, if in its opinion it is necessary to do in public interest or in the interest of the security of the State or the proper conduct of telegraph. Moreover, the registration can be terminated for a failure to comply with the guidelines.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on December 22, 2000, as “One97 Communications Private Limited” under the Companies Act with the RoC. Pursuant to a shareholders resolution dated May 11, 2010, our Company was converted into public limited Company and consequently the name was changed to “One97 Communications Limited” and a fresh certificate of incorporation dated May 12, 2010, was issued by the RoC.

For details relating to our Company’s business activities, operations and growth, location of plants, capacity built-up, technology, competition, major suppliers and customers, environmental issues, see section titled “**Our Business**” on page 104. For details relating to the management of our Company, see section titled “**Our Management**” on page 134.

Registered Office

The registered office of our Company was initially situated at 606, Vishal Bhavan, 95, Nehru Place, New Delhi 110 019. With effect from February 26, 2004, the registered office was moved to 701-702, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110 001. Subsequently, with effect from July 12, 2007, the registered office was moved to its present location at First Floor, Devika Towers, Nehru Place, New Delhi 110 019. The aforesaid changes in the registered office were carried out owing to the growth and expansion of the Company and the resultant need for larger offices.

Financial Year	Event
2001	• Incorporation of the Company.
2003	• Launching of music messaging on mobiles.
2004	• Launching of VAS on landline networks. • Launch of voice based gaming.
2005	• Launch of interactive out-dialer services.
2006	• Launch of subscription based content services.
2007	• Raised private equity funding from SAIF and SICP. • Launch of enterprise services on the 3030 short code.
2008	• Raised another round of funding from SAIF and SICP. • Oorja Mobile Services Private Limited became the Subsidiary of the Company.
2009	• Raised funding from Intel and SICP.
2010	• Setting up of Subsidiary PayTM Mobile Solutions Private Limited. • Acquisition of shares in TenCube. • Expansion of international operations to Nigeria and Bangladesh.
2011	• Launch of website www.paytmonline.com • MoU with SAIF for launch of One97 Mobility Fund, for investing in the mobile value added services sector. • Sale of shares in TenCube.

As on the date of this Red Herring Prospectus, the Company has seventeen (17) equity shareholders.

Amalgamation of Worldwide Computer Services Private Limited ("WCSPL") with the Company

A petition seeking sanction of a scheme of amalgamation of WCSPL with the Company (“**Scheme of Amalgamation**”) was approved by the High Court of Delhi by its order dated August 24, 2005 (“**Order**”), passed under Section 394 of the Companies Act. The rationale for the Scheme of Amalgamation was to create a larger company, better equipped to undertake large scale operations in an environment with increasing market competition, to enable further growth and development of the business, and to allow the utilisation of the common management and resources of both the companies to achieve greater synergy in strategies and operations, better utilization of the technologies, mobilization and more efficient utilization of capital and creation of a stronger base for future growth of business.

On the date of filing of a certified copy of the Order with the RoC, Delhi and Haryana (“**Effective Date**”), the Scheme of Amalgamation became operational retrospectively with effect from April 1, 2004 (“**Appointed Date**”). Upon the Scheme of Amalgamation becoming operational on the Effective Date, the following were deemed to be transferred and vested in the Company with effect from the Appointed Date:

- (i) All the properties, rights and powers of WCSPL subject to charges affecting the same;

- (ii) All the liabilities and duties of the WCSPL; and
- (iii) All the proceedings by or against WCSPL.

On the Effective Date, WCSPL was dissolved without being wound up.

The details of the shareholding pattern of WCSPL before the amalgamation and the details of shareholding of the erstwhile shareholders of WCSPL in the Company after the amalgamation of WCSPL with the Company is set out below:

(a) Shareholding of WCSPL before amalgamation

S. No.	Name of Shareholder	No. of shares	Percentage
1.	Mr. Peeyush Aggarwal	351,592	40.00
2.	Mr. Vijay Shekhar Sharma	527,388	60.00
	Total	878,980	100

(b) Shareholding of the erstwhile shareholders of WCSPL in the Company post amalgamation of WCSPL with the Company

On September 26, 2005, the erstwhile shareholders of WCSPL were allotted equity shares of the Company in lieu of their existing shareholding in WCSPL in the ratio of 100 Equity Shares for every 100 equity shares held by such shareholders in WCSPL. The details of such allotment are mentioned below:

S. No.	Name of the shareholder of WCSPL	Shares allotted in the Company
1.	Vijay Shekhar Sharma	527,388
2.	Peeyush Aggarwal	351,592

For detail of the net assets of WCSPL taken over by the Company pursuant to the Scheme of Amalgamation, see the section titled “*Financial Information- Annexure XVIII- Material Adjustments- Merger of Worldwide Computer Services Private Limited (‘WWCS’) with the Company*” on page 212.

For details relating to our financial information, see section titled “*Financial Information*” on page 155. Further for details relating to our business, see section titled “*Our Business*” on page 104.

Awards and Accreditations

Year	Award
2009	Annual HR Excellence Award, awarded to the Company at the 6 th Global HR Summit held at Amity Business School in August
2009	Emerging company of the year award at the Voice and Data’s Telecom Awards.

Certifications

Year	Certification
2009	▪ Certificate of compliance (bearing no. PCI/COV/032) dated August 31, 2009 granted to the Company by SISA Information Security Private Limited for compliance with Payment Card Industry Data Security Standard 1.2. The certificate is valid until August 30, 2010; ▪ Certificate of appreciation awarded to the Company by Deloitte recognising the Company as a leading technology company in the Deloitte Technology Fast 50 India 2009 Program; and ▪ Certificate of appreciation awarded to the Company by Deloitte recognising the Company as a leading technology company in the Deloitte Technology Fast 500 Asia Pacific 2009 Program.

Our Main Objects

The main objects of our Company as stated in our MoA are as follows:

1. To carry on the business of developing, designing, importing and exporting software products and services including telecom related software and services and becoming a service provider of internet,

telecommunication, radio, television or any other distribution or broadcasting activity as may be permitted by the Government.

2. To carry on the business of developing and providing services in the field of electronic commerce, web based or related technology and applications, deal in all kinds of internet/intranet/extranet business using e-commerce application, in India and any other country, undertake computer related jobs as data collection, survey, data processing, data entry, computer aided drafting and designing/computer aided desk top publishing, multimedia applications (audio, video) communication network such as LAN, WAN. Internet and its application, e-commerce using various software developed by self or procured from the market.
3. To carry on the business of marketing and sales representatives in the electronic media and consultancy of electronic commerce and other products and services including internet, e-mail, enhanced fax service, electronic data interchange, web publishing, web/portal hosting, web solutions.
4. To develop, build, store, host and promote portals, web sites and other interactive multimedia products, e-commerce applications and services, whether digital or otherwise and market or distribute them on the internet or other distribution platforms.
5. To develop or acquire and own intellectual property and in particular to act as copyright owners, internet site or portal owners, video right owners, cable right owners, dubbing rights owners and other studio owners of all kinds of data, educational radio programmes, television programmes, videos, advertising, films and documentary in all formats and languages prevailing in the world.
6. To carry on the business of computer and information technology of all kinds of development of computer software, hardware, data processing and providing consultancy services, technical assistance in the field of information technology.
7. To carry on the business of provider and syndicator of electronic contents for websites provider of value added internet service, to act as consultants in internet related services and as integration company.

Changes in Memorandum of Association

Since incorporation, our Company's Memorandum of Association has undergone the following changes:

Date of Amendment	Amendment
March 31, 2004	Increase in the authorised share capital of the Company from ₹ 500,000 comprising 50,000 Equity Shares to ₹ 10,000,000 comprising 1,000,000 Equity Shares.
August 12, 2005	Increase in the authorised share capital of the Company from ₹ 10,000,000 comprising 1,000,000 Equity Shares to ₹ 20,000,000 comprising 2,000,000 Equity Shares.
November 28, 2005	Increase in the authorised share capital of the Company from ₹ 20,000,000 comprising 2,000,000 Equity Shares to ₹ 150,000,000 comprising 15,000,000 Equity Shares.
March 23, 2007	Increase in the authorised share capital of the Company from ₹ 150,000,000 comprising 15,000,000 Equity Shares to ₹ 210,000,000 comprising 21,000,000 Equity Shares.
December 20, 2007	Increase in the authorised share capital of the Company from ₹ 210,000,000 comprising 21,000,000 Equity Shares to ₹ 221,000,000 comprising 21,000,000 Equity Shares and 1,100,000 preference shares of ₹ 10 each.
April 21, 2008	Increase in the authorised share capital of the Company from ₹ 221,000,000 comprising 21,000,000 Equity Shares and 1,100,000 preference shares of ₹ 10 each to ₹ 360,000,000 comprising 30,000,000 Equity Shares and 6,000,000 preference shares of ₹ 10 each.
December 2, 2008	Increase in the authorised share capital of the Company from ₹ 360,000,000 comprising 30,000,000 Equity Shares and 6,000,000 preference shares of ₹ 10 each to ₹ 840,066,000 comprising 30,000,000 Equity Shares, 6,000,000 preference shares of ₹ 10 each and 2,759,000 preference shares of ₹ 174 each.
May 11, 2010	Reclassification of the authorised share capital of the Company from ₹ 840,066,000 comprising 30,000,000 Equity Shares, 6,000,000 preference shares of ₹ 10 each and 2,759,000 preference shares of ₹ 174 each to ₹ 840,066,000 comprising 36,000,000 Equity Shares and 2,759,000 preference shares of ₹ 174 each.

Our Subsidiaries

The following are the Subsidiaries of our Company:

1. Oorja Mobile Services Private Limited;
2. Pay TM Mobile Solutions Private Limited; and
3. One97 Communications (Nigeria) Limited;

The equity shares of none of our Subsidiaries are not listed on any stock exchange.

Details of our Subsidiaries

1. Oorja Mobile Services Private Limited ("Oorja Mobile")

Oorja Mobile was originally incorporated on November 28, 2007 under the Companies Act with the RoC. As per the objects clause of the memorandum of association, Oorja Mobile is permitted to *inter alia* engage in the business of developing, designing, importing, exporting software products and services and developing and providing services in the field of e-commerce, web based or related technology and applications. As of March 31, 2010, Oorja Mobile had 5 permanent employees. The authorised share capital of Oorja Mobile is ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 each and the paid up capital of Oorja Mobile is ₹ 222,220 divided into 22,222 equity shares of ₹ 10 each.

The shareholding pattern of Oorja Mobile is as follows:

S.No.	Name of the shareholder	No. of shares	Percentage of shareholding
1.	One97 Communications Limited	12,222	55
2.	Mr. Rajiv Madhok	9,999	45
3.	Mr. Munish Bansal	1	Negligible
	Total	22, 222	100.00

Board of Directors

The board of directors of Oorja Mobile comprises Mr. Rajiv Madhok, Mr. Munish Bansal, Mr. Vijay Shekhar Sharma and Mr. Vibhor Mehra.

Financial Performance

The following figures have been derived from the audited financial statements of Oorja Mobile:

	As on June 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales and Other Income	6.14	15.46	3.96	0.00
Profit/ (Loss) after tax	2.51	(4.94)	0.07	0.00
Equity Capital	0.22	0.22	0.22	0.22
Reserves and Surplus (excluding revaluation reserve)	9.73	9.73	9.80	9.73
Earnings/ (Loss) per share (₹)	113.00	(222)	3.10	0.00
Diluted earnings per share (₹)	113.00	(222)	3.10	0.00
Net Asset Value per share (₹)	341.28	228.35	419.74	387.41

$$\text{Earnings per Share} = \frac{\text{Net Profit/(Loss) as restated after tax, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/year}}$$

$$\text{Net Assets Value per Share} = \frac{\text{Net Worth}}{\text{Weighted average number of equity shares outstanding at the end of period/year}}$$

2. PayTM Mobile Solutions Private Limited ("PayTM")

Our Subsidiary, PayTM, was incorporated on November 16, 2009, under the Companies Act with the RoC. As per the objects clause of the memorandum of association, PayTM is *inter alia* permitted to engage in the business of m-commerce and e-commerce by enabling telecom operators and enterprise merchants to offer m-commerce and e-commerce services like mobile prepaid recharge, postpaid mobile bill payment, landline bill payment, movie ticketing, travel bookings, flower delivery, DVD rental, shopping, utility bill payment to subscribers. PayTM did not have any permanent employees in Fiscal 2010 since the operations were in initial stages and there was no revenue generation for the period. The authorised share capital of PayTM is ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 each and the paid up capital of PayTM is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The shareholding pattern of Pay TM is as follows:

S.No.	Name of the shareholder	No. of shares	Percentage of shareholding
1.	One97 Communications Limited	9,999	99.99

2.	Mr. Vijay Shekhar Sharma	1	0.01
	Total	10,000	100.00

Board of Directors

The board of directors of PayTM comprises Mr. Rajiv Madhok, Mr. Vijay Shekhar Sharma and Mr. Vibhor Mehra.

Financial Performance

As PayTM was incorporated in November 2009, the audited financial statements of PayTM are available only for three months ending June 30, 2010 and for fiscal 2010. The following figures have been derived from the audited financial statements of PayTM:

	<i>(₹ in million, unless otherwise stated)</i>	
	As on June 30, 2010	Fiscal 2010
Sales and Other Income	0.00	0.00
Profit/ (Loss) after tax	(0.03)	(0.23)
Equity Capital	0.10	0.10
Reserves and Surplus (excluding revaluation reserve)	(0.26)	(0.23)
Earnings/ (Loss) per share (₹)	(2.81)	(182)
Diluted earnings per share (₹)	(2.81)	(182)
Net Asset Value per share (₹)	(15.60)	(13)

$$\text{Earnings per Share} = \frac{\text{Net Profit/(Loss) as restated after tax, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/year}}$$

$$\text{Net Assets Value per Share} = \frac{\text{Net Worth}}{\text{Weighted average number of equity shares outstanding at the end of period/year}}$$

3. One97 Communications (Nigeria) Limited (“OCNL”)

Our Subsidiary, OCNL, was incorporated on July 27, 2010 under the Nigerian Companies Act and Allied Matters Act, 1990. As per the objects clause of the memorandum of association, OCNL is *inter alia* permitted to engage in the business of providing value added services to mobile operators and other enterprise customers. The authorised share capital of OCNL is NGN 10,000,000 divided into 10,000,000 equity shares of NGN 1.00 each and the paid up capital of OCNL is NGN 10,000,000 divided into 10,000,000 equity shares of NGN 1.00 each.

The shareholding pattern of OCNL is as follows:

S.No.	Name of the shareholder	No. of shares	Percentage of shareholding
1.	One97 Communications Limited	9,999,999	99.99
2.	Mr. Vijay Shekhar Sharma	1	0.00*
	Total	10,000,000	100.00

*negligible

Board of Directors

The board of directors of OCNL comprises Mr. Rajiv Madhok and Mr. Vijay Shekhar Sharma.

Financial Performance

As OCNL was incorporated in July 2010, the audited financial statements of OCNL are not available.

Material Agreements

Overview

The Company has entered into various share subscription agreements and shareholders agreements at different times for the investments received by it which are summarised below:

1. A share subscription agreement ("**First SSA**") and shareholders agreement ("**First SHA**"), both dated March 26, 2007 with certain parties;
2. A share subscription agreement dated December 20, 2007 ("**Second SSA**") with certain parties.
3. A share subscription agreement ("**Third SSA**") and a shareholders agreement ("**Consolidated SHA**") both dated December 12, 2008 with certain parties. The Consolidated SHA replaced and terminated all other agreements including the First SHA, governing the rights and obligations of the parties to the Consolidated SHA. It was also agreed by the parties to the Consolidated SHA that in the event of any inconsistency between the Consolidated SHA and the First SSA or the Second SSA, the provisions of the Consolidated SHA will prevail.

Additionally, the Company is also a party to two share purchase agreements dated February 18, 2010 and March 2, 2010.

The Company also entered into a memorandum of understanding dated June 24, 2010 with SAIF Partners to setup a framework known as One97 Mobility Fund to identify opportunities and invest in start-up companies involved in the Indian MVAS sector in which we and SAIF may invest jointly or individually.

Also, the Company has issued a letter dated September 15, 2010 to IIAL in relation to the sale of Equity Shares by Mr. Peeyush Aggarwal to IIAL.

The details of the aforesaid agreements are as follows:

A. Share Subscription and Shareholders Agreements

1. Share subscription agreement and shareholders agreement dated March 26, 2007

A share subscription agreement dated March 26, 2007 ("**First SSA**") was entered amongst our Company, SAIF III Mauritius Company Limited ("**SAIF**"), SVB Financial Group (SAIF and SVB Financial Group hereinafter collectively referred to as "**Existing Investors**"), our Promoter Mr. Vijay Shekhar Sharma and Mr. Peeyush Aggarwal. Pursuant to the First SSA, 4,948,106 Equity Shares were allotted to SAIF and 449,828 Equity Shares were allotted to SVB Financial Group. Simultaneous to the execution of the First SSA, a shareholders agreement dated March 26, 2007 ("**First SHA**") was also entered into amongst the aforesaid parties for governing their mutual rights and obligations as shareholders of the Company.

2. Share subscription agreement dated December 20, 2007

A share subscription agreement dated December 20, 2007 ("**Second SSA**") was entered between our Company, SVB India Capital Partners I, L.P. ("**SICP**"), SAIF and Mr. Vijay Shekhar Sharma, pursuant to which 922,486 Compulsorily Convertible Preference Shares were allotted to SAIF and 83,862 Compulsorily Convertible Preference Shares were allotted to SICP ("**Tranche 1 Preference Shares**").

Subsequently, on July 30, 2008, the entire shareholding of SVB Financial Group was transferred to SICP. On June 30, 2008, the Tranche 1 Preference Shares were converted into Equity Shares at a conversion ratio of two Equity Shares for one preference share.

3. Share subscription agreement and shareholders agreement dated December 12, 2008

A share subscription agreement dated December 12, 2008 ("**Third SSA**") was entered between our Company, Intel Capital (Mauritius), Ltd. ("**Intel**"), SICP and Mr. Vijay Shekhar Sharma, pursuant to which 2,482,759 Compulsorily Convertible Preference Shares were allotted to Intel and 275,862 Compulsorily Convertible Preference Shares were allotted to SICP ("**Tranche 2 Preference Shares**").

Simultaneous to the execution of the Third SSA, a shareholders agreement dated December 12, 2008 ("**Consolidated SHA**"), was entered into between our Company, Intel, SICP, SAIF, Mr. Vijay Shekhar Sharma, Mr. Peeyush Aggarwal and Mr. Rajiv Madhok (SICP, SAIF, Mr. Vijay Shekhar Sharma, Mr. Peeyush Aggarwal and Mr. Rajiv Madhok are hereinafter collectively referred to as "**Existing Shareholders**" and the Existing Shareholders along with Intel are hereinafter Collectively referred to as "**Shareholders**") and any person

holding shares jointly with any of the Existing Shareholders, to regulate their mutual rights and obligations as shareholders of the Company.

All other agreement(s) (including the First SHA) relating to the subject matter contained in the Consolidated SHA were replaced and terminated by the Consolidated SHA. It was also agreed that in the event of any inconsistency between the Consolidated SHA and the First SSA or the Second SSA, in relation to the subject matter contained in the Consolidated SHA, the provisions of the Consolidated SHA will prevail.

The Consolidated SHA provides for several special rights including information rights, right to nominate directors, affirmative voting rights, right of first offer, public offering rights, right of first refusal, right of co-sale, preferential rights for distribution of liquidation proceeds, anti dilution rights and drag along rights.

The Shareholders have entered into a Suspension Agreement dated May 11, 2010 ("**Effective Date**") wherein they have agreed to suspend the exercise of certain special rights for a period of six months from the Effective Date. It has also been agreed between the Shareholders that the Consolidated SHA shall terminate on the filing of the Prospectus with the RoC. The Tranche 2 Preference Shares were converted to Equity Shares on October 14, 2010.

B. Share purchase agreements

1. Share purchase agreement dated February 18, 2010

A share purchase agreement dated February 18, 2010 was entered into between SAIF III Mauritius Company Limited ("**SAIF**"), Mr. Vijay Shekhar Sharma and our Company ("**SPA**"). Pursuant to the SPA, 600,000 Equity Shares held by our Promoter, Mr. Vijay Shekhar Sharma, were sold and transferred to SAIF on the terms and conditions contained therein.

2. Share purchase agreement dated March 2, 2010

A share purchase agreement dated March 2, 2010 was entered into between SAIF III Mauritius Company Limited ("**SAIF**"), Mr. Peeyush Aggarwal and our Company ("**SPA**"). Pursuant to the SPA, 2,000,000 Equity Shares held by Mr. Peeyush Aggarwal were sold and transferred to SAIF.

C. Memorandum of Understanding dated June 24, 2010

A memorandum of understanding dated June 24, 2010 ("**MoU**") was entered into between the Company and SAIF Partners ("**SAIF**"). Pursuant to the MoU, our Company and SAIF have setup a framework known as One97 Mobility Fund to identify opportunities and invest in start-up companies involved in the Indian MVAS sector in which we and SAIF may invest jointly or individually.

Some of the key terms of the MoU are discussed below:

Investment: The Company and SAIF may invest in start up companies engaged in the business of mobile value added services in India ("**Target**") jointly or individually in the manner provided in the MoU. Further, SAIF has committed up to USD 100 million for joint investment in Targets. The Company and SAIF may invest amounts between USD 0.5 million to USD 5 million in any one Target. Subject to the agreement entered into with Target ("**Target Agreement**"), the Company and SAIF shall mutually decide the extent of their respective shareholding in the Target.

Board of directors: In the event the Company and SAIF acquire an equal shareholding in a Target and the Company and SAIF have the right to (a) nominate an even number of directors, then each of them shall nominate 50% of the directors that they are collectively entitled to nominate on the board; or (b) nominate only 1 director, then the director shall be nominated by SAIF and the Company on a rotational basis; or (c) appoint an odd number of directors to the board (not being one), then the Company and SAIF shall nominate one director out of the total number of directors which they are jointly entitled to nominate, on a rotational basis. Each of them shall then nominate 50% of the remaining directors that they are collectively entitled to nominate on the board. However, in the event, the Company and SAIF have not acquired equal shareholding in a Target, then each of them shall appoint directors in proportion to their *inter-se* shareholding. In case the calculation of the number of directors to be appointed by the Company or SAIF on the board is in fractions, the number of directors shall be rounded off to the nearest whole number.

Affirmative vote items: In relation to any investment in a Target, the Company and SAIF and the Target may agree on certain matters (“**Affirmative Vote Items**”) under the Target Agreement in relation to which the Target shall not take any action without the consent of the Company and SAIF. If any Affirmative Vote Item is part of the agenda of any board, board committee or shareholder meeting of the Target, the Company and SAIF shall hold a meeting prior to the date of such meeting to discuss and decide whether the Target should proceed with such Affirmative Vote Item or not in the manner provided in the MoU.

Non-exclusivity / Non-binding: Both the Company and SAIF shall have the right to identify and invest in a potential investment opportunity, solely on its own or along with any other co-investor, without offering the other the right to co-invest in such investment opportunity. Further, the MoU is non-binding and contains only the understanding upon which the Company and SAIF may proceed to finalise the contemplated investments.

Indemnity: Company and SAIF shall mutually indemnify each other.

Dispute Resolution: The Company and SAIF shall attempt to settle any dispute arising out of the MoU amicably failing which such dispute shall be settled by arbitration to be conducted in New Delhi in accordance with the Indian Arbitration and Conciliation Act, 1996, at first by a jointly appointed sole arbitrator, failing which by a panel of three arbitrators mutually appointed. The award of the arbitrator shall be final and binding. Further, the Company and SAIF shall be entitled to seek relief from the Indian courts.

D. Letter dated September 15, 2010 issued by the Company to IIAL

In relation to the sale of 1,357,323 Equity Shares (“**Sale Shares**”) by Mr. Peeyush Aggarwal to IIAL, the Company has by way of a letter dated September 15, 2010 (“**Letter**”), confirmed the following:

- a) Except to the extent as may be required under law, IIAL shall, under no circumstances, be deemed to be a sponsor or promoter of the Company nor shall IIAL be represented or declared as the promoter/ sponsor of the Company in the Red Herring Prospectus or any other document filed with SEBI or any government agency in relation to the Issue.
- b) Within 30 days from the date on which a communication in writing is received by the Company from IIAL in respect of completion of the sale of the Sale Shares or filing of Red Herring Prospectus with SEBI, whichever is earlier, the Company shall do all acts to the extent required by law to record the transfer in its records, confirm the transfers in the requisite committee meeting of the Company, and complete reporting requirements.
- c) The Company shall make adequate disclosures in the Red Herring Prospectus to be filed with SEBI and the Registrar of Companies in respect of the Sale Shares and the proposal of IIAL to transfer such Sale Shares to the beneficiaries.
- d) Unless prohibited or restricted or restrained in any manner whatsoever under applicable laws and subject to provision of all and complete documents and information required by law and otherwise, the Company will do such acts to the extent permitted under law to record in its records the transfer of the shares by IIAL to the beneficiaries, provided such complete information and documents required for recording such transfer is provided to the Company four days prior to the date of allotment of Equity Shares in the Issue.
- e) The Company shall inform IIAL in writing immediately on finalization of the date of allotment of Equity Shares in the Issue and in no event later than five business days prior to the date of allotment.
- f) In the event the listing of Equity Shares does not take place within 90 business days from date on which communication in writing is received by the Company from IIAL in respect of completion of transfer of Sale Shares to IIAL, the Company shall only provide the following regular information rights as are available to a financial investor:
 - a. quarterly unaudited profit and loss account and balance sheet;
 - b. revenue earned during the quarter with details of revenue per operator/ service; and

c. any other financial information as may be reasonably requested by IIAL as a financial investor.

Further, except for the information rights mentioned above, no other rights shall be available to IIAL and/or the beneficiaries.

- g) IIAL shall not be required to create any encumbrance over the Sale Shares, or to provide any security, pledge, lien or to guarantee the obligations of the Company or to provide any undertakings, letters of comfort or other assurances or support to any third party on behalf of the Company.
- h) The performance of obligations of the Promoter or the Company under the Letter does not conflict with the Memorandum and Articles of Association of the Company and any other agreement signed by Company with its existing shareholders.
- i) That the above undertakings shall remain in force till such period as the Equity Shares of the Company are not listed.
- j) The Company shall notify IIAL in writing of any material litigation filed against the Company in a court of law at any time on or before the date on which communication in writing is received by the Company from IIAL in respect of completion of transfer of Sale Shares to the IIAL.

Confirmation and undertaking of IIAL

The Letter also contains a confirmation, undertaking and assurance from IIAL to the Company that no rights, special or otherwise, have been granted or made available to IIAL and, or beneficiaries by Mr. Peeyush Aggarwal in respect of the Sale Shares or in respect of the Company under any contract or otherwise and the only rights available to IIAL and/or beneficiaries is as specified in clause (f) above.

As per the Letter, the above undertaking, confirmation and assurance given by IIAL shall remain in force and will be binding on IIAL and the beneficiaries.

Injunction or restraining order

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

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There have been no defaults or rescheduling of the borrowings availed by us.

Strikes or Labour Unrest

There have been no strikes or labour unrests in the Company anytime preceding the date of this Red Herring Prospectus.

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

Except expansions in the activities of the Company which were permitted under the Object Clause of the MoA, there have been no changes in the activities of the Company during the last five years preceding the date of this Red Herring Prospectus, which may have had a material effect on our profits or loss.

Capital raising through equity and debt

For details in relation to our capital raising activities through equity and debt, see the section titled “*Financial Indebtedness*” and “*Capital Structure*” on page 277 and 63 respectively.

Time and Cost Overrun

There have been no time and cost overruns with respect to any projects undertaken by the Company.

Strategic Partners

As on the date of this Red Herring Prospectus, our Company does not have any strategic partners.

Financial Partners

As on the date of this Red Herring Prospectus, apart from our arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company does not have any other financial partners within the meaning of the SEBI ICDR Regulations.

Other Agreements

Except as disclosed in this Red Herring Prospectus, there are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and there are no material agreements entered into more than two years before the date of this Red Herring Prospectus.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association our Company is required to have not less than 3 directors and not more than 12 directors. The Company currently has 7 Directors on the Board.

The following table sets forth details regarding our Board as of the date of filing the Red Herring Prospectus with SEBI.

Name, designation, father's name, tenure, DIN and occupation	Age (years)	Address	Other directorships
Mr. Vijay Shekhar Sharma s/o Mr. S.P. Sharma <i>Chairman and Managing Director</i> <i>Tenure:</i> not liable to retire by rotation <i>DIN:</i> 00466521 <i>Occupation:</i> Business	32	57, First Floor, Hemkunt Colony, New Delhi - 110 048.	• Oorja Mobile Services Private Limited; • Pay TM Mobile Solutions Private Limited; • Aryan Ayurveda Private Limited; and • One97 Communications (Nigeria) Limited.
Mr. Rajiv Madhok s/o Mr. Jagdish Madhok <i>Non Executive Director</i> <i>Tenure:</i> liable to retire by rotation. <i>DIN:</i> 01811443 <i>Occupation:</i> Business	37	S-269, Second Floor, Greater Kailash, Part II, New Delhi – 110 048.	• Oorja Mobile Services Private Limited; • Pay TM Mobile Solutions Private Limited; and • One97 Communications (Nigeria) Limited.
Mr. Vibhor Mehra s/o Mr. Vinoo Mehra <i>Non Executive Director</i> <i>(Nominee of SAIF)</i> <i>Tenure:</i> liable to retire by rotation <i>DIN:</i> 00167957 <i>Occupation:</i> Self employed	34	Rock 101, Forest Apartment, Sector 92 Noida 201 304, Uttar Pradesh.	• Catmoss Retail Private Limited; • Credence Portfolio Private Limited; • Oorja Mobile Services Private Limited; • ICA Infotech Private Limited; • Pay TM Mobile Solutions Private Limited; and • MakeMyTrip (India) Private Limited.
Mr. Deep Kalra s/o Mr. Krishan Kalra <i>Independent Director</i> <i>Tenure:</i> liable to retire by rotation. <i>DIN:</i> 00039609 <i>Occupation:</i> Business	41	J6/11A, DLF Phase-II, Gurgaon - 122 001.	• MakeMyTrip (India) Private Limited; • MakeMyTrip.com Inc, U.S.A.; • MakeMyTrip Limited, Mauritius; • Travogue Electronic Travel Private Limited; • IndiaMart Intermesh Limited; and • Neemrana Knitfab Private Limited
Mr. Kunal Bajaj s/o Mr. Ashok Bajaj <i>Independent Director</i> <i>Tenure:</i> liable to retire by rotation.	33	CP -233, Pitampura, New Delhi – 110 034	• Analysys Mason India Private Limited; • Ameya Telecom Private Limited; and • Ameyatel Computech Private Limited.

Name, designation, father's name, tenure, DIN and occupation	Age (years)	Address	Other directorships
<i>DIN:</i> 00367842			
<i>Occupation:</i> Business			
Mr. P.N. Vijay s/o Mr. Natraja Sarma	59	80, Sector 15A, Noida – 201 301	• Dabur India Limited; • Reed Relays and Electronics Limited; • Indiamart Intermesh Limited; and • P.N. Vijay Financial Services Private Limited.
<i>Independent Director</i>			
<i>Tenure:</i> liable to retire by rotation.			
<i>DIN:</i> 00049992			
<i>Occupation:</i> Financial Consultant			
Mr. Rajesh Ghonasgi s/o Dr. B.D. Ghonasgi	48	B17-18, Westend Village Bhusari Colony, near Saudamini Society, Off Paud Road, Kothrud Pune- 411 038.	• Persistent eBusiness Solutions Limited; • Persistent Systems and Software Limited; and • Persistent Systems Pte Limited.
<i>Independent Director</i>			
<i>Tenure:</i> liable to retire by rotation.			
<i>DIN:</i> 01663261			
<i>Occupation:</i> Service			

Except Mr. Kunal Bajaj who is a U.S. national, all other Directors of the Company are Indian nationals. Further, none of our Directors are related to each other.

Understanding among shareholders pursuant to which the Directors were appointed

As per the terms of the Consolidated SHA, Mr. Vijay Shekhar Sharma and SAIF have the right to nominate two (2) Directors each on the Board of the Company as long as they individually hold Equity Shares representing at least 10% of the outstanding Equity Shares from time to time calculated on fully diluted basis. Further Mr. Vijay Shekhar Sharma and SAIF, each, have the right to appoint only one (1) Director on the Board if their respective shareholding falls below 10% but represents at least 3% of the outstanding Equity Shares from time to time calculated on a fully diluted basis. Presently both Mr. Vijay Shekhar Sharma and SAIF individually hold more than 10% of the outstanding Equity Shares. Accordingly, Mr. Vijay Shekhar Sharma and his nominee Mr. Rajiv Madhok are Directors on the Board of the Company. Further, SAIF has, in exercise of its rights nominated Mr. Vibhor Mehra as a Director on the Board of the Company.

Further by virtue of a Suspension Agreement dated May 11, 2010 between the aforesaid parties to the SHA, it has been decided that the SHA will terminate on the filing of the Prospectus with the RoC.

Brief Biographies of our Directors

Mr. Vijay Shekhar Sharma, aged 32 years, is the Chairman and Managing Director of our Company. He is the founder and Promoter of our Company and has been on the Board since our incorporation. He is currently responsible for the strategy and direction for our Company and leads our Company in all areas relating to business expansion as well as product road map. Mr. Sharma has more than 10 years of experience in the telecom and new media industries, having founded his first venture XS Corps while he was at college, which he sold to Lotus Interworks LLC, New Jersey in 1999. Prior to founding our Company in 2000, Mr. Sharma played key roles in a number of organisations such as Riverrun Software Services Group Limited, Inter Solutions Software Private Limited, Startec Global Communications Limited, focusing on the design and development of various products and applications for the technology, media and telecom industries. Mr. Sharma holds a Bachelors degree in Engineering from Delhi College of Engineering.

Mr. Rajiv Madhok, aged 37 years, is a non-executive, non-independent Director of our Company. He has been associated with our Company since October 2007. Mr. Madhok started his career with Aura W.A., West Africa, in 1998, where he was managing the product marketing and distribution activities. He stepped into telecom industry in 2000 working with the Bharti Group and was instrumental in a number of industry innovations including ring back tones, which remains the single largest value added service in the country. Prior to joining our Company, Mr. Madhok was associated with OnMobile Singapore Pte Limited as Head (Business Development, South East Asia) where he initiated operations in multiple countries including Indonesia and Brazil. Mr. Madhok holds a Bachelor's degree in Economics and is an MBA from Punjab University, Chandigarh.

Mr. Vibhor Mehra, aged 34 years, is a non-executive, non-independent Director of our Company. He has been associated with our Company since March 2007. Mr. Mehra is a Principal at SAIF Partners, and has extensive experience in the technology domain, focusing on investment opportunities in the consumer services, telecom, internet, media, financial services and education sectors. Prior to joining SAIF Partners in 2004, Mr. Mehra served as a consultant with BCG focusing on the telecom, consumer, financial services and manufacturing sectors. Mr. Mehra is a gold medalist from IIM Bangalore, and received his engineering degree in computers from Delhi Institute of Technology, where he also secured the top rank.

Mr. Deep Kalra, aged 41 years, is a non-executive, Independent Director of our Company. He has been associated with our Company since January 2010. Mr. Kalra is the promoter of MakeMyTrip.com, one of the first online travel companies in India. After beginning his career with ABN AMRO Bank in the corporate banking division, Mr. Kalra has worked with leading multinational companies in India in senior capacities. His last assignment was with GE Capital as Vice President (Business Development). Mr. Kalra is a member of the Executive Council of NASSCOM and chairs their Internet Working Group. He is a board member of IndiaMart.com and TiE Delhi. Mr. Kalra is an MBA from IIM Ahmedabad and holds a Bachelor's degree in Economics from St. Stephen's College, Delhi.

Mr. Kunal Bajaj, aged 33 years, is a non-executive, Independent Director of our Company. He has been associated with our Company since April 2010. Mr. Bajaj is partner and director, India, for Analysys Mason, a global strategic consultancy firm focusing on the telecom, technology and media industries. Prior to joining Analysys Mason, Mr. Bajaj served as the managing director of BDA Connect, which he started in India in 2006 and was later acquired by Analysys Mason. Mr. Bajaj also holds the position of founding co-chair for the Mobile Marketing Association's India Local Council. In the past, Mr. Bajaj has served as Consultant (Projects) to Telecom Regulatory Authority of India ("TRAI"), leading TRAI's effort in achieving wide-scale internet usage and broadband penetration, along with contributing to licensing, spectrum, rural development and leased line policies. He has also advised on projects in India for the World Bank, multi-national companies, venture organisations and start-up companies. Mr. Bajaj holds a Masters degree in Telecommunications and Networking and Bachelors degree in Computer Science Engineering from the University of Pennsylvania, and a Bachelors degree in Management and Finance from the Wharton School.

Mr. P.N. Vijay, aged 59 years, is a non-executive, Independent Director of our Company. He has been associated with our Company since May 2010. Mr. Vijay is the promoter and managing director of P.N. Vijay Financial Services Private Limited, a boutique merchant banking firm. Prior to founding his own venture in 1990, Mr. Vijay served as the Vice President and Country Head (Merchant Banking) at Citibank, and prior to that, he was associated with organizations such as ANZ Grindlays Bank and State Bank of India. Mr. Vijay is a member of the Investment Protection Fund Committee of the Government of India, and contributes to columns in leading financial publications such as Financial Express, Economic Times, etc. Mr. Vijay did his graduation in Physics from the Presidency College, Chennai, and his post graduation from IIT, Chennai, specializing in electronics.

Mr. Rajesh Ghonasgi, aged 48 years, is an Independent Director of our Company. Mr. Ghonasgi has been associated with our Company since May 2010. Mr. Ghonasgi currently serves as the chief financial officer of Persistent Systems Limited, where he is responsible for a number of functions such as financial planning, funds management, accounting and reporting, strategic initiatives, investor relations, risk management and control processes. Prior to joining Persistent Systems Limited, Mr. Ghonasgi was associated with a number of companies in the information technology sector such as Hexaware Technologies Limited, Deutsche Software (India) Limited, Wipro Limited, etc. Mr. Ghonasgi holds a Bachelor's degree in Commerce from Mumbai University, and is a member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries, and is also qualified as a Cost and Works Accountant.

Borrowing powers of the Board

Subject to the provisions of Section 292 and 293 of the Act and the Articles of Association of the Company, the Directors have the powers, from time to time at their discretion, by a resolution passed at a meeting of the Board (and not by resolution by circulation), to accept deposits from members, either in advance calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums moneys for the purposes of the Company provided that the total amount borrowed at any time together with the moneys already borrowed by the Company (apart from temporary loans (i.e. loans repayable on demand or within six (6) months from the date of the loan but does not include loans raised for the purpose of financing expenditure of a capital nature) obtained from the Company's Bankers in the ordinary course of business) shall not, without the consent of the Company, in a general meeting, 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).

Remuneration of our Directors

Until FY 2010, except Mr. Vijay Shekhar Sharma, none of our present Directors were paid any remuneration. However, pursuant to the resolution dated September 3, 2010, passed by the Remuneration cum Compensation Committee the shareholders resolution dated November 22, 2010, it was decided to pay a total remuneration of up to ₹ 0.50 million to each of the Independent Directors for the FY 2011 in form of stock options and commission and an additional amount of upto ₹ 0.20 million to Mr. P.N. Vijay on account of his being the chairman of the Audit Committee, and within the overall limit of 1% of the net profit of the Company, as laid down under Section 309 of the Companies Act, 1956. The details of the break up of remuneration to be paid the Independent Directors as set forth below:

Name of Director	No. of stock options@ ₹ 180 each.	Commission per annum (in ₹ Million)
Mr. P.N. Vijay	Nil	0.70
Mr. Kunal Bajaj	10,000	0.25
Mr. Deep Kalra	10,000	0.25
Mr. Rajesh Ghonasgi	10,000	0.25

Further, except Mr. Vijay Shekhar Sharma, none of our Directors have been appointed pursuant to a service contract with our Company.

The details of the service contract entered by us with our Managing Director, Mr. Vijay Shekhar Sharma on November 1, 2008 are as under:

1. Mr. Vijay Shekhar Sharma is entitled to a salary of ₹ 4.8 million per annum. In addition he is entitled to the following:
 - (a) fully furnished rent free accommodation;
 - (b) reimbursement of expenses like club subscriptions, professional membership and business entertainment;
 - (c) reimbursement of expenses for residential landline telephones and network line for business use; and
 - (d) leave as per the rules of the Company.
2. Mr. Vijay Shekhar Sharma is required to render his services exclusively to the Company or its subsidiaries or group companies and is not entitled to engage in any type of assignment or employment with any other company.
3. Mr. Vijay Shekhar Sharma is bound by the non disclosure requirements of not divulging any information related to the Company.
4. The Company has the right to terminate the employment of Mr. Vijay Shekhar Sharma without giving any reasons by giving two months notice or salary in lieu thereof. The Company also has the right to terminate the employment of without giving any notice for causes like dishonest acts, theft, negligence etc. by Mr. Vijay Shekhar Sharma. Further, Mr. Vijay Shekhar Sharma also has the right to resign from the Company by giving a two months notice or salary in lieu thereof.

The following table sets forth the details of the monthly remuneration for Mr. Vijay Shekhar Sharma for the financial year 2010:

Name	Basic Salary (₹)	House Rent Allowance (₹)	Other allowance (₹)	Gross Total (₹)
Mr. Vijay Shekhar Sharma	204,000.00	102,000.00	94,000.00	400,000.00

Shareholding of our Directors

Our Articles do not require our Directors to hold any qualification shares. The following table details the shareholding of our Directors in the Company as on the date of filing of this Red Herring Prospectus:

Sr. No.	Name	No. of Shares held (Face Value: ₹10/-)	Percentage
1.	Mr. Vijay Shekhar Sharma	9,859,516	38.52
2.	Mr. Rajiv Madhok	905,040	3.53

Interests of Directors

Our Managing Director, Mr. Vijay Shekhar Sharma is interested to the extent of remuneration paid to him by our Company as detailed above. Additionally, Mr. Vijay Shekhar Sharma is also the Promoter of our Company. Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be Allotted to them pursuant to the exercise of ESOPs granted to them or Equity Shares subscribed by or Allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. For further details on the ESOPs granted to the Directors, see section titled “*Capital Structure-Employee Stock Option Scheme*” on page 68.

Additionally, Mr. Vijay Shekhar Sharma has provided personal guarantees in respect of certain loans availed by our Company. Except as stated in this Red Herring Prospectus and in particular the section titled “*Related Party Transactions*” on page 153 (which covers transactions until June 30, 2010), the Directors do not have any interest in the business of the Company or any property acquired by the Company within two years of the date of filing of this Red Herring Prospectus.

Our Promoter and Managing Director, Mr. Vijay Shekhar Sharma also holds directorship in our Group Company, Aryan Ayurveda Private Limited. For further details, see section titled “*Our Promoter and Group Companies*” on page 151.

Changes in our Board of Directors during the last three years

S. No.	Name	Date of Appointment	Date of Cessation/ change in designation	Reason
1.	Mr. Vijay Shekhar Sharma	December 22, 2000	December 20, 2007	Appointment as the Managing Director
2.	Mr. Peeyush Kumar Aggarwal	February 26, 2004	August 8, 2007 ⁽¹⁾	Resignation
3.	Mr. Ajay Sharma	August 5, 2002	June 18, 2008	Automatic vacation under section 284 of the Companies Act.
4.	Mr. Adesh Jain	February 26, 2004	March 13, 2007	Resignation
5.	Mr. Ravi Chandra Adusumalli*	March 29, 2007	October 18, 2008	Resignation
6.	Mr. Vibhor Mehra*	March 29, 2007	Continuing	Appointment
7.	Mr. Rajiv Madhok**	November 21, 2007	Continuing	Appointment
8.	Mr. Atul Prakash Anand	June 4, 2009	March 2, 2010	Resignation

S. No.	Name	Date of Appointment	Date of Cessation/ change in designation	Reason
9.	Mr. Babar Ali Khan	October 18, 2008	September 1, 2009	Resignation
10.	Mr. Deep Kalra***	January 15, 2010	Continuing	Appointment
11.	Mr. Kunal Bajaj****	April 7, 2010	Continuing	Appointment
12.	Mr. P.N. Vijay*****	May 14, 2010	Continuing	Appointment
13.	Mr. Ghonasgi***** Rajesh	May 14, 2010	Continuing	Appointment

* appointed as additional Director pursuant to Board resolution dated March 29, 2007 and confirmed as Director pursuant to shareholders resolution dated September 29, 2007.

** appointed as additional Director pursuant to Board resolution dated November 21, 2007 and confirmed as Director pursuant to shareholders resolution dated September 30, 2008.

*** appointed as Additional Director pursuant to Board resolution dated January 15, 2010 and confirmed as Director pursuant to shareholders resolution dated September 29, 2010.

**** appointed as Additional Director pursuant to Board resolution dated April 7, 2010 and confirmed as Director pursuant to shareholders resolution dated September 29, 2010.

***** appointed as Additional Director pursuant to Board resolution dated May 14, 2010 and confirmed as Director pursuant to shareholders resolution dated September 29, 2010.

(1) the Board took note of the resignation vide resolution dated August 1, 2007.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon the listing of the Equity Shares with the Stock Exchanges. We believe we have complied with the requirements of corporate governance contained in the Listing Agreement, particularly those relating to composition of Board of Directors and constitution of committees such as Audit Committee, Shareholder/Investor Grievance Committee and the Remuneration Committee.

We have a Board constituted in compliance with the Companies Act and Listing Agreement with Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has seven (7) Directors, out of which four are Independent Directors.

Committees of the Board of Directors

The Company has constituted the following committees in compliance with corporate governance requirements:

Audit Committee

The audit committee was constituted by the Directors at their Board meeting held on May 14, 2010 (“**Audit Committee**”). The Audit Committee comprises:

Name of the Directors	Designation
Mr. P.N. Vijay	Chairman
Mr. Kunal Bajaj	Member
Mr. Vibhor Mehra	Member

Scope and terms of reference: The Audit Committee would *inter alia* perform the following functions with regard to accounts and financial management:

1. Oversight of our 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:

- 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;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
 6. 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.
 7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 8. 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.
 9. Discussion with internal auditors any significant findings and follow up there on.
 10. 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.
 11. 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.
 12. 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.
 13. To review the functioning of the ‘Whistle Blower’ mechanism, in case the same is existing.
 14. Carrying out any other functions which may be specified under amendments from time to time as per the Listing Agreement, the Companies Act and other applicable statutes.

Shareholders and Investors Grievance Committee

The shareholders and investors grievance committee was constituted by the Directors at Board meeting held on May 14, 2010 (“**Investor Grievance Committee**”). Our Company Secretary shall be the secretary to the Investor Grievance Committee. The Investor Grievance Committee comprises:

Name of the Directors	Designation
Mr. P.N.Vijay	Chairman
Mr. Kunal Bajaj	Member
Mr. Vibhor Mehra	Member

Scope and terms of reference:

The Investor Grievance Committee has been constituted to resolve promptly the complaints of shareholders’/investors like non-receipt of shares after allotment, non-receipt of declared dividends, non-receipt of balance sheet and their other related types of queries and the meetings of the Committee shall be held frequently to dispose off such complaints/queries, for which purpose it shall have the power to seek all information contained in the records of our Company and external professional advice, if necessary.

Other Committees

In addition to the above committees, our Board has also constituted the following committees:

1. Compensation/ Remuneration Committee; and
2. IPO Committee.

Compensation/ Remuneration Committee

The Compensation/ Remuneration committee was constituted by the Directors at Board meeting held on May 14, 2010 (“**Remuneration Committee**”). The Remuneration Committee comprises:

Name of the Directors	Designation
Mr. Deep Kalra	Chairman
Mr. Kunal Bajaj	Member
Mr. P.N. Vijay	Member
Mr. Vibhor Mehra	Member
Mr. Ash Lilani	Special Invitee

Scope and terms of reference:

The Compensation/ Remuneration Committee would perform the following functions with regard to our Company:

1. the quantum of the option to be granted under ESOP per employee;
2. the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
3. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
4. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
5. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
6. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others;
7. the grant, vest and exercise of option in case of employee who are on leave;
8. the procedure for cashless exercise of option;
9. to frame suitable policies to ensure that there is no violation of SEBI (Insider Trading) Regulations, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 1995 by an employee;
10. finalize the appointment, terms of engagements, remuneration payable by our Company to its chairman, chief financial officer, managing director, chief executive officer, chief operation officer or any other Director including the functional Directors from time to time keeping in view the provisions of the Companies Act, 1956 read with relative Schedules thereto and that such committee be and is hereby authorized to recommend to the Board such entitlements of remuneration; and
11. ensure proper compliance of the conditions precedent to appointment(s) and to generally to attend to all other formalities incidental to or connected with the payment of remuneration to Directors and or managerial person, to decide the revision in remuneration and payment of commission to them within the sanction of the shareholders.

IPO Committee

The IPO committee was constituted by the Directors at Board meeting held on May 14, 2010 (“**IPO Committee**”). The IPO Committee comprises:

Name of the Directors	Designation
Mr. Vijay Shekhar Sharma	Chairman
Mr. Vibhor Mehra	Member

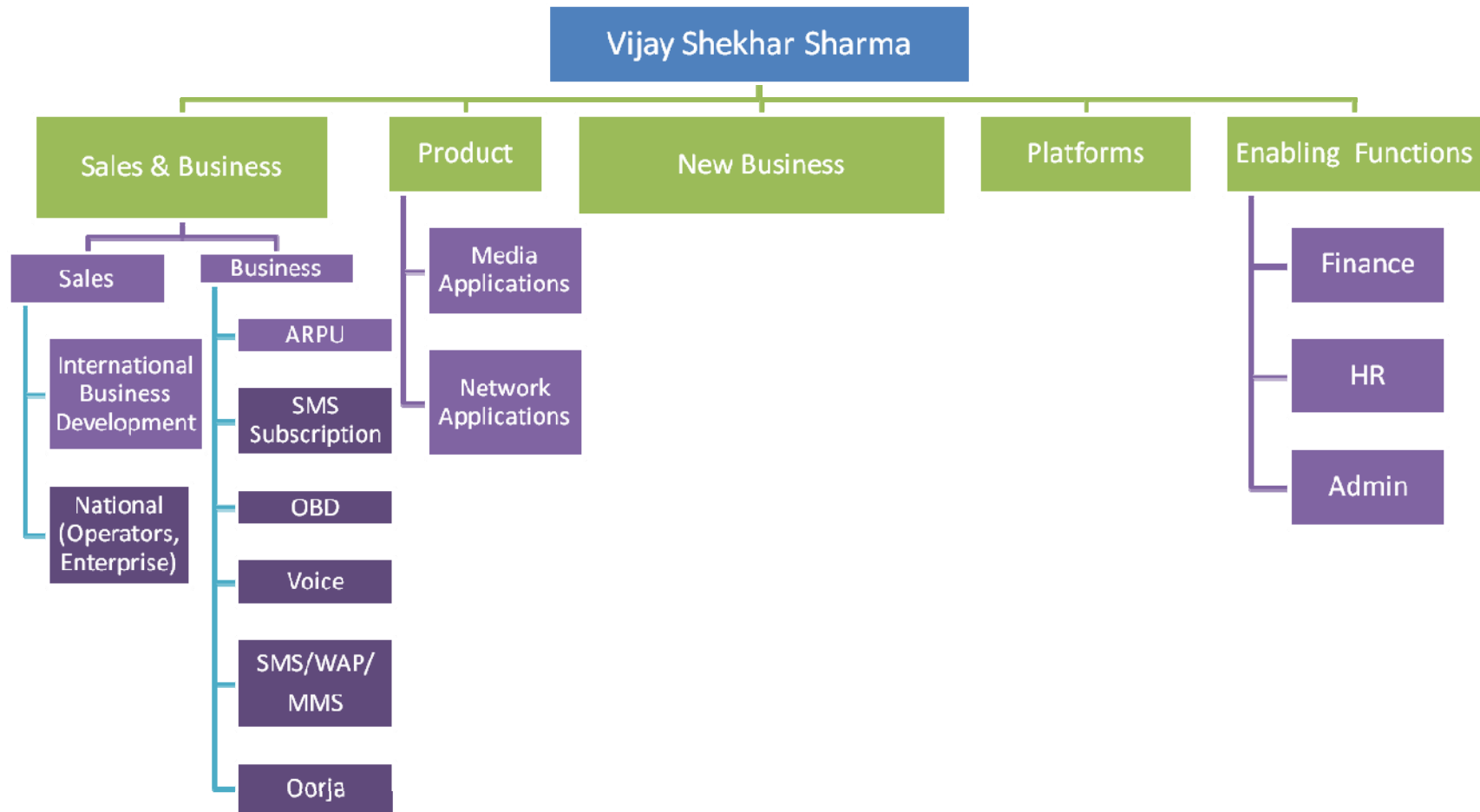
Our Company Secretary shall act as the secretary to this committee.

Scope and terms of reference: The committee shall have powers to:

- (a) finalize and approve all the matters and to take all decisions relating to the Issue;
- (b) to enter into various agreements and arrangements in relation thereto, including but not in any way limited to approve the offer documents;

- (c) appointment of Book Running Lead Managers, Registrars, Syndicate Members, Legal Advisors, Bankers, Underwriters and other kinds of intermediaries, filing of the Red Herring Prospectus/Red Herring Prospectus/ Prospectus with the SEBI, Stock Exchanges, Registrar of Companies and other statutory agencies;
- (d) finalizing the pricing, terms and conditions relating to the issue of the Equity Shares, including amendments or modifications thereto as may be deemed fit in the best interest of our Company;
- (e) to decide the Issue size, including revising it, to decide the Bid/ Issue Opening Date and the Bid/ Issue Closing Date for bidding;
- (f) to complete the post Issue formalities;
- (g) to settle any question, difficulties or doubts that may arise in regard to Issue or Allotment of such Equity Shares as it may in its absolute discretion think fit; and
- (h) authorize any Director or Directors of our Company or any other officer or officers of our Company for the said Issue whether by way of power of attorney or otherwise and to take all such decisions as are necessary in connection with implementation of the Issue.

Managerial Organizational Structure



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Key Managerial Personnel

All of our key managerial employees are permanent employees of our Company and none of them are related to each other or to any Director of our Company. Further none of our key managerial personnel were appointed as Directors or members of senior management pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Our key managerial personnel include the following:

Mr. Vikas Thapar, aged 43 years, is the Chief Financial Officer of our Company. He carries the overall responsibility for the finance, legal, secretarial and administration functions. He joined our company in May 2010. Vikas holds a Bachelors degree in Commerce from University of Delhi and is a member of the Institute of Chartered Accountants of India. Vikas brings with him 20 years of relevant post qualification experience. Prior to joining our company, he was associated with the Bharti Airtel Limited as Contoller, Finance. As he joined our Company in May 2010, his remuneration details for FY 2010 are not available.

Mr. Jessjeet Bhandari, aged 36 years is the Vice President (Sales). He is responsible for managing the sales and business of our Company. He has been associated with the Company since October 13, 2008. Mr. Bhandari holds a Bachelors degree in Commerce from University of Delhi and is an MBA in Marketing and Finance from Indian Institute of Planning and Management, Gurgaon. Prior to joining our Company, he was associated with IBM India Private Limited as Senior Manager (Sales). He received a remuneration of ₹ 2.91 million during FY 2010.

Mr. Nitin Bansal, aged 34 years, is the Vice President (Engineering). He is responsible for platform architecture and management. He has been associated with the Company since May 5, 2008. Mr. Bansal holds a Bachelors degree in Technology from Indian Institute of Technology, Delhi and Post Graduate in Software Enterprise Management from the Indian Institute of Management, Banagalore. Prior to joining our Company he was associated with Continuous Computing India Private Limited as Engineering Managers. He received a remuneration of ₹ 3.03 million during FY 2010.

Mr. Pushpinder Singh, aged 34 years, is the Associate Vice President (Sales). He is responsible for managing the sales and business of our Company. He has been associated with the Company since July 18, 2005. Mr. Singh holds a Bachelors degree in Electrical Engineering from Government College of Engineering, University of Pune and also holds a Post Graduate Diploma in Business Management from International Management Institute, New Delhi. Prior to joining our Company he was associated with Estel Technologies Private Limited as an Account Manager. He received a remuneration of ₹ 2.67 million during FY 2010.

Ms. Ritu Agarwal, aged 40 years, Associate Vice President (Finance), is responsible for managing the finance, accounts and taxation of the Company. She has been associated with the Company since April 25, 2006. She holds a Bachelors degree in Commerce from University of Lucknow and is a member of the Institute of Chartered Accountants of India since 1997. Prior to joining our Company she was associated with Bharti Airtel Limited as Assistant Manager. She received a remuneration of ₹ 1.77 million during FY 2010.

Mr. Abhay Sharma, aged 34 years is the General Manager (Sales). He is responsible for managing the sales of our Company. He has been associated with the Company since November 1, 2006. Mr. Sharma holds a Bachelors degree in Science from the University of Agra and is an MBA (International Business) from University of Lucknow. Prior to joining our Company he was associated with Syscom Corporation Limited as Manager (Sales and Marketing). He has received a remuneration of ₹ 1.53 million during FY 2010.

Mr. Sujit Kumar Mishra, aged 32 years, is the General Manager (Engineering). He is responsible for heading and managing development and delivery of products, services and solutions pertaining to media applications. He has been associated with the Company since March 18, 2009. Mr. Mishra holds a Bachelors degree in Engineering (Computer Science) from University of Bangalore. Prior to joining our Company, he was associated with Dilithium Networks Inc. as Senior PLM and Engineering Program Manager. He received a remuneration of ₹ 2.17 million during FY 2010.

Mr. Deepak Mittal, aged 32 years, is the Senior Solutions Architect. He is responsible for heading and managing development and delivery of products, services and solutions pertaining to network applications. He has been associated with the Company since September 11, 2007. He holds a Bachelors degree in Science

(Mathematics) and a Masters degree in Computer Administration, both from University Of Delhi. Prior to joining our Company he was associated with Flextronics Software Systems as Technical Leader. He received a remuneration of ₹ 3.51 million during the last fiscal.

Mr. Himank Jain, aged 36 years, is the General Manager (Sales). He is responsible for managing the sales and business of our Company. He has been associated with the Company since July 23, 2007. Mr. Jain holds a Bachelors degree in Electronics and is an MBA in Marketing from Kurukshetra University. Prior to joining the company he was associated with Computhink Inc. as Regional Manager (Sales). He has also been associated with Xerox Inc and Parsec Technologies handling sales and business development assignments in the Telecom and ITES verticals. He received a remuneration of ₹ 1.95 million during FY 2010.

Mr. Kiran Kalyan Vasireddy, aged 31 years, is the General Manager (Sales). He is responsible for managing the sales and business of our Company. He has been associated with the Company since August 31, 2009. Mr. Vasireddy holds a Bachelors degree in Engineering from University of Bombay and is an MBA from the University of Bedfordshire. Prior to joining our Company, he was associated with IBM India Private Limited as Regional Manager (Sales). He has also been associated with Comverse Networks as Account Manager. He received a remuneration of ₹ 1.46 million during FY 2010.

Ms. Renu Satti, aged 35 years, is the Senior Manager (Human Resources) of our Company. She is responsible for the managing activities pertaining to Human Resources. She joined our company in October 11, 2006. Renu holds a Bachelors degree in Commerce from University of Delhi and also Post Graduate Diploma in Business Administration from Symbiosis University. She has 10 years of experience. Prior to joining our company, she was associated with the Manpower Services India Private Limited as Assistant Manager. She received a remuneration of ₹ 1.14 million during FY 2010.

Mr. Vikas Dixit, aged 37 years, is General Manager (International Business) and has been working with us since April 1, 2008. During this time, his focus has primarily been on international markets, especially Asia and Africa. He has an experience of more than 10 years in telecom and ITES related business both in India and abroad. Mr. Dixit is an MBA in Finance from GSB, University of Canberra. He received a remuneration of ₹ 0.98 million during FY 2010.

Mr. Anand Shankar, aged 34 years, is the General Manager (Enterprise Sales). He is responsible for managing the sales and business of our Company. He has been associated with the Company since May 9, 2006. Mr. Shankar holds a Bachelors degree in History and is an MBA in International Business from Amity Business School. Prior to joining us, he was associated with Spectranet, a division of Punj Lyod as Regional Head (Sales). He has also been associated with Net4 and Polar Software for handling sales and business development assignments in the IT verticals. He received a remuneration of ₹ 1.87 million during FY 2010.

Mr. Naresh Yadav, aged 54 years, is the Vice President (Human Resources). He is responsible for managing the human resources related activities pertaining to our Company. He has been associated with the Company since June 9, 2010. Mr. Yadav holds a masters degree in Human Resource Management from University of Kurukshetra. Prior to joining us, he was associated with Polaris Software Labs Limited as the Vice President (Human Resources). Since Mr. Yadav joined us in June 2010, the details of his remuneration for FY 2010 are not available.

Shareholding of the Key Managerial Personnel

Except for 2,106 Equity Shares held by Ms. Ritu Agarwal, none of our key managerial personnel hold any Equity Shares. Further, some of our key managerial personnel hold ESOPs. For further details on the ESOPs granted to the key managerial personnel, see section titled “*Capital Structure - Employee Stock Option Scheme*” on page 68.

Bonus or profit sharing plan for the key managerial personnel

Other than the salary related performance bonus, there is no other bonus or profit sharing plan for the key managerial personnel. However the Company has an ESOP Scheme 2008 in place. For details of the ESOP Scheme 2008, see section titled “*Capital Structure*” on page 63.

Further, the terms of service of three of our key managerial personnel, Mr. Deepak Mittal, Mr. Jessjeet Bhandari and Mr. Sujit Kumar Mishra entitle them to a particular share in the revenues from the total sales of particular products and services achieved by them.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel in the three years prior to the date of filing this Red Herring Prospectus are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Himank Jain	July 23, 2007	Continuing	Appointment
Mr. Deepak Mittal	September 11, 2007	Continuing	Appointment
Mr. Vikas Dixit	April 1, 2008	Continuing	Appointment
Mr. Nitin Bansal	May 5, 2008	Continuing	Appointment
Mr. Jessjeet Bhandari	October 13, 2008	Continuing	Appointment
Mr. Sujit Kumar Mishra	March 18, 2009	Continuing	Appointment
Ms. Ritu Agarwal	August 26, 2009	Continuing	Appointment
Mr. Kiran Kalyan Vasireddy	August 31, 2009	Continuing	Appointment
Mr. Vikas Thapar	May 1, 2010	Continuing	Appointment
Mr. Naresh Yadav	June 9, 2010	Continuing	Appointment
Mr. Sanjay Singh	January 6, 2009	November 16, 2010	Resignation
Mr. Vineet Kaul	April 7, 2008	October 15, 2010	Resignation

Payment or benefit to officers of our Company

Our Company maintains a Group Mediclaim Insurance Policy and a Group Personal Accident Insurance Policy for employees. We also maintain a Directors and Officer Liability Policy and a Keyman Insurance Policy for our Promoter and Director, Mr. Vijay Shekhar Sharma.

The benefits under the Group Mediclaim policy are payable to the employees if they sustain any bodily injury resulting from accident caused by external violent and visible means. Similarly, the Group Personal Accident Insurance Policy covers the reimbursement of hospitalization expenses for illness, diseases or injuries sustained by the employees.

Moreover, the Director and Officers Liability Policy covers the Company and its Directors, officers and employees in respect of wrongful acts (which includes libel, slander, breach of duty etc.) and costs, charges and expenses (including interim payment of such costs, charges and expenses) reasonably incurred by such Directors, officers and employees, or by the Company on their behalf in relation to a claim (which includes proceedings for recovery of damages, criminal proceedings etc. against the directors, officers or employees).

OUR PROMOTER AND GROUP COMPANIES

Mr. Vijay Shekhar Sharma is the Promoter of our Company.

Mr. Vijay Shekhar Sharma



Identification Particulars	Details
Voter ID Number	NEC0033076
Driving License Number	C090755985/N/29/7/09
Address	57, First Floor, Hemkunt Colony, New Delhi - 110 048.

Mr. Vijay Shekhar Sharma, 32 years, is the Chairman and Managing Director of our Company. He is the founder and Promoter of our Company and has been on its Board since its incorporation. He holds a bachelors degree in Engineering from Delhi College of Engineering and has an experience of more than 10 years in the telecom VAS industry. He is currently responsible for the strategy and direction for our Company. For further details, see section titled “***Our Management- Brief Biographies of our Directors***” on page 135.

Our Company confirms that the PAN, bank account number and passport number of the Promoter will be submitted to the Stock Exchanges at the time of filing this Red Herring Prospectus with them.

Group Company

Aryan Ayurveda Private Limited is our Group Company by virtue of it being promoted by our Promoter, Mr. Vijay Shekhar Sharma.

Aryan Ayurveda Private Limited ("Aryan Ayurveda")

Aryan Ayurveda was incorporated on January 29, 2010 under Companies Act with the RoC. As per the objects clause of the memorandum of association, Aryan Ayurveda is *inter alia* permitted to carry on business of manufacturing and dealing in ayurvedic, allopathic and other kinds of drugs.

The shareholding pattern of Aryan Ayurveda is as follows:

S.No.	Name of the shareholder	No. of shares	Percentage of shareholding
1.	Mr. Vijay Shekhar Sharma	90,000	90.00
2.	Mr. S.P. Sharma	10,000	10.00
Total		100,000	100.00

Financial Performance

As Aryan Ayurveda was incorporated on January 29, 2010, its first financial year shall commence from January 2010 and end on March 31, 2011, as permitted under Section 210 (4) of the Companies Act. Accordingly the financials for Aryan Ayurveda are not available.

Aryan Ayurveda is neither a sick company under the meaning of SICA, nor is Aryan Ayurveda under any winding up proceedings. Further, Aryan Ayurveda does not have any business or other interest in the Company.

Board of Directors

The board of directors of Aryan Ayurveda comprises of Mr. Vijay Shekhar Sharma and Mr. Sulom Prakash Sharma.

Interests of our Promoter and Group Company

Our Promoter is interested in the Company to the extent of his shareholding in the Company. For details see the section titled ***“Capital Structure”*** on page 63. Our Promoter is also interested to extent of his being the Director of the Company. Our Promoter has also given personal guarantee with respect to a loan availed by the Company. For details see section titled ***“Financial Indebtedness”*** on page 277.

Our Promoter does not have any interest in any venture that is involved in any activities similar to those conducted by us.

Further our Promoter, Mr. Vijay Shekhar Sharma and our Group Company, Aryan Ayurveda, confirm that they have no interest in any property acquired by the Company during the last two years prior to the date of filing of this Red Herring Prospectus.

Payment or Benefits to the Promoter

Except as stated in the section titled ***“Related Party Transactions”*** on page 153, there has been no payment of benefits to the Promoter, Promoter Group or the Group Company during the last two years prior to the date of filing of this Red Herring Prospectus.

Other Confirmations

Our Promoter and Group Company confirm that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, neither our Promoter, Mr. Vijay Shekhar Sharma nor our Group Company, Aryan Ayurveda, have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Further no application has been made, in respect of our Group Company, to the Registrar of Companies for striking off its name. Additionally, our Group Company has not become defunct since its incorporation in 2010.

Litigation

For details relating to the legal proceeding involving our Promoter, see section titled ***“Outstanding Litigation and Material Developments”*** on page 280.

Disassociation by the Promoter in the last three years

Our Promoter has not disassociated from any company in the last three years.

RELATED PARTY TRANSACTIONS

For details on related party transactions of our company on a stand alone and consolidated basis, see the section titled “*Financial Information*” on page 155.

DIVIDEND POLICY

The declaration and payment of dividend on the Equity Shares will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividend. All dividend payments are made in cash to the shareholders of our Company. Our Company has not declared any dividends on Equity Shares since its incorporation.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION

RESTATED SUMMARY STATEMENTS FOR ONE 97 COMMUNICATIONS LIMITED

CONSOLIDATED RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2010, MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008 AND PROFIT AND LOSS AND CASH FLOW FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2010 AND YEARS ENDED MARCH 31, 2010, MARCH 31, 2009 AND MARCH 31, 2008, AS RESTATED (COLLECTIVELY REFERRED TO AS “CONSOLIDATED RESTATED SUMMARY STATEMENTS”)

AND

UNCONSOLIDATED RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2010, MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, MARCH 31, 2007 AND MARCH 31, 2006 AND PROFIT AND LOSS AND CASH FLOW FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2010 AND EACH OF THE YEARS ENDED MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, MARCH 31, 2007 AND MARCH 31, 2006, AS RESTATED (COLLECTIVELY REFERRED TO AS “UNCONSOLIDATED RESTATED SUMMARY STATEMENTS”)

Auditors’ Report as required by Part II of Schedule II to the Companies Act, 1956

The Board of Directors
One 97 Communications Limited
B 121, Sector 5
Noida- 201301
India

Dear Sirs,

1. We have examined the Consolidated Restated Summary Statements and Unconsolidated Restated Summary Statements (Collectively referred to as “Restated Summary Statements”) of One97 Communications Limited (the “Company”) annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (“IPO”). Such restated financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:
 - a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”);
 - b) the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “Regulations”) issued by the Securities and Exchange Board of India (“SEBI”) on August 26, 2009, as amended from time to time in pursuance of Section 30 of the Securities and Exchange Board of India Act, 1992;
2. We have examined such restated financial information taking into consideration:
 - a) the terms of reference received from the Company vide their letter dated August 14, 2010 requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO;
 - b) the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.

The Company proposes to make an IPO for the fresh issue of equity shares of Rs. 10 each at such premium, arrived at by the 100% book building process, as may be decided by the Board of Directors.

Financial information

3. We have examined the attached Consolidated Restated Summary Statements of:
 - assets and liabilities of the Group (the Company together with its subsidiaries Oorja Mobile Services

- Private Limited and PayTM Mobile Solutions Private Limited and its associate, Tencube Pte Limited) as at June 30, 2010, March 31, 2010, March 31, 2009 and March 31, 2008;
- profit and loss of the Group for the three months period ended June 30, 2010 and years ended March 31, 2010, March 31, 2009 and March 31, 2008; and
- cash flow of the Group for the for the three months period ended June 30, 2010 and years ended March 31, 2010, March 31, 2009 and March 31, 2008;

which have been prepared by the Company and approved by its Board of Directors (these statements are attached as Annexure I, II and III to this Report). These Consolidated Restated Summary Statements have been extracted by the management from the audited Consolidated Financial Statements of the Group for the respective period/years. Audit of the Consolidated Financial Statements for the year ended March 31, 2010 and March 31, 2009 and three month period ended June 30, 2010 was conducted by us and for the year ended March 31, 2008, the audit of the Consolidated Financial Statements was conducted by M/s D.G & Co. This report, in so far as it relates to the amounts included for the financial year ended March 31, 2008 is based on the Audited Financial Statements of the Company which were audited by M/s D.G & Co and whose auditors' report has been relied upon by us for the said year and accordingly, we do not accept any responsibility for the audit of the financial statements for the said year.

Further, for the purpose of audit of consolidated financial statements:

- For the three month period ended June 30, 2010, we did not audit the financial statements of Oorja Mobile Services Private Limited, PayTM Mobile Solutions Private Limited, subsidiaries and Tencube Pte Limited, Singapore, an associate, whose financial statements reflect total assets of Rs. 16,277,905, Rs. 644,367 and Rs 35,521,443 respectively as at June 30, 2010, the total revenue of Rs. 6,141,062, Rs Nil and Rs 8,310,106 respectively and cash flows/ (outflows) of Rs 20,011, Rs. 347,881 and Rs. (20,658,702) respectively for the period then ended. These financial statements and other financial information have been audited by M/s Indra D Narayan & Co, M/s D.G. & Co and M/s Casey Lin & Company respectively (collectively referred to as "Other auditors") whose reports have been furnished to us and our opinion is based solely on the report of other auditors.
- For the year ended March 31, 2010, we did not audit the financial statements of Oorja Mobile Services Private Limited, PayTM Mobile Solutions Private Limited, subsidiaries and Tencube Pte Limited, Singapore, an associate, whose financial statements reflect total assets of Rs. 11,698,960, Rs. 100,296 and Rs 38,578,145 respectively as at March 31, 2010, the total revenue of Rs. 15,459,799, Rs Nil and Rs 5,143,912 respectively and cash flows/ (outflows) of (Rs 1,836,806), Rs. 100,296 and Rs. 2,483,717 respectively for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- For the year ended March 31, 2009, we did not audit the financial statements of Oorja Mobile Services Private Limited, a subsidiary whose financial statements reflect total assets of Rs. 10,126,330 as at 31st March 2009, the total revenue of Rs. 3,959,577 and cash outflows amounting to Rs. 6,079,108 for the year then ended. These financial statements and other financial information have been audited by M/s Indra D Narayan & Co. whose report has been furnished to us, and our opinion is based solely on such report .

4. We have also examined the attached Unconsolidated Restated Summary Statements of:

- assets and liabilities of the Company as at June 30, 2010, March 31, 2010, 2009, 2008, 2007 and 2006;
- profit and loss of the Company for the three months period ended June 30, 2010 and each of the years ended March 31, 2010, 2009, 2008, 2007 and 2006; and
- cash flow of the Company for the three months period ended June 30, 2010 and each of the years ended March 31, 2010, 2009, 2008, 2007 and 2006;

which have been prepared by the Company and approved by its Board of Directors (these statements are attached as Annexure XV, XVI and XVII to this Report). These Unconsolidated Restated Summary Statements have been extracted by the management from the audited Financial Statements of the Company for the respective period/years. Audit of the Financial Statements for the year ended March 31, 2010 and March 31, 2009 and three month period ended June 30, 2010 was conducted by us and for the years ended March 31, 2008, 2007 and 2006, the audit of the Financial Statements was conducted by M/s D.G & Co . This report, in so far as it relates to the amounts included for the financial years ended March 31, 2008,

2007 and 2006 is based on the Audited Financial Statements of the Company which were audited by M/s D.G & Co and whose Auditors' report has been relied upon by us for the said years and accordingly, we do not accept any responsibility for the audit of the financial statements for the said years.

5. In accordance with the requirements of Paragraph B(1) of Part II of schedule II of the Act, 'the Regulations' and terms of our engagement agreed with you, we report that:

- a) The Consolidated Restated Summary Statements of the Group as at and for the year ended March 31, 2008 are based on the Audited Consolidated Financial Statements of the Group which were audited by M/s D.G & Co as referred to in paragraph 3 above and whose Auditors' report has been relied upon by us for the purpose of our examination report for the said years, and based on Audited Consolidated Financial Statements for the year ended March 31, 2010 and March 31, 2009 and three months period ended June 30, 2010 as audited by us. The Consolidated Restated Summary Statements are after making such adjustments and regroupings as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Consolidated Restated Summary Statement as set out in Annexure IV to the report.

Based on the above and also as per the reliance place by us on the Audited Consolidated Financial Statements of the Company which were audited by M/s D.G & Co and the Auditors reports for the year ended March 31, 2008, we confirm that:

- o the Consolidated Restated Summary Statements have been made after incorporating the impact arising on account of changes in accounting policies from those adopted by the Company for the three months period ended June 30, 2010, which have been adjusted with retrospective effect in the attached Consolidated Restated Summary Statements;
- o the Consolidated Restated Summary Statements have been made after incorporating the impact of adjustments for material amounts relating to previous years, which have been adjusted in the Consolidated Restated Summary Statements in the years to which they relate.
- o there are no extraordinary items, which need to be disclosed separately in the Consolidated Restated Summary Statements.
- o there are no qualifications in auditor's report requiring adjustments *other than the matters reported below, the effect of which on adjustments and the disclosures on the Consolidated Restated Summary Statements is not determinable.*

- For the three month period ended June 30, 2010

We draw attention to the qualification given by the auditors of Tencube Pte Limited in their audit report for the three month period ended June 30, 2010 referring to the predecessor auditor's qualification on certain vouchers and documents being misplaced or otherwise not available for verification in the earlier reported periods and the extent of inherent error in the current period financial statements not being determinable.

"We refer to the qualification raised for the financial year ended 31 December 2009, since the inherent error in 2009 entered into the determination of the results of operations for the period 2010, we are unable to determine whether any adjustment, if any, is necessary for the financial period ended 30 June, 2010 and its corresponding disclosures."

Accordingly, for the purposes of the consolidated financial statement of the Group as at and for the three month period ended June 30, 2010, we are unable to determine the corresponding impact of the above qualifications in the consolidated financial statement with respect to accounting for the share of profit in Tencube for the three month period ended June 30, 2010 as well as the carrying value of investments in associate and value of underlying goodwill as at that date

- For the year ended March 31, 2010

We draw attention to the qualification given by the auditors of Tencube Pte Limited in their audit report for the period ended March 31, 2010 referring to the predecessor auditor's qualification on

certain vouchers and documents being misplaced or otherwise not available for verification in the earlier reported periods and the extent of inherent error in the current period financial statements not being determinable.

“We refer to the qualification raised for the financial year ended 31 December 2009, since the inherent error in 2009 entered into the determination of the results of operations for the period 2010, we are unable to determine whether any adjustment, if any, is necessary for the financial period ended 31 March, 2010 and its corresponding disclosures.”

Accordingly, for the purposes of the consolidated financial statement of the Group as at and for the year ended March 31, 2010, we are unable to determine the corresponding impact of the above qualifications in the consolidated financial statement with respect to accounting for the share of profit in Tencube for the year ended March 31, 2010 as well as the carrying value of investments in associate and value of underlying goodwill as at that date.

Further our report on the Consolidated Financial Statements as at June 30, 2010 and the three month period ended June 30, 2010 had another qualification as mentioned below for which there is no corrective adjustment required to be made in the financial information

As more fully described in Note no 2(a) of Schedule 21 of the consolidated financial statement, as per the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, notified pursuant to Companies (Accounting Standards) Rules, 2006, (as amended), the interim financial statements should include comparative numbers for the profit and loss account and cash flows for the period from April 2009 to June 2009. However the Group has not presented the same. This does not have an effect on the profit and cash flows for the period and reserves at the end of the period.

- b) The Unconsolidated Restated Summary Statements of the Company as at and for the years ended March 31, 2008, 2007 and 2006 are based on the Audited Financial Statements of the Company which were audited by M/s D.G & Co as referred to in paragraph 4 above and whose auditors' report has been relied upon by us for the purpose of our examination report for the said years, and based on Audited Financial Statements for the year ended March 31, 2010 and March 31, 2009 and three months period ended June 30, 2010 as audited by us. The Unconsolidated Restated Summary Statements are after making such adjustments and regroupings as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Unconsolidated Restated Summary Statement as set out in Annexure XVIII to the report.

Based on the above and also as per the reliance place by us on the Audited Financial Statements of the Company which were audited by M/s D.G & Co and the Auditors reports for the years ended March 31, 2008, 2007 and 2006, we confirm that:

- o the Unconsolidated Restated Summary Statements have been made after incorporating the impact arising on account of changes in accounting policies from those adopted by the Company for the three months period ended June 30, 2010 which have been adjusted with retrospective effect in the attached Restated Summary Statements;
- o the Unconsolidated Restated Summary Statements have been made after incorporating the impact of adjustments for material amounts relating to previous years, which have been adjusted in the Unconsolidated Restated Summary Statements in the years to which they relate.
- o there are no extraordinary items, which need to be disclosed separately in the Unconsolidated Restated Summary Statements.
- o there are no qualifications in auditor's report requiring adjustments other than the matter reported below for which there is no corrective adjustment required to be made in the financial information

For the three month period ended June 30, 2010

As more fully described in Note no 2(a) of Schedule 20 of the financial statement, as per the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, notified pursuant to Companies (Accounting Standards) Rules, 2006, (as amended), the interim financial statements should

include comparative numbers for the profit and loss account and cash flows for the period from April 2009 to June 2009. However the Company has not presented the same. This does not have an effect on the profit and cash flows for the period and reserves at the end of the period.

Further, our report on the Unconsolidated Financial Statements as at March 31, 2009 and year ended March 31, 2009 included a Matter of Emphasis as discussed in paragraph 5c below, for which the corrective adjustment required to be made in the financial information is not ascertainable.

- c) The Matter of Emphasis in the Audit Reports on unconsolidated financial statements of the Company for the year ended March 31, 2009 are as follows:

For the year ended March 31, 2009

We noted that the Company availed certain services of purchase of services from a Private Limited Company in which one of the Directors was interested and also remuneration was paid to relatives of one of the Directors who were in employment with the Companies. Section 297 and 314 of the Companies Act requires such transactions to be pre approved from the Central Government. As at March 31, 2009, the Company was in the process of obtaining the said approvals and thus we reported that the ultimate outcome of the matter cannot be determined.

- d) Further, our reports on the audited unconsolidated financial statements for the year ended March 31, 2010 and March 31, 2009 included, as an annexure, a statement on certain matters specified in the Companies (Auditors Report) Order, 2003, and our reports on the said annexure to the unconsolidated financial statements were qualified as follows. These qualifications do not require any corrective adjustments in the financial statements:

For the year ended March 31, 2010

- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. *However, the internal control system for sale of services needs to be further strengthened to be commensurate with the size of the Company.* During the course of audit, we have not observed any continuing failure to correct major weakness in the internal control system of the Company in these areas.
- Undisputed statutory dues including income-tax, customs duty, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities *except for significant delays in deposit of service tax in a few cases.*

For the year ended March 31, 2009

- Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, custom duty, service tax and cess *have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.*
- *The Company does not have an internal audit system.* However, subsequent to the year end, the Company has appointed an external firm as internal auditors.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. *However, the internal control system for sale of services needs to be further strengthened to be commensurate with the size of the Company. Further the Company does not have a formal agreement for an arrangement with one of its customers. In our opinion, this is a continuing failure to correct major weakness in the internal control system.* However, subsequent to year end, the Company, through electronic exchange of communication, has obtained confirmation of amounts due from the said customer.
- The internal control system for sale of services needs to be further strengthened to be commensurate with the size of the Company and the nature of its business. *Further the Company does not have a*

formal agreement for an arrangement with one of its customers.

6. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2010. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to June 30, 2010.

Other Financial Information:

7. A) At the Company's request, we have also examined the following financial information of the Company pertaining to consolidated financial statements proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the three months ended June 30, 2010 and for the financial years ended March 31, 2010, March 31, 2009 and March 31, 2008. In respect of the financial year ended March 31, 2008, this information has been included based on the Audited Consolidated Financial statements of the Group which were audited by M/s D.G & Co and whose Auditors' reports have been relied upon by us for the said years:

- a) Details of Other Income, as appearing in Annexure V;
- b) Capitalization Statement, as appearing in Annexure VI;
- c) Details of Secured and Unsecured Loans, as appearing in Annexure VII;
- d) Details of Investments as appearing in Annexure VIII;
- e) Details of Sundry Debtors as appearing in Annexure IX;
- f) Details of Other Current Assets as appearing in Annexure X;
- g) Details of Loans and Advances as appearing in Annexure XI;
- h) Statement of Accounting Ratios, as appearing in Annexure XII;
- i) Details of Rates of Dividend and dividend paid/proposed, as appearing in Annexure XIII; and
- j) Details of the Related Parties and transactions with them, as appearing in Annexure XIV

8. In our opinion, the "Other financial information" as disclosed in the Annexures to this report as referred to above, read with respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV, and also as per the reliance placed by us on the Audited Consolidated Financial Statements of the Group and on the Auditors' reports for the year ended March 31 2008 which were audited by previous auditor M/s D.G & Co , as stated above, and prepared after making the adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and the Regulations.

9. A) At the Company's request, we have also examined the following financial information of the Company pertaining to unconsolidated financial statements proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the three months ended June 30, 2010 and for the financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006. In respect of the financial years ended March 31, 2008, 2007 and 2006, this information has been included based on the Audited Financial statements of the Company which were audited by M/s D.G & Co and whose Auditors' reports have been relied upon by us for the said years:

- a) Details of Other Income, as appearing in Annexure XIX;
- b) Capitalization Statement, as appearing in Annexure XX;
- c) Details of Secured and Unsecured Loans, as appearing in Annexure XXI;
- d) Details of Investments as appearing in Annexure XXII;
- e) Details of Sundry Debtors as appearing in Annexure XXIII;
- f) Details of Other Current Assets as appearing in Annexure XXIV;
- g) Details of Loans and Advances as appearing in Annexure XXV;
- h) Statement of Tax Shelters, as appearing in Annexure XXVI;
- i) Statement of Accounting Ratios, as appearing in Annexure XXVII;
- j) Details of Rates of Dividend and dividend paid/proposed, as appearing in Annexure XXVIII; and
- k) Details of the Related Parties and transactions with them, as appearing in Annexure XXIX

B) The provisions of Accounting Standard 18 on 'Related Parties' for disclosures on the names of related parties and the transactions entered with them was applicable to the Company with effect from the accounting period beginning on or after December 7, 2006 and was thus applicable with effect from year

ended March 31, 2008. However, the disclosures were presented by the Company for the first time in the financial statements for the year ended March 31, 2009 along with comparative information for the year ended March 31, 2008. Accordingly, the audited financial statements for the year ended March 31, 2007 and 2006 (Prior Years) did not include such disclosures. For the purposes of including such disclosures under Annexure XIX relevant to the prior years, the management has obtained certificate from M/s D.G & Co , the then auditors on the completeness and accuracy of the Related Party Disclosure. This report, in so far as it relates to the related party disclosures included for the financial years ended March 31, 2007 and March 31, 2006, is based on the certificate from M/s D.G & Co and whose certificate has been relied upon by us for the said years and accordingly, we do not accept any responsibility for the related party disclosures pertaining to the prior years.

10. In our opinion, the “Other financial information” as disclosed in the Annexures to this report as referred to above, read with respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure XVIII, and also as per the reliance placed by us on the Audited Financial Statements of the Company and on the Auditors’ reports for the years ended March 31 2008, 2007 and 2006, which were audited by M/s D.G & Co and reliance placed by us on the previous auditors certificate on related parties as discussed in paragraph 9B above, and prepared after making the adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and the Regulations.
11. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co.
Firm registration no: 301003E
Chartered Accountants

per Yogender Seth
Partner
Membership No. 94524

Place: Gurgaon, India
Date: October 8, 2010

RESTATED CONSOLIDATED FINANCIAL INFORMATION FOR ONE 97 COMMUNICATIONS LIMITED

RESTATED CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF JUNE 30, 2010, MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, PROFIT AND LOSS FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2010, YEAR ENDED MARCH 31, 2010, MARCH 31, 2009 AND MARCH 31, 2008 AND CASH FLOW FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2010 AND YEARS ENDED MARCH 31, 2010, MARCH 31, 2009 AND MARCH 31, 2008.

ANNEXURE- I

RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Amount in Rupees)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
(I) Fixed Assets				
Gross block	75,60,57,879	71,47,91,268	51,98,94,723	28,90,08,558
Less : Accumulated Depreciation	37,52,08,186	34,33,06,640	19,05,52,189	10,22,22,001
Net block	38,08,49,693	37,14,84,628	32,93,42,534	18,67,86,557
Capital Work-in-progress including Capital Advances	4,75,22,060	6,98,63,070	3,06,19,271	12,81,000
	42,83,71,753	44,13,47,698	35,99,61,805	18,80,67,557
(II) Intangibles (net of amortisation and including expenditure on software during development stage and capital advance)	13,99,53,502	13,91,62,732	11,20,64,410	19,96,16,942
(III) Goodwill on Consolidation	48,19,762	48,19,762	48,19,762	48,19,762
(IV) Investments	8,87,94,277	8,92,52,000	-	-
(V) Current Assets, Loans and Advances				
Contract Work in progress	42,53,820	42,53,820	42,53,820	-
Sundry Debtors	36,89,25,597	46,09,50,654	34,64,58,616	19,69,34,375
Cash and Bank Balances	30,08,15,230	27,14,98,988	41,81,14,443	12,88,09,666
Other Current Assets	22,25,22,390	6,61,26,550	72,22,851	20,73,349
Loans and Advances	32,98,70,452	33,91,12,549	28,46,14,651	8,11,88,033
	1,22,63,87,489	1,14,19,42,561	1,06,06,64,381	40,90,05,423
(VI) Liabilities & Provisions				
Secured loans	36,00,585	12,73,545	4,63,436	1,70,91,706
Unsecured Loans	-	-	-	1,200
Current liabilities	24,07,93,118	27,63,68,434	29,04,32,604	7,33,63,694
Provisions	19,31,27,604	15,11,54,343	6,36,16,775	1,84,30,542
	43,75,21,307	42,87,96,322	35,45,12,815	10,88,87,142
(VII) Minority Interest	34,12,779	19,67,573	27,81,744	38,74,130
(VIII) Deferred Tax Liabilities (Net)	3,89,89,829	4,34,48,004	2,95,19,257	5,50,87,960

Net Worth (I+II+III+IV+V-VI-VII-VIII)	1,40,84,02,868	1,34,23,12,854	1,15,06,96,542	63,36,60,452
Net Worth Represented by:				
(IX) Share Capital				
-Equity Shares	22,83,52,160	22,83,25,090	22,83,25,090	18,89,42,420
-Preference Shares	48,00,00,054	48,00,00,054	48,00,00,054	1,00,63,480
(X) Reserves and Surplus				
-Securities Premium Account	33,39,68,468	33,36,54,456	33,36,54,456	35,64,65,712
-Surplus in Profit and Loss Account	32,60,12,152	26,13,32,697	9,95,59,415	7,81,88,840
(XI) ESOP Outstanding	4,00,70,034	3,90,00,557	91,57,527	-
Net Worth (IX+X+XI)	1,40,84,02,868	1,34,23,12,854	1,15,06,96,542	63,36,60,452

Note:

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flow of the Group, as restated appearing in Annexure IV.

As per our report of even date

For S.R. Batliboi & Co.
Firm registration no. 301003E
Chartered Accountants

For and on behalf of Board of Directors of
One 97 Communications Limited

per Yogender Seth

Partner

Membership No : 94524

Place: Gurgaon, India

Date: October 8, 2010

Vijay
Shekhar
Sharma
Managing
Director

Vikas Thapar

Chief
Financial
Officer

Rajiv
Madhok

Director

Akhil
Chadha
Company
Secretary

ANNEXURE- II

RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Amount in Rupees)

Particulars	For the period ended	For the year ended		
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
INCOME				
- Sale of Services	35,62,58,876	1,14,65,13,313	80,01,14,336	39,50,32,629
- Sale of products	-	1,31,33,800	-	56,71,000
Other Income	49,65,663	3,08,65,018	1,38,58,014	70,11,146
Total Income	36,12,24,539	1,19,05,12,131	81,39,72,350	40,77,14,775
EXPENDITURE				
Cost of goods Sold	-	31,90,696	-	13,07,347
Connectivity and Content Expenses	4,35,69,120	14,27,11,969	8,42,00,668	3,59,77,074
Personnel Expenses	11,57,19,649	41,26,02,118	20,84,06,081	7,35,81,673
Operating and Other Expenses	5,62,16,647	17,35,71,220	21,23,12,059	9,32,75,999
Depreciation	3,53,88,991	15,30,08,722	11,13,41,880	6,33,06,631
Amortisation	1,07,88,304	4,52,12,899	5,93,74,280	4,50,64,837
Intangible Assets Written Off/Impaired	-	-	11,11,61,878	-
Financial Expenses				
- Bank charges	51,249	2,73,507	6,50,464	4,98,751
- Interest Expenses	69,247	18,11,353	28,17,227	43,37,683
Total Expenditure	26,18,03,207	93,23,82,484	79,02,64,537	31,73,49,995
Profit before Tax	9,94,21,332	25,81,29,647	2,37,07,813	9,03,64,780
Current Income Tax	3,70,89,408	8,37,46,781	4,01,27,766	-
Provision for Minimum Alternative Tax (MAT)	-	-	-	1,08,30,943
MAT Credit Entitlement	-	-	(1,41,41,451)	-
Fringe Benefit Tax	-	-	30,10,473	19,97,948
Deferred Tax Charge/ (Credit)	(44,58,175)	1,39,28,747	(2,55,68,702)	3,31,96,030
Profit after Tax before Minority Interest and Share of Loss from Associate	6,67,90,099	16,04,54,119	2,02,79,727	4,43,39,859
Minority Interest in subsidiary's (loss) / profit	14,45,206	(8,14,181)	(10,92,386)	(2,41,357)
(Loss) / profit from Associate, equity accounted	(6,65,438)	5,10,599	-	-
Net Profit after Tax as restated	6,46,79,455	16,17,78,899	2,13,72,113	4,45,81,216
Balance brought forward from previous year/period as restated	26,13,32,697	9,95,59,415	7,81,88,840	3,36,07,624

Profit Available For Appropriation	32,60,12,152	26,13,38,314	9,95,60,953	7,81,88,840
Dividend on Preference Shares	-	4,801	1,315	-
Dividend Tax on Preference Shares	-	816	223	-
Surplus Carried to Balance Sheet	32,60,12,152	26,13,32,697	9,95,59,415	7,81,88,840

Note:

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flow of the Group, as restated appearing in Annexure IV

As per our report of even date

For S.R. Batliboi & Co.
Firm registration no. 301003E
Chartered Accountants

per Yogender Seth
Partner
Membership No : 94524

For and on behalf of Board of Directors of
One 97 Communications Limited

Vijay Shekhar
Sharma
Managing
Director

Rajiv Madhok
Director

Place: Gurgaon, India
Date: October 8, 2010

Vikas Thapar
Chief Financial
Officer

Akhil Chadha
Company
Secretary

ANNEXURE- III

RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(Amount in Rupees)

Particulars	For the period ended	For the year ended	For the year ended	For the year ended
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
A. Cash Flow From Operating Activities				
- Net Profit before tax as restated	9,94,21,332	25,81,29,647	2,37,07,813	9,03,64,780
Adjustments for :				
- Interest Expenses	75,328	18,13,368	28,17,227	43,37,683
- Provision for Doubtful Debts	32,41,298	1,53,00,000	1,64,78,435	-
- Provision for Rent Equalisation	11,11,321	44,45,280	22,22,640	-
- Interest Income	(40,26,539)	(3,00,88,190)	(1,35,52,549)	(65,82,847)
- Depreciation	3,53,88,991	15,30,08,722	11,13,41,880	6,33,06,631
- Amortisation	1,07,88,305	4,52,12,899	5,93,74,280	4,50,64,837
- Provision for Gratuity	25,81,076	30,44,075	14,06,890	5,46,028
- Provision for Leave Encashment	23,02,777	33,14,726	14,66,184	9,40,000
- Employee Stock Option Expense	13,60,050	2,98,43,030	91,57,527	-
- Intangible assets Written Off / Impaired	-	-	11,11,61,878	-
- Fixed Assets Written Off	-	2,55,946	67,90,123	-
- Loss on Sale of Fixed Assets	6,53,363	4,390	8,05,932	-
- Unrealised Forex (Gain)/ loss	(1,15,665)	(2,01,961)	10,18,013	(12,056)
- Security Deposit Written Off	-	55,500	38,08,946	-
- Dividend Income from Mutual Fund Investments	(2,07,715)	(51,520)	-	-
- Profit on sale of Mutual Fund Investments	-	(1,40,046)	-	-
Operating Profit before Working Capital Changes	15,25,73,922	48,39,45,866	33,80,05,219	19,79,65,056
Movements in working capital:				
- (Increase)/Decrease in Sundry Debtors	8,88,79,735	(12,86,94,855)	(16,60,02,677)	(12,97,18,387)
- (Increase)/Decrease in Other Current Assets	(16,27,93,554)	3,94,46,462	(11,77,980)	-
- (Increase)/ Decrease in Loans and Advances	3,34,39,955	(5,55,77,865)	(11,72,57,680)	8,31,91,287
- Increase/ (Decrease) in Current Liabilities and Provisions	(1,09,97,574)	79,98,447	16,85,66,956	4,13,11,545
Cash Generated from Operations	10,11,02,484	34,71,18,055	22,21,33,838	19,27,49,501
- Tax outflow/(inflow)	2,41,95,798	11,13,57,356	7,97,20,628	2,93,16,605
Net Cash generated from/(used in) Operating Activities	7,69,06,686	23,57,60,699	14,24,13,210	16,34,32,896
B. Cash Flow From Investing Activities				
- Purchase of Tangible Assets	(4,75,61,372)	(24,59,72,363)	(24,68,15,631)	(15,24,86,304)

	- Purchase of Intangible Assets	(1,31,54,542)	(7,40,40,422)	(8,40,59,365)	(5,59,57,931)
	- Proceeds from Sale of Fixed Assets	3,41,581	5,85,635	23,02,222	11,32,808
	- Investments in Associates	-	(3,37,00,000)	-	-
	- Payment for acquisition of subsidiary (Refer Note 3)	-	-	-	(98,49,710)
	- Cash and Cash equivalents in subsidiary's financial statements as on the date of acquisition	-	-	-	94,56,633
	- Purchase of Mutual Fund	(2,07,715)	(24,40,74,917)	-	-
	- Proceeds from Sale of Mutual Fund Investments	-	18,91,73,562	-	-
	- Dividend Income from Mutual Fund	2,07,715	51,520	-	-
	- Financials income on Fixed Deposits	1,04,24,252	2,67,62,356	84,03,047	50,91,756
	- In Deposit with maturity of more than 3 months	(2,89,00,000)	18,35,91,285	(38,27,42,000)	-
	Net cash generated from/(used in) investing activities	(7,88,50,081)	(19,76,23,344)	(70,29,11,727)	(20,26,12,748)
C.	Cash Flow From Financing Activities				
	- Proceeds from issue of Share Capital	50,509	-	49,92,55,764	9,82,69,882
	- Share Issue Expenses	-	-	(1,27,47,776)	-
	- Share application money received	11,536	-	-	-
	- Proceeds from Long Term Borrowings	-	16,00,000	-	-
	- Proceeds from/ Repayment of Short Term Borrowings (net)	25,30,000	(7,89,891)	(1,200)	-
	- Repayment of Long Term Borrowings	(2,02,960)	-	(1,66,28,270)	(2,77,89,647)
	- Payment of dividend	-	(1,538)	-	-
	- Interest Expenses	(75,328)	(18,13,358)	(28,17,227)	(43,37,682)
	Net cash generated from/(used in) Financing Activities	23,13,757	(10,04,787)	46,70,61,291	6,61,42,553
D.	Net Increase (decrease) in Cash and Cash Equivalents (A+B+C)	3,70,362	3,71,32,568	(9,34,37,226)	2,69,62,701
	Cash & Cash equivalents at the beginning of the period	5,78,18,563	2,08,42,733	11,42,79,959	8,73,17,258
	Cash & Cash Equivalents at the end of the period	5,81,88,925	5,79,75,301	2,08,42,733	11,42,79,959
	Components of Cash and Cash Equivalents				
	Cash in hand	8,96,676	2,69,234	5,50,947	2,14,266
	Balances with scheduled banks:				
	- On Current Accounts	1,36,53,612	2,02,06,164	62,37,297	5,40,59,693
	- On Fixed Deposit Accounts	23,10,00,000	20,23,00,000	38,09,61,979	6,00,06,000
	- On Fixed Deposit Account (under lien)	1,14,55,425	1,12,55,425	1,59,84,731	1,41,04,707
	- On Margin Money Accounts (under lien)	1,25,000	1,25,000	3,25,000	4,25,000
	- Cash Credit Accounts	4,01,99,232	3,51,57,522	1,40,54,489	-
	Balances with other banks:				

- On Current Accounts	34,85,285	21,85,643	-	-
- Total	30,08,15,230	27,14,98,988	41,81,14,443	12,88,09,666
- Less:				
- In Deposit with maturity of more than 3 months	(24,25,80,425)	(21,36,80,425)	(39,72,71,710)	(1,45,29,707)
Add :	5,82,34,805	5,78,18,563	2,08,42,733	11,42,79,959
- Effect of exchange difference on bank balance held in foreign currency	(45,880)	1,56,738	-	-
Grand Total	5,81,88,925	5,79,75,301	2,08,42,733	11,42,79,959

NOTES:

- 1) Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard -3 on Cash Flow Statements as notified by Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flow of the Group, as restated appearing in Annexure IV.
- 3) During the year ended March 31, 2008, the Company had acquired 'Oorja Mobile Services Pvt Ltd' for a consideration of Rs. 9,849,710 which had been paid in the same year.
- 4) Balance with other banks are available for use within the respective countries.

As per our report of even date

For S.R. Batliboi & Co.
Firm registration no. 301003E
Chartered Accountants

For and on behalf of Board of Directors of
One 97 Communications Limited

per Yogender Seth
Partner
Membership No : 94524

Vijay Shekhar
Sharma
Managing
Director

Rajiv Madhok
Director

Place: Gurgaon, India
Date: October 8, 2010

Vikas Thapar
Chief
Financial
Officer

Akhil Chadha
Company
Secretary

ANNEXURE IV: NOTES TO THE RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOW, AS RESTATED, FOR ONE97 COMMUNICATIONS LIMITED

1. Background

- a) One97 Communications Limited (the “Company” or the “Parent Company”) was incorporated in the year 2000 and is in the business of providing various Value Added Services (VAS) primarily using voice and messaging platforms to the telecom operators and enterprise customers. The Company has two subsidiaries, namely Oorja Mobile Services Pvt. Ltd (‘Oorja’). and PayTM Mobile Solutions Pvt. Ltd (‘PayTM’) (together called as “Group”) and an associate Tencube Pte Ltd (‘Tencube’). Oorja is in the business of providing value added services (VAS) to telecom operators and mobile advertising business. PayTM is in services of payment through mobile services by using mobile VAS platform. Tencube is in the business of development and supply of mobile security solutions. On May 11, 2010, the Company converted to a Public Limited Company and changed its name from One 97 Communications Private Limited to One 97 Communications Limited, the change being effective from May 12, 2010.
- b) The Company did not have any subsidiary or an associate as at March 31, 2007 and accordingly the first set of Restated Consolidated Financial Statements have been prepared for the year ended March 31, 2008. The Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at June 30, 2010, March 31, 2010, March 31, 2009, March 31, 2008, and the related Restated Consolidated Summary Statement of Profit and Loss and Cash Flow for the three months period ended June 30, 2010, years ended March 31, 2010, March 31, 2009 and March 31, 2008 (hereinafter collectively referred to as “Restated Consolidated Summary Statements”) relate to the Group have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with proposed Initial Public Offering (‘IPO’) of its equity shares.

These Restated Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2009 (“the SEBI Guidelines”) issued by SEBI on September 3, 2009 as amended from time to time.

2. Statement of Significant Accounting Policies adopted by the Group in the preparation of financial statements as at and for the three-months period ended June 30, 2010

a) Basis of preparation

The Restated Consolidated Summary Statements have been prepared by applying the necessary adjustments to the Consolidated Financial Statements of the Group. The consolidated financial statements are prepared under historical cost convention, on accrual basis of accounting in accordance with the Companies Act, 1956 and the accounting principles generally accepted in India (‘Indian GAAP’) and comply in all material respects with the accounting standards notified by Companies Accounting Standards (Rules), 2006 (as amended), to the extent applicable. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (AS) 21, Consolidated financial statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India as notified by the Companies Accounting Standards Rules, 2006 (as amended). The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The Subsidiaries and associate included in the consolidated financial statements are as under:-

Name of the Company	Country of Incorporation	Relationship	Proportion of ownership as at June 30, 2010 (%)	Date of acquisition/ Incorporation
Oorja Mobile Services Private Limited.	India	Subsidiary	54.99	February 15, 2008
PayTM Mobile Solutions Private Limited	India	Subsidiary	99.99	November 16, 2009
Tencube Pte Limited	Singapore	Associate	21.28	December 26, 2009

b) The consolidated financial statements are prepared on the following basis:

- i) Subsidiary companies are consolidated on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all intra group balances or transactions and also the unrealized profit or losses except where cost cannot be recovered. The results of operations of subsidiaries are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
- ii) Associate company has been consolidated on the basis of equity method of accounting. Goodwill arising on the acquisition of an associate is included in the carrying amount of investment in the associate and is disclosed separately. Unrealised profits and losses resulting from transactions between the Parent company, subsidiaries and the associate are eliminated to the extent of the investor's interest in the associate.
- iii) Minority interest in the net profit/(loss) of the subsidiary for the period is identified and adjusted against the income/(loss) in order to arrive at the net income attributable to the shareholders of the group. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of contractual obligation on the minorities, the same is accounted for by the Parent company.
- iv) Goodwill represents the cost to the Parent Company of its investment in subsidiaries over the Parent Company's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made. The same is tested for impairment at the end of each year and is not amortised.
- v) Consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Parent Company's stand alone financial statements other than for associate as discussed in note no 3 (iii) below.
- vi) The financial statements of subsidiaries and associate used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company.

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

d) Fixed Assets

Tangible assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for

its intended use

Intangible assets

i) Internally generated software

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

ii) Software

Software and licenses acquired are recorded at consideration paid for acquisition

e) Depreciation

Depreciation is provided using the Written Down Value Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, however, managements estimates of useful life are as envisaged in Schedule XIV of the Companies Act, 1956.

Fixed Assets costing up to Rs. 5,000 are being fully depreciated in the year of acquisition.

Leasehold Improvements are depreciated over lower of the period of the lease and useful life.

f) Amortisation

Internally generated software is amortised @16.21% per annum on a Straight Line Basis.

Other Software and licenses acquired are amortised over the estimated useful life at the rate of 40% on written down value method.

g) Impairment

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

h) Leases

Where the Group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of asset

over the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Income from services

Revenue from service transactions is recognised as and when services are rendered as per the terms of the agreement with customers. Revenues are disclosed net of the service tax charged on such services. In terms of the contract, excess of revenue over the billed at the period end is carried in the financial statement as unbilled revenue.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenues are disclosed net of the service tax and VAT charged on such sale of goods.

Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date.

k) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Transactions denominated in foreign currencies are recorded in the reporting currency at exchange rate prevailing at the date of transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the Group entity's monetary items at rates different from those at which they were initially recorded during the period/year, or reported in previous financial statements, are recognised as income or as expenses in the period/year in which they arise except those arising from investments in non integral operations.

(iv) Accounting for foreign operations

A foreign operation which is integral to the operations of the Group is translated using the same procedure mentioned above as if the transactions were entered into by the Group on its own.

l) Retirement and other employee benefits

- i) Retirement benefit in the form of Provident Fund is defined contribution scheme and the contribution is charged to the Profit and Loss Account of the period/year when the contribution to the fund is due. There are no other obligations of the Company other than the contribution to the fund. The provisions of Provident Fund are not applicable to the subsidiaries of the Company.
- ii) Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method.
- iii) Short term compensated absences are provided for on the basis of estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

m) Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where any of the Group's entity has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the respective group entities re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The respective group entities writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the respective group entities will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The respective group entities review the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that respective group entity will pay normal Income Tax during the specified period.

n) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a graded vesting method.

o) Earnings/(loss) Per Share

Basic earnings/(loss) are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(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.

p) Provision

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

q) Segment Reporting

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Inter segment Transfers:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. About the Group

- i) The Parent Company on February 15, 2008 invested Rs. 9,849,710 for obtaining 54.99% stake in Oorja. The net assets of Oorja as at the date of acquisition amounted to Rs 9,145,434 resulting in Goodwill of Rs 4,819,762 on consolidation

Particulars		Amount (in Rs)
Purchase consideration		9,849,710
Net assets taken over		
Share Capital	222,220	
Security Premium	9,727,490	
Accumulated losses	(804,276)	
	9,145,434	
Parent Company's share in Net assets @ 54.99%		5,029,948
Goodwill		4,819,762

Management attributes goodwill to the future economic benefits and accordingly does not consider there to be any impairment.

- ii) During the year ended March 31, 2010, the Parent Company incorporated PayTM Mobile Solutions Private Limited for mobile payment gateway business, hence there is no goodwill arising on consolidation of PayTM.
- iii) During the year ended March 31, 2010, the Parent Company has invested Rs 33,700,000 in Tencube Pte Limited ('Tencube'), a Singapore based company. The investment is towards 1,000,000 Redeemable Convertible Preference Shares of SGD 1 each. These shares are redeemable at any time of occurrence of event of default defined as insolvency or any material breach of conditions, at sum equivalent to the issue price together with a compounded annual return of 8% and all accrued dividends till that date. Also, these preference shares are convertible into equity shares, at any point of time by virtue of 51% of such Preference shareholders giving a notice of conversion to the Tencube, which would entitle the preference shareholders a right of 21.28% of the issued and paid up share capital of the Tencube at that date. The preference shareholders also have a voting right at the general meetings of the Tencube to the extent of above 21.28% on a fully dilutive basis. The Preference shares carry a right of fixed and non-cumulative dividend rate of 5% per annum more than the highest dividend declared over the ordinary shares, and such dividends to be paid in preference to any dividend declared on ordinary shareholders. Further in case of liquidation, the holder of such preference shares will have a liquidation preference over the other shareholders of the Tencube for the original issue price and 8% per annum return together with all declared and unpaid dividends.

Given the terms of Preference shares as above, the investment has been considered as investment in an Associate and accounted for in line with the requirement of Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements. The details of the investment in associate made by the Parent Company are as follows.

(Amounts in Rs)

1	2	3	4	5	6	7	8
Name of Associate	Country of Incorporation	Principal Activities	Ownership Interest and voting power	Original cost of investments	Amount of Goodwill included in original cost	Accumulated Profit / (Loss) at the period end	Carrying amount of Investments at the period end
Tencube Pte.Ltd.	Singapore	Software Development for Mobile Devices	21.28%	33,700,000	26,030,610	(154,839)	33,545,161

The accounting policies followed by Tencube are similar to the Parent Company other than for depreciation. Tencube provides depreciation on its assets using straight line method over the useful life of the assets whereas the Group provides depreciation on Written down value method. No adjustment to the carrying amount of investment has been made in this regard as the management does not consider determining the impact to be practical and material.

As at June 30, 2010, the networth of Tencube is 77% eroded. On July 29, 2010 the Company alongwith other shareholders of Tencube have entered into a Stock Purchase Agreement with a McAfee (Singapore) Limited to offer the shares held in Tencube for sale for a total acquisition price of USD 9,500,000. The Company received its proportionate share of the consideration on August 31, 2010 which is higher than its cost of acquisition of the investment. The said event does not relate to conditions existing at the balance sheet date i.e June 30, 2010 and hence treated as a non adjusting event and accordingly investments continue to be disclosed as long term investments. Basis the valuation of Tencube under such arrangement, the Company does not consider need for impairment of goodwill.

4. Material Adjustments

- a) Summary of results of restatements made in audited financial statements of each of the entities in the Group for the respective years/periods and their impact on the profit/(loss) of the Group is as under:

(In Rs.)				
Adjustments for	Period ended June 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Net profit/(loss) after tax as per Audited Profit & Loss account	64,652,300	160,228,717	(5,796,400)	50,862,244
Adjustments for :				
Prior Period Items for other than amortization (Refer Note no 4 (b)(i) below)	-	-	11,613,627	(8,844,615)
Prior Period Items for amortization (Refer Note no 4 (b)(ii) below)	-	-	8,231,954	3,345,158
Provision for gratuity as per AS-15 (Refer Note no 4 (c) below)	-	-	496,553	(66,029)
Bad debts written off (Refer Note no 4 (d) below)	40,662	(40,662)	15,183,969	230,886
Interest on late payment of service tax (Refer Note no 4 (e) below)	-	1,896,878	(1,896,878)	-
Depreciation (Refer Note no 4 (f) below)	-	-	2,207,562	(1,357,483)
Tax Impact of adjustments (Refer Note no 4 (j) below)	(13,507)	(631,240)	(8,668,283)	(105,889)
Excess /(short) provision of income tax (Refer Note no 4 (h) below)	-	-	830,889	11,269
Excess/short deferred tax (Refer Note no 4 (i) below)	-	325,206	(830,880)	505,675
Total adjustments (net of tax)	27,155	1,550,182	27,168,513	(6,281,028)
Net Profit as per restated summary statements	64,679,455	161,778,899	21,372,113	44,581,216

b) Prior Period Items

- i) In the financial statements for the years ended March 31, 2009 and March 31, 2008, certain items of income / expenses have been identified as prior period adjustments. For the purpose of this statement, such prior period adjustments have been appropriately adjusted in the respective years. The details of such prior period adjustments are as under:

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Bad debts	5,180,891	-

Connectivity and content expenses	685,934	977,496
Exchange rate fluctuation	1,817,802	-
Security expenses	-	15,581
Revenue reversal	3,929,000	-
Total	11,613,627	993,077

- ii) In the audited financial statements of Parent Company for the year ended March 31, 2006, the change in estimation of useful life of certain capitalised software from 12 months to 74 months from the date they were ready to use, was given effect on retrospective basis instead of prospective basis as per the requirement of Accounting Standard 26 on Intangible Assets. Since the depreciation charge for that year and remaining years was incorrectly accounted for, the same has been adjusted accordingly in the restated consolidated financial statements by reversing the depreciation written back during the year ended March 31, 2006 and providing the depreciation based on the remaining estimated useful life of the assets in the years March 31, 2007, March 31, 2008 and March 31, 2009. These intangibles were impaired as at March 31, 2009, consequently there is no impact of the changes as above for the year ended March 31, 2010 and for the three months period ended June 30, 2010.

c) Employee benefits- Gratuity

For the year ended March 31, 2009, the Company changed its accounting policy for provision for gratuity, and accrued on the basis of an actuarial valuation made at the end of each financial year, which was earlier made on actual basis. For the purposes of the Restated Summary Statements, the revised policy has been applied retrospectively. The payment of Gratuity Act was applicable on the subsidiary Company effective year ended March 31, 2010. Accordingly, the subsidiary company has accrued gratuity liability on the basis of an actuarial valuation for the three months period ended June 30, 2010 and Year ended March 31, 2010.

d) Bad debts written off

Bad debts written off pertaining to settlement with customers on account of revenues recognized in earlier years have been adjusted in the respective years in which revenue was recognized.

e) Interest on late deposit of Service Tax

During the year ended March 31, 2010, the Company has recognized service tax liability along with the interest on delayed payments on account of import of software for the period May 16, 2008 onwards. For the purpose of restatement, the interest liability has been adjusted in the respective years to which it pertains.

f) Depreciation adjustments

For the purposes of these Restated Summary Statements, the following adjustments have been made to the tangible assets and the corresponding depreciation.

- i) During the year ended March 31, 2009, tangible fixed assets individually costing less than Rs 5,000 have been depreciated in the year of purchase as per the Parent Company policy, including the net book value of such assets as at April 1, 2008 purchased in earlier years. For the purpose of restatement, the depreciation on the net book value of assets as at April 1, 2008 amounting to Rs 1,070,158 has been adjusted for in the respective years.
- ii) The Parent Company has been historically classifying the cost of improvements to the leasehold buildings under the block of Furniture and Fixtures and depreciating it accordingly at the rate applicable to Furniture and Fixtures. However, during the year ended March 31, 2009 the same were classified separately under the block of Leasehold Improvements and were depreciated over the lease term of the respective leases, with the cumulative depreciation amounting to Rs 1,096,951 being recorded during the year ended March 31, 2009. For the purpose of restatement, the adjustments to the depreciation charge and the consequent impact on loss on sale and write off of such improvements amounting to Rs 40,453 has been adjusted for in the respective years.

g) **Tax impact of adjustments**

In the preparation of the Restated Consolidated Summary Statements, the Group has determined the tax impact on all the adjustments considered.

h) **Taxes for earlier years/ periods**

Income taxes provided in earlier years in respect of which either additional demand has been subsequently paid to the authorities or refunds have been subsequently received from the authorities, on completion of assessments, have been adjusted in the Restated Summary Statements of such years when such amounts were originally provided.

i) **Deferred Taxes adjustments**

Deferred Tax Asset/Liability erroneously not recognized in the respective year, but recognized subsequently has also been restated to the respective years.

j) **Accounting Standards**

The provision relating to segment reporting, related party disclosure, earnings per share and cash flow statements as per Accounting Standards (AS) 17, AS 18, AS 20 and AS 3 respectively, issued by the Institute of Chartered Accountants of India (ICAI) were applied by the Company for the first time on March 31, 2009. However, for the purpose of disclosure of Other Financial Information in respect of above, the aforesaid Accounting Standards have been applied retrospectively.

k) **Non – Adjustment Items**

i) **Software written off**

During the year ended March 31, 2009, the management reassessed the carrying values of the historical block of internally generated software having net book value of Rs 116,076,247 (restated value of Rs 111,161,878) by virtue of impairment assessment as defined under Accounting Standard 28 issued by the Institute of Chartered Accountants of India. The management concluded that there were no anticipated further economic benefits from such software in future and accordingly the written down value of such block of asset was impaired as at March 31, 2009. Adjustment on this account has not been made in the Restated Summary Statements as the Company is of the opinion that the assessment of impairment was determined only as at March 31, 2009.

ii) **Minimum Alternate Tax (MAT) credit under section 115 JB of the Income Tax Act, 1961**

The Company has paid income tax under Section (u/s) 115 JB of Income Tax Act, 1961 for the financial years 2005-2006, 2006-2007 and 2007-2008. For the year ended March 31, 2009, since the Company's tax liability as per the normal income tax provision was higher than the tax payable u/s 115 JB, the Company utilized the MAT credit available to it, but not recognised in earlier years due to uncertainty of taxable profits, during the year ended March 31, 2009. As a result, the MAT Credit amounting to Rs 14,141,451 is recognized in the books of accounts for claim against the tax liability for the year ended March 31, 2009. Adjustment on this account has not been made in the Restated Summary Statements.

iii) **Penalties**

During the year ended March 31, 2009, the Parent Company entered into a settlement agreement with one of the customers to amicably settle a claim of Rs 17,500,000 for default in service obligations and override of contractual obligations. The period of default being June and July 2008, the Parent Company is of the opinion that the same pertains to year ended March 31, 2009 and has not restated the same.

l) **Adjustment made in Restated Statement of Assets and Liabilities:**

(i) **Services Tax Credit**

During the year ended March 31, 2010, the Parent Company has recognized service tax liability along with the interest on delayed payments on account of import of software for the period May 16, 2008 onwards. The amount of service tax liability, except to the extent of interest on delayed deposit has also been availed as credit available to the Parent Company. For the purpose of restatement, the amount of service tax liability and service tax credit has been adjusted in the respective years.

m) **Material regroupings**

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Group for the three months period ended June 30, 2010.

The material regroupings made in the consolidated summary statement of assets and liabilities as restated, and the consolidated summary statement of profits and losses, as restated is:

(i) **Hardware and Software**

Software relating to network cards used for interface with the servers were classified under software and have been regrouped under Hardware for the year ended March 31, 2008.

n) **Other Significant Notes**

1. **Capital commitments as at period/year end (net of capital advances):**

(Amounts in Rs)

As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
9,043,027	12,888,772	1,205,661	1,762,656

2. **Contingent liabilities:**

(Amounts in Rs)

As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
3,100,952	2,900,952	5,335,000	3,225,000

The above are in the nature of bank guarantees given on behalf of the Group to its customers against which 100% margin money have been retained in the form of fixed deposits by the banks.

3. **Segment Information:**

Business segments:

All the entities in the Group are engaged in providing value added services in telecom business globally and is considered to constitute a single segment in the context of primary segment reporting as prescribed by Notified Accounting Standard 17 – “Segment Reporting” by Companies (Accounting Standards) Rules, 2006 (as amended).

The secondary segment is identified to geographical locations and Group sells its services and goods mostly within India with insignificant export income and does not have operations in economic environments with different risks and returns. Accordingly the group considers itself to be operating in a single geographical segment.

4. Employee benefits

Gratuity and other post employment benefits

a) The Group has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service Subject to a maximum amount of Rs. 1,000,000. The scheme is unfunded.

Disclosures as per actuarial report of independent actuary.

Amount of obligation as at period/ year end is determined as under:

(Amount in Rs)

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Present value of obligation as at the beginning of the year	5,767,943	2,723,868	1,316,978	770,949
Interest cost	108,149	192,609	61,075	57,821
Current service cost	954,837	2,608,415	1,926,285	850,450
Benefits paid	-	-	-	-
Past service cost	-	116,738	-	-
Actuarial (gain)/ loss on obligations	1,518,090	126,313	(580,470)	(362,242)
Present value of obligation as at the end of period/ year	8,349,019	5,767,943	2,723,868	1,316,978

Amount of the gratuity expense recognized in the Profit and Loss account:

(Amount in Rs)

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Current service cost	954,837	2,608,415	1,926,285	850,450
Interest cost	108,149	192,609	61,075	57,821
Actuarial loss recognized during the year	1,518,090	126,313	(580,470)	(362,242)
Past service cost	-	116,738	-	-
Expense recognized during the year	2,581,076	3,044,075	1,406,890	546,029

The principal actuarial assumptions used in determining gratuity are shown below:

	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Discount rate	7.5%	7.5%	7.5%	7.5%
Salary increment rate	5%	5%	5%	5%

As the scheme is unfunded there is no expected rate of return on assets. Further, the estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(Amount in Rs)

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit obligations	8,349,019	5,767,943	2,723,868	1,316,978
Plan Assets	-	-	-	-
(Deficit)	(8,349,019)	(5,767,943)	(2,723,868)	(1,316,978)
Experience adjustment on plan liabilities	(1,518,090)	(2,499,595)	(580,470)	362,242
Experience adjustment on plan assets	-	-	-	-

The details of Group's contribution to Provident Fund is as under

(Amount in Rs)

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Contribution to Provident Fund	1,253,468	4,881,401	2,731,386	1,271,811

5. Employee Stock option Plans

During the year ended March 31, 2009, the Parent Company introduced One97 Employee Stock Option Plan – I for the benefit of employees as approved by the board of directors in the meeting held on September 8, 2008 and by the members in the Extra Ordinary General Meeting held on October 22, 2008 for a total of 951,355 options. The Parent Company has appropriated 795,056 options of Rs.10 each to be granted to eligible employees.

795,056 options were granted on December 31, 2008 out of total pool of 951,355. These options were granted to all eligible, permanent employees who were on rolls of Company as at December 31, 2008. These options have a vesting period of 4 years and shall be vested at one year intervals in the following proportion:

Date of vesting	% of total options vesting
December 31, 2009	10%
December 31, 2010	20%
December 31, 2011	30%
December 31, 2012	40%

The weighted average remaining contractual life of these options is 1.55 years, 1.78 years and 2.75 years, as at June 30, 2010, March 31, 2010 and March 31, 2009 respectively.

Out of 795,056 options exercise price of 233,602 options which are granted to employees who joined the Parent Company till March 31, 2007 is Rs.10/- per option and for 561,454 options granted to employees joining between April 1, 2007 and December 31, 2008 exercise price is Rs 49/ per option-. This has been determined by the Compensation Committee.

Out of the total granted options, 112,625 options have become available for the pool again as at June 30, 2010 since the employees eligible for these have left the Company without exercising the same. Out of 112,625 options, 3,994 options have an exercise price of Rs. 10 each and 108,631 options have an exercise price of Rs. 49 each.

The movement of the options has been given below:

Particulars	June 30, 2010		March 31, 2010		March 31, 2009	
			Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	743,820	36.91	795,056	37.54	-	-
Options granted during the period/ year	-	-	-	-	795,056	37.54
Options exercised during the period/year	2,707	18.66	-	-	-	-
Options forfeited during the period/year	61,389	48.39	51,236	46.69	-	-
Options outstanding at the end of the period/year	679,724	35.95	743,820	36.91	795,056	37.54
Vested options outstanding at the end of the period/year	65,627	36.61	74,473	36.93	-	-
Unvested options outstanding at the end of the period/year	614,097	35.88	669,347	36.91	795,056	37.54

The details of exercise price for stock options outstanding at the end of the period/ year are:

June 30, 2010

Exercise Prices (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
10	227,502	1.55	10
49	452,222	1.55	49
Total	679,724		

March 31, 2010

Exercise Prices (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
10	230,572	1.78	10
49	513,248	1.78	49
Total	743,820		

March 31, 2009

Exercise Prices (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
10	233,602	2.75	10
49	561,454	2.75	49
Total	795,056		

Accounting for stock options

Guidance note on “Accounting for Employees Share Based Payments” issued by Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employees share based payments plans.

The Parent Company has elected to apply intrinsic-value based method for accounting for stock options plan and accordingly the difference between the fair value of the underlying shares and the exercise price is expensed to the Profit & Loss Account over the period of the vesting.

Had the stock options plan been determined applying the fair value approach described in the guidance note, the Parent Company’s net income and basic earnings per share would have reduced to the proforma amounts as indicated :

	June 30, 2010	March 31, 2010	March 31, 2009
Profit/(loss) (restated) available to equity shareholders (refer Annexure XII)	57,562,560	144,444,854	18,922,993
Add: Stock based employee compensation expense (intrinsic value method)	1,360,050	29,843,030	9,157,527
Less: Stock based employee compensation expense (fair value method)	(1,588,945)	(33,400,897)	(10,345,365)
Proforma net profit/(loss)	57,333,665	140,886,987	17,735,155
Basic earnings/loss per share			
- As reported	2.52	6.33	0.89
- Pro forma	2.51	6.17	0.83
Diluted earnings/loss per share			
- As reported	2.48	6.19	0.89
- Pro forma	2.47	6.06	0.83

The weighted average fair value of options granted under the One97 Employee Stock Option Plan -1 during the year ended March 31, 2009 (computed using Black-Scholes model) was Rs. 100. The estimation of fair value on date of grant was made using the Black-Scholes model with the following assumptions:

Weighted average share price	Rs. 126.35
Weighted average exercise price	Rs. 37.54
Dividend yield %	0%
Expected life (years)	5
Risk free interest rate	7.5%
Volatility	0%

The risk free interest rate is the yield on ten year government bonds in India. Expected volatility is considered as 'Nil' as the Parent Company is not listed on any recognized stock exchange. The expected option life is based on exercise period.

6. Leases

The Group has taken certain office space on cancellable operating lease where lease for one of the office is for a total period of 9 years with a lock-in operating of 3 years. The rent is subject to escalation of 15% every three years. Details of rent paid as under:

(Amount in Rs)

Particulars	For the period ended June 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Rental expense	9,470,938	38,343,765	33,240,090	12,384,232

The leases for other offices are for a term of three years and are renewable at the mutual agreement of both the parties with an escalation clause of 15% to 20%. There are no restrictions imposed by lease agreements. There are no sub leases.

Details of operating lease commitments are as under -

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Not later than one year	31,288,190	31,231,551	33,323,095	20,146,898
Later than one year but not later than five years	134,235,511	130,959,622	127,010,055	17,626,277
Later than five years	83,984,040	93,315,600	128,207,520	-

7. Unhedged Foreign Currency exposures

The Group does not use derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency fluctuations and interest rate or for trading/speculation purpose.

Details of unhedged foreign currency exposures are as under:

(Amount in Rs)

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Liabilities				
Creditors (in USD)	62,795	553,061	447,866	45,212
Creditors (in EURO)	500	-	-	-
Creditors (in BDT)	290,055	212,232	-	-
Creditors (in INR)	3,135,867	25,025,348	23,367,095	1,803,959
Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Assets				
Debtors (in USD)	86,339	139,683	46,457	39,666

Debtors (in BDT)	308,029	-	-	-
Debtors (in NGN)	178,538	4,256,588	-	-
Debtors (in CAD)	-	32,000	-	-
Debtors (in INR)	4,267,494	8,960,494	2,423,848	1,582,661
Advance given to suppliers (in USD)	-	112,500	-	-
Advance given to suppliers (in EURO)	500	-	-	-
Advance given to suppliers (in INR)	28,354	5,062,950	-	-
Bank Balance				
In BDT	3,426,523	3,426,523	-	-
In NGN	4,079,925	-	-	-
Bank Balance – in INR	3,485,284	2,185,643	-	-
Cash balance				
In USD	100	-	-	-
In EURO	1,130	-	-	-
Cash Balance in INR	68,726	-	-	-
Rates used				
1 United State Dollar (USD)	46.46	45.04	52.17	39.90
1 Bangladesh Taka (BDT)	0.66	0.64	-	-
1 Nigerian Naira (NGN)	0.30	0.30	-	-
1 EURO	56.71	-	-	-
1 Canadian Dollar (CAD)	-	44.15	-	-

The breakup of Restated Deferred Tax Assets and Deferred Tax Liabilities is as below:

(Amount in Rs)

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Deferred Tax Liabilities				
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	45,042,165	46,433,718	37,351,374	34,195,339
Differences in amortisation and other differences in block of intangibles as per tax books and financial books	16,360,217	15,614,906	1,438,955	30,449,292
Gross Deferred Tax Liabilities	61,402,382	62,048,624	38,790,329	64,644,631
Deferred Tax Assets				
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	10,103,730	8,044,618	2,252,834	1,095,397
Unabsorbed depreciation	676,143	-	-	3,263,668
Provision for doubtful debts	11,632,680	10,556,002	5,601,020	-
Bad debt written off	-	-	-	5,163,580
Others	-	-	1,417,218	34,026
Gross Deferred Tax Assets	22,412,553	18,600,620	9,271,072	9,556,671
Net Deferred Tax Liability	38,989,829	43,448,004	29,519,257	55,087,960

8. Significant changes in Share Capital of the Parent Company

March 31, 2008:

During the year ended March 31, 2008, the Parent Company issued 922,486 and 83,862 compulsorily convertible preference shares of Rs 10/- each at Rs 97.65 per share to SAIF III Mauritius Company Limited and SVB India Capital Partners I, L.P respectively. These Preference Shares of face value of Rs. 10 each were converted into equity shares in ratio of 2 equity shares of nominal value of Rs. 10 each for each preference shares. The premium on such conversion of Rs. 10,063,480 was adjusted with the Securities Premium account.

March 31, 2009

During the year ended March 31, 2009, the Company issued 2,482,759 and 275,862 0.001% cumulative convertible Series B Preference Shares of Rs. 174/- each at par to Intel (Capital) Mauritius Limited and SVB India Capital Partners I, L.P respectively. In the event of any liquidation, dissolution, winding up or deemed liquidation of the Company each holder of the Series B Preference Shares shall be entitled to receive such amount per Series B Preference Share equal to 150% of the Original Preference Share Issue Price in addition to any arrears of declared and accrued but unpaid dividends calculated to the date of such payment. This amount shall be paid prior to and in preference to any payment to other shareholders. Each Series B Preference Share may be converted into Equity Shares at any time at the option of the holder of the Series B Preference Share. Subject to the compliance with applicable laws, each Series B Preference Share shall automatically be converted, at the Conversion Price (then in effect) into Equity Shares upon the earlier of (i) September 30, 2028; or (ii) upon the completion of a Qualified Public Offering and listing of all Equity Shares of the Company on the relevant stock exchange after such completion. The number of equity shares issuable pursuant to conversion of Series B preference shares shall be number obtained by dividing the original preference share issue price by the conversion price at the time in effect. The conversion price initially shall be equal to the original Preference Share issue price and shall be subject to adjustment from time to time based on adjustments on a fresh issue or otherwise. During the year ended March 31, 2009, the company also changed the terms of liquidation preference of Equity shares issued to SAIF III Mauritius Company Limited. and SVB Financial Group issued during the year ended March 31, 2007. As per the revised terms, after the payment of the preference amount, to holders of preference shares, holders of these equity shares shall be entitled to an amount equivalent to 150% of the original issue price in addition to any arrears of declared and accrued but unpaid dividends calculated to the date of such payments. Pursuant to Company's proposed Initial Public Offering, it is in the process of converting the above preference shares.

9. Details of Minority Interest

(Amount in Rs)

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Share Capital	100,000	100,000	100,000	100,000
Securities Premium	4,377,414	4,377,414	4,377,414	4,377,414
Share of accumulated losses	(2,509,841)	(1,695,670)	(603,284)	(361,927)
Share in Equity	1,967,573	2,781,744	3,874,130	4,115,487
Share of the profit/(loss) for the period/year	1,445,206	(814,181)	(1,092,386)	(241,357)
Total	3,412,779	1,967,573	2,781,744	3,874,130

10. Contracts with customers

The During the period ended June 30, 2010 and the year ended March 31, 2010, the Parent Company has recognized revenue amounting to Rs 77,931,770 and Rs. 199,796,890 respectively for which the contracts with one of the customer is in the process of being executed. The commercial terms for such contracts are already been agreed with the customer. Further out of the revenues so recognized, the company has realised Rs 32,518,303 till September 3, 2010 and Rs. 172,051,782 till August 5, 2010 for respective period / year.

The management does not expect there to be any financial adjustments on execution of the contract

11. On May 18, 2010 the parent Company had filed a Draft Red Herring Prospectus with SEBI for its proposed Initial Public Offering. In regard to such proposed public issue, the Parent Company has incurred certain

expenses aggregating to Rs 22,230,996 including Rs. 18,297,860 incurred upto March 31, 2010 (including cumulative amount of Rs 5,747,500 and Rs. 4,747,500 payable to statutory auditors on June 30, 2010 and March 31, 2010 respectively) which are directly related to such offering. Such expenses are not charged off to Profit and Loss account and are carried as prepaid expenses included in Loans and Advances. The Company plans to set off these expenses against the Securities Premium at the time of public issue as per the provisions of Section 78 of the Companies Act, 1956. In case the public issue is abandoned for any reason, the same would be written off.

12. Other notes

These Restated Consolidated Summary Statements have been prepared to be included in the Offer document being issued by the Company in connection with its Initial Public Offer, accordingly, the additional information pursuant to the provisions of paragraphs 3 and 4D of Part II of Schedule VI to the Companies Act, 1956 has not been furnished.

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Audit qualifications in the audit report of the Parent Company which do not require any corrective adjustment in the financial information are as follows:

1. Qualification in the audit report the period ended June 30, 2010

As more fully described in Note no 2(a) of Schedule 21 of the consolidated financial statement, as per the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, notified pursuant to Companies (Accounting Standards) Rules, 2006, (as amended), the interim financial statements should include comparative numbers for the profit and loss account and cash flows for the period from April 2009 to June 2009. However the Group has not presented the same. This does not have an effect on the profit and cash flows for the period and reserves at the end of the period.

We draw attention to the qualification given by the auditors of Tencube Pte Limited in their audit report for the period ended June 30, 2010 referring to the predecessor auditor's qualification on certain vouchers and documents being misplaced or otherwise not available for verification in the earlier reported periods and the extent of inherent error in the current period financial statements not being determinable.

"We refer to the qualification raised for the financial year ended 31 December 2009, since the inherent error in 2009 entered into the determination of the results of operations for the period 2010, we are unable to determine whether any adjustment, if any, is necessary for the financial period ended 30 June, 2010 and its corresponding disclosures."

Accordingly, for the purposes of the consolidated financial statement of the Group as at and for the period ended June 30, 2010, we are unable to determine the corresponding impact of the above qualifications in the consolidated financial statement with respect to accounting for the share of profit in Tencube for the period ended June 30, 2010 as well as the carrying value of investments in associate and value of underlying goodwill as at that date.

2. Qualification in the audit report the period ended March 31, 2010

The auditors of Tencube Pte Limited (Tencube) have included the following qualification in the audit report for the year ended March 31, 2010:

"We refer to the qualification raised by the predecessor auditor for the financial year ended 31 December 2009, since the inherent error in 2009 entered into the determination of the results of operations for the period 2010, we are unable to determine whether any adjustment, if any, is necessary for the financial period ended 31 March 2010 and its corresponding disclosures."

Accordingly, for the purposes of the consolidated financial statement of the Group as at and for the year ended March 31, 2010, we are unable to determine the corresponding impact of the above qualifications in the consolidated financial statement with respect to accounting for the share of profit in Tencube for the year ended March 31, 2010 as well as the carrying value of investments in associate and value of underlying goodwill as at that date.

As per our report of even date

For S. R. Batliboi & Co.
Firm registration no: 301003E
Chartered Accountants

For and behalf of Board of Directors of
One 97 Communications Limited

Per Yogender Seth

Vijay Shekhar Sharma

Rajiv Madhok

Partner
Membership No: 94524

Managing Director

Director

Place: Gurgaon, India
Date : October 8, 2010

Vikas Thapar
Chief Financial Officer

Akhil Chadha
Company Secretary

ANNEXURE V: DETAILS OF OTHER INCOME

Details of other income as restated

(Amount in Rs.)

Particulars	For the period ended June 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	Nature
Other income	4,965,663	30,865,018	13,858,014	7,011,146	
Net profit before tax as restated	99,421,332	258,129,647	23,707,813	90,364,780	
Percentage	5%	12%	58%	8%	

Source of income

Interest on fixed deposits	4,026,539	30,088,190	13,552,549	6,582,847	Non recurring and not related to business activity
on Income Tax refund	720,865	-	-	-	Non recurring and not related to business activity
Dividend from Mutual funds	207,715	51,520	-	-	Non recurring and not related to business activity
Profit on sale of Mutual funds	-	140,046	-	-	Non recurring and not related to business activity
Other income	10,544	585,262	305,465	428,299	Non recurring and related to business activity
Total other income	4,965,663	30,865,018	13,858,014	7,011,146	

Notes:

- 1) The Classification of 'Other income' as Recurring/Non Recurring is based on the current operations and business activities of the Group as determined by the management.
- 2) The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

ANNEXURE VI: CAPITALISATION STATEMENT AS AT JUNE 30, 2010

(Amount in Rs)

Particulars	Pre Issue	Post Issue (Refer Note 4)
Borrowings		
Short term debt (A)	-	
Long Term Debt (B)	3,600,585	
Total debts (C)	3,600,585	
Shareholders' funds		
Equity share capital	228,352,160	
Preference share capital	480,000,054	
Reserve and surplus - as restated		
- Profit & Loss account	326,012,152	
- Securities premium account	333,968,468	
Total shareholders' funds	1,368,332,834	
Long term debt / shareholders funds	0.26%	
Total debt / shareholders funds	0.26%	

Notes:

- 1) Short term debts are debts payable within one year from June 30, 2010.
- 2) Long term debts are debts other than debts defined above.
- 3) The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at June 30, 2010.
- 4) The Corresponding post issue figures are not determinable at this stage pending the completion of Book building process and hence have not been furnished.

**ANNEXURE VII: DETAILS OF LOANS
SECURED LOANS**

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
- Vehicle Loans	3,600,585	1,273,545	463,436	912,439
- Term Loan	-	-	-	16,179,267
Total	3,600,585	1,273,545	463,436	17,091,706

Notes:

- 1) Vehicle loans are availed from ICICI Bank Limited & HDFC Bank Limited for Vehicles procured by the Parent Company and are secured by way of hypothecation of underlying vehicle and are further secured by personal guarantee/guarantees of one of the director/directors of the Parent Company.
- 2) Term loans are availed from ICICI Bank Limited for procurement of computer servers and related accessories. These were secured by way of primary charge on underlying servers and are additionally secured by way of post dated cheques, Lien on Fixed Deposit/s and personal guarantee/guarantees of the director/directors of the Parent Company.
- 3) The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of the Group.

UNSECURED LOANS

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March, 31st 2009	As at March, 31st 2008
- From Promoter	-	-	-	1,200

Note:

- 1) Unsecured loan amounting to Rs.1, 200 was advanced by the promoter of the Company and did not carry any interest.

ANNEXURE VIII: DETAILS OF INVESTMENTS

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Long Term Investments (At cost)				
Non trade Investments Unquoted				
Unquoted, fully paid up 1,000,000 Class B Redeemable Convertible Preference Shares of SGD 1 each in Tencube Pte Limited, Singapore	33,700,000	33,700,000	-	-
Add: Accumulated (loss)/ profit from Associates	(154,839)	510,599	-	-
Total	33,545,161	34,210,599	-	-
'Current Investments (At lower of cost or market price)				
Other than trade, unquoted				
Reliance Money Manager Fund - Institutional Option-Growth Plan	15,014,646	15,014,646	-	-
Reliance Short Term Fund-Retail Plan-Growth Plan	20,000,000	20,000,000	-	-
LIC MF Saving Plus Fund- Daily Dividend Plan	20,234,470	20,026,755	-	-
Grand Total	55,249,116	55,041,401	-	-
Aggregate amount of quoted investments	-	-	-	-
Aggregate amount of unquoted investments	88,794,277	89,252,000	-	-
Market value of quoted investments	-	-	-	-

Note:

- 1) The figures disclosed above are based on the Restated Consolidated Summary statement of assets and liabilities of the Group.

ANNEXURE IX: DETAILS OF SUNDRY DEBTORS

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Debts outstanding for a period exceeding six months				
Unsecured, considered good	13,566,610	34,737,726	20,329,689	8,328,748
Unsecured, considered doubtful	32,319,734	31,778,435	8,820,679	-
Other debts				
Unsecured, considered good	355,358,986	426,212,928	326,128,928	188,605,627
Unsecured, considered doubtful	2,700,000	-	7,657,755	-
Less : Provision for doubtful debts	35,019,733	31,778,435	16,478,435	-
Total	368,925,597	460,950,654	346,458,616	196,934,375

Amounts outstanding from Promoters/Promoter Group/Group Companies/Directors/Relatives of Directors

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
From Promoter Group Companies	-	-	-	-
From Group Companies	-	-	-	-

Notes:

1. The list of persons/entities classified as “Promoters’ and ‘Promoter Group Companies’ has been determined by the management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete
2. The figures disclosed above are based on the restated Consolidated Summary statement of assets and liabilities of the Group.
3. Also refer Note given in Annexure XIV on Related Party Information

ANNEXURE X: DETAILS OF OTHER CURRENT ASSETS

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Unbilled revenue	218,371,418	55,577,865	-	-
Interest Accrued but not due on Fixed Deposits	4,150,972	10,548,685	7,222,851	2,073,349
Total	222,522,390	66,126,550	7,222,851	2,073,349

Note:

- 1) The figures disclosed above are based on the restated Consolidated Summary statement of assets and liabilities of the Group.

ANNEXURE XI: DETAILS OF LOANS AND ADVANCES

(Amount in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Advances recoverable in cash or in kind or for value to be received	43,528,310	57,172,879	109,105,012	14,355,153
Advance Tax	263,839,314	239,638,698	130,985,360	37,931,631
Service tax input credit	3,993,658	22,821,304	25,622,663	3,583,427
Security deposits	18,509,170	19,479,668	18,901,616	25,317,822
Total	329,870,452	339,112,549	284,614,651	81,188,033

Amounts outstanding from Promoters/Promoter Group/Group Companies/Directors/Relatives of Directors

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
From Promoters	-	-	-	-
From Promoter Group Companies	-	-	-	-
From Group Companies	-	-	-	-
From Directors*	-	-	-	-
From Relatives of Directors	-	-	-	-

* Promoter is also a Director for that year

Notes:

1. The list of persons/entities classified as “Promoters” and ‘Promoter Group Companies’ has been determined by the management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete
2. The figures disclosed above are based on the restated Consolidated Summary statement of assets and liabilities of the Group.
3. Also refer Note given in Annexure XIV on Related Party Information

ANNEXURE XII: STATEMENT OF ACCOUNTING RATIOS

(Amount in Rs)

Particulars	For the Period ended June 30, 2010	For the Year ended March 31, 2010	As at March 31, 2009	As at March 31, 2008
Net Profit/(Loss) as restated after tax	66,790,099	160,454,119	20,279,727	44,339,859
Less: Minority Interest	1,445,206	(814,181)	1,092,386	241,357
Less: (Loss)/Income from Associate	(665,438)	510,599	-	-
Less: Dividend for Preference Shares	1,197	4,801	1,315	-
Less: Dividend distribution tax	199	816	223	-
Less: Share of Profits on prorata basis for Preference shares	7,115,499	17,328,428	2,447,582	-
Balance profit available for equity shareholders (after deducting preference dividends and attributable taxes)	57,562,560	144,444,854	18,922,993	44,581,216
Net Worth	1,408,402,868	1,342,312,854	1,150,696,542	633,660,452
Ratios				
Earnings/(loss) per share (Basic)	2.52	6.33	0.89	2.36
Earnings/(loss) per share (Diluted)	2.48	6.19	0.89	2.30
Return on Net Worth	4.74%	11.95%	1.76%	7.00%
Net Asset Value per Equity Share (Rs)	61.68	58.79	50.40	33.54
Weighted average number of equity shares for calculating Basic EPS	22,835,038	22,832,509	21,360,253	18,894,242
Weighted average number of equity shares for calculating Dilutive EPS	26,031,709	26,117,046	22,674,220	19,416,663
Total number of equity shares outstanding at the end of period/year	22,835,216	22,832,509	22,832,509	18,894,242

Notes:

- The ratios have been computed as below:

$$\text{Earnings per Share} = \frac{\text{Net Profit/(Loss) as restated after tax, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/year}}$$

$$\text{Return on Net Worth} = \frac{\text{Net Profit/(Loss) after tax, as restated}}{\text{Net Worth}}$$

$$\text{Net Assets Value per Equity Share} = \frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of period/year}}$$

- Net Worth = Share Capital + ESOP Outstanding + Reserves and Surplus +/- Surplus/(Deficit) in Profit and Loss Account
- Earnings per share ('Basic' and 'Diluted') calculations are in accordance with Accounting Standard 20 "Earning per share".
- The figures disclosed above are based on the restated Consolidated Summary statement of assets and liabilities and profit & loss of the Group.

ANNEXURE XIII: DETAILS OF RATES OF DIVIDEND

(Amount in Rs)

Particulars	For the Period ended June 30, 2010	For the Year ended March 31, 2009	As at March 31, 2009	As at March 31, 2008
Class of shares				
Equity share capital outstanding as at the year end / period ended	228,352,160	228,325,090	228,325,090	188,942,420
Face value per equity share	10	10	10	10
Preference share capital outstanding as at the year end / period ended	480,000,054	480,000,054	480,000,054	10,063,480
Face value per preference share	174	174	174	10
Dividend % on preference shares	-	0.001%	0.001%	-
Dividend per share	-	.00174	0.00048	-
Dividend amount	-	4,801	1,315	-
Dividend Tax thereon	-	816	223	-

Note:

1. The amount declared/paid as dividends in the past are not necessarily indicative of the Company's dividend policy in the future.

ANNEXURE XIV: RELATED PARTIES

Details of the names of related parties and nature of relationships

Particulars		As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
1) Names of related parties where control exists irrespective of whether transactions have occurred or not					
Substantial interest in voting power and power to direct the financials and operating policies of the Company.		Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma
2) Other related parties with whom the Company had transactions					
a) Associate		Tencube Pte. Ltd	Tencube Pte. Ltd	-	-
b) Investing Party		SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited
c) Individuals owning interest in the voting power of the Company that gives the control or significant influence (Key Management Personnel)	i)	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma
	ii)	-	-	-	Peeyush Kumar Agarwal
	iii)	Rajiv Madhok	Rajiv Madhok	Rajiv Madhok	Rajiv Madhok
d) Relatives of Individuals owning interest in the voting power of the Company that gives the control or significant influence	i)	Mridula Parashar	Mridula Parashar	Mridula Parashar	Mridula Parashar
	ii)	Ajay Shekhar Sharma	Ajay Shekhar Sharma	Ajay Shekhar Sharma	Ajay Shekhar Sharma
d) Enterprises significantly influenced by Key management personnel or their relatives.	i)	Visesh Infotechnics Limited	Visesh Infotechnics Limited	Visesh Infotechnics Limited	Visesh Infotechnics Limited
	ii)	Velocity Customer services Pvt. Ltd.	Velocity Customer services Pvt. Ltd.	Velocity Customer services Pvt. Ltd.	Velocity Customer services Pvt. Ltd.
	iii)	-	-	-	Positive Comsol Pvt. Ltd

Details of the transactions with Related Parties

(Amount in Rs)

Particulars	For the period ended June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
1) Purchases of Fixed assets				
Visesh Infotechnics Limited	-	-	12,651,480	20,142,171
Total	-	-	12,651,480	20,142,171
2) Purchases of Intangible assets				
Positive Comsol Pvt. Ltd	-	-	-	287,000
Total	-	-	-	287,000
3) Services received				
Visesh Infotechnics Limited	-	-	-	27,400
Velocity customer services Pvt. Ltd	302,827	1,169,039	2,645,544	1,698,993
Total	302,827	1,169,039	2,645,544	1,726,393
4) Remuneration				
Vijay Shekhar Sharma	1,374,000	5,524,850	36,375,000	5,141,000
Ajay Shekhar Sharma	303,801	1,154,596	1,118,795	310,177
Mridula Parashar	89,175	209,255	206,920	162,161
Peeyush Kumar Agarwal	-	-	-	2,682,371
Rajiv Madhok	900,000	3,600,000	3,215,849	1,200,000
Total	2,666,976	10,488,701	40,916,564	9,495,709
5) Investments made				
Tencube Pte. Ltd	-	33,700,000	-	-
Total	-	33,700,000	-	-
6) Issue of Shares				
For Cash				
Vijay Shekhar Sharma	-	-	19,255,710	-
SAIF III Mauritius Company Limited - Preference	-	-	-	90,080,758
Total	-	-	19,255,710	90,080,758
7) Advance paid				
Velocity customer services Pvt. Ltd.	340,702	1,106,568	1,111,704	-
Total	340,702	1,106,568	1,111,704	-
8) Amount receivable				
Velocity customer services Pvt. Ltd.	265,361	137,644	1,111,704	-
Total	265,361	137,644	1,111,704	-
9) Amount payable				
Visesh Infotechnics Limited	8,669	8,669	1,465,469	1,967,137
Velocity customer services Pvt. Ltd.	274,548	333,422	1,364,589	-
Vijay Shekhar Sharma	273,585	398,000	-	-
Rajiv Madhok	222,413	221,232	291,849	1,200
Total	1,044,576	1,098,967	3,121,907	1,968,337
10) Personal Guarantee of Directors against loans				
Vijay Shekhar Sharma	Cash Credit Limit with HDFC bank	Cash Credit Limit with HDFC bank	Cash Credit Limit with HDFC bank	-
Peeyush Aggarwal	-	-	-	Server loan with ICICI Bank Ltd

RESTATED FINANCIAL INFORMATION FOR ONE 97 COMMUNICATIONS LIMITED

RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF JUNE 30, 2010, MARCH 31, 2010, 2009, 2008, 2007 AND 2006 , PROFITS AND LOSS FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2010 AND EACH OF THE YEARS ENDED MARCH 31, 2010, 2009, 2008, 2007 AND 2006 AND CASH FLOW FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2010 AND EACH OF THE YEARS ENDED MARCH 31, 2010, 2009, 2008, 2007 AND 2006.

ANNEXURE-XV

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Amount in Rupees)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
(I) Fixed Assets						
Gross block	75,60,57,879	71,47,91,268	51,98,94,723	28,90,08,558	12,41,61,018	4,69,02,507
Less : Accumulated Depreciation	37,52,08,186	34,33,06,640	19,05,52,189	10,22,22,001	3,89,58,754	1,54,00,909
Net block	38,08,49,693	37,14,84,628	32,93,42,534	18,67,86,557	8,52,02,264	3,15,01,598
Capital Work-in-progress including Capital Advances	4,75,22,060	6,98,63,070	3,06,19,272	12,81,000	96,37,848	64,60,239
	42,83,71,753	44,13,47,698	35,99,61,806	18,80,67,557	9,48,40,112	3,79,61,837
(II) Intangibles (net of amortisation and including expenditure on software during development stage and Capital Advances)	13,31,88,381	13,23,23,970	10,82,68,975	19,96,16,942	18,87,23,847	12,56,12,961
(III) Investments	9,88,98,816	9,86,91,101	98,49,710	98,49,710	-	33,77,000
(IV) Current Assets, Loans and Advances						
Contract Work in progress	42,53,820	42,53,820	42,53,820	-	-	-
Sundry Debtors	36,40,77,088	45,80,40,983	34,57,45,670	19,69,34,376	6,72,03,933	11,93,98,657
Cash and Bank Balances	29,95,54,460	27,06,06,109	41,54,85,054	12,01,01,169	22,13,63,538	44,85,351
Other Current Assets	21,97,66,974	6,61,26,550	72,22,851	20,73,349	5,82,258	49,280
Loans and Advances	33,59,53,925	34,33,11,231	28,32,34,226	8,11,88,033	1,61,49,089	94,75,186
	1,22,36,06,267	1,14,23,38,693	1,05,59,41,621	40,02,96,927	30,52,98,818	13,34,08,474
(V) Liabilities & Provisions						
Secured loans	36,00,585	12,73,545	4,63,436	1,70,91,706	4,48,81,353	4,20,74,765
Unsecured Loans	-	-	-	-	-	2,25,000
Current liabilities	23,95,08,952	27,43,96,900	28,81,83,703	7,32,83,754	2,65,79,837	1,41,88,522
Provisions	19,17,70,779	15,09,27,669	6,35,29,073	1,84,12,278	47,00,303	69,30,717
	43,48,80,316	42,65,98,114	35,21,76,212	10,87,87,738	7,61,61,493	6,34,19,004
(VI) Deferred Tax Liabilities (Net)	3,95,12,336	4,34,48,003	2,95,19,255	5,50,87,958	2,18,91,928	1,39,07,168
Net Worth (I+II+III+IV- V-VI)	1,40,96,72,565	1,34,46,55,345	1,15,23,26,645	63,39,55,440	49,08,09,356	22,30,34,100
Net Worth Represented by:						

(VII) Share Capital						
-Equity Shares	22,83,52,160	22,83,25,090	22,83,25,090	18,89,42,420	18,89,42,420	10,14,33,080
-Preference Shares	48,00,00,054	48,00,00,054	48,00,00,054	1,00,63,480	-	-
(VIII) Reserves and Surplus						
-Securities Premium Account	33,39,68,468	33,36,54,456	33,36,54,456	35,64,65,712	26,82,59,310	9,75,00,000
-Surplus in Profit and Loss Account	32,72,81,849	26,36,75,188	10,11,89,518	7,84,83,828	3,36,07,626	2,41,01,020
(IX) ESOP Outstanding	4,00,70,034	3,90,00,557	91,57,527	-	-	-
Net Worth (VII +VIII+IX)	1,40,96,72,565	1,34,46,55,345	1,15,23,26,645	63,39,55,440	49,08,09,356	22,30,34,100
Note:						

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flow of One 97 Communications Limited, as restated appearing in Annexure XVIII.

As per our report of even date

**For S.R. Batliboi & Co.
Firm registration no.
301003E
Chartered Accountants**

**For and on behalf of Board of Directors of
One 97 Communications Limited**

**per Yogender Seth
Partner
Membership No : 94524**

**Vijay Shekhar
Sharma
Managing
Director**

**Rajiv
Madhok
Director**

Place: Gurgaon, India

Vikas Thapar

**Akhil
Chadha
Company
Secretary**

Date: October 8, 2010

**Chief Financial
Officer**

ANNEXURE – XVI

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Amount in Rupees)

Particulars	Period ended	For the year ended				
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
INCOME						
Sale of Services	35,01,17,814	1,14,09,37,104	79,90,43,404	39,50,32,629	14,25,26,565	10,85,41,687
Sale of products :						
-Domains	-	-	-	-	-	31,09,04,515
-Others	-	1,31,33,800	-	56,71,000	57,85,720	-
Other Income	49,65,663	3,08,64,113	1,38,58,014	70,11,146	11,68,898	2,78,064
Total Income	35,50,83,477	1,18,49,35,017	81,29,01,418	40,77,14,775	14,94,81,183	41,97,24,266
EXPENDITURE						
Cost of goods Sold	-	31,90,696	-	13,07,347	4,36,089	30,37,05,744
Connectivity and Content Expenses	4,35,69,120	14,27,11,969	8,42,00,668	3,59,77,074	1,13,82,492	1,28,34,573
Personnel Expenses	11,44,68,572	40,94,06,078	20,84,06,081	7,35,05,724	2,57,46,719	1,05,52,745
Operating and Other Expenses	5,50,10,043	16,93,51,632	20,89,06,041	9,28,33,874	3,40,79,900	1,33,92,781
Depreciation	3,53,88,991	15,30,08,722	11,13,41,880	6,33,06,631	2,35,57,845	1,07,23,498
Amortisation	1,07,14,665	4,50,16,257	5,93,74,280	4,50,64,837	2,40,56,717	80,71,747
Intangible Assets Written Off/Impaired	-	-	11,11,61,878	-	-	-
Financial Expenses :						
- Bank Charges	45,166	2,71,494	6,45,751	4,98,749	8,64,245	3,09,967
- Interest Expenses	69,247	18,11,354	28,17,227	43,37,684	87,54,505	50,04,698
Total Expenditure	25,92,65,804	92,47,68,202	78,68,53,806	31,68,31,920	12,88,78,512	36,45,95,753
Profit before tax	9,58,17,673	26,01,66,815	2,60,47,612	9,08,82,855	2,06,02,671	5,51,28,513
Current Income Tax	3,61,46,679	8,37,46,781	4,01,10,000	-	-	-
Provision for Minimum Alternative Tax (MAT)	-	-	-	1,08,30,943	25,02,158	61,84,311
MAT Credit Entitlement	-	-	(1,41,41,451)	-	-	-
Fringe Benefit Tax	-	-	29,40,537	19,79,680	6,09,147	4,25,000
Deferred Tax Charge/ (Credit)	(39,35,667)	1,39,28,747	(2,55,68,702)	3,31,96,030	79,84,760	1,37,13,460
Profit After Tax	6,36,06,661	16,24,91,287	2,27,07,228	4,48,76,202	95,06,606	3,48,05,742
Balance brought forward from previous year/period as restated	26,36,75,188	10,11,89,518	7,84,83,828	3,36,07,626	2,41,01,020	21,60,958
Profit Available For Appropriation	32,72,81,849	26,36,80,805	10,11,91,056	7,84,83,828	3,36,07,626	3,69,66,700
Dividend on Preference Shares	-	4,801	1,315	-	-	-
Dividend Tax on Preference Shares	-	816	223	-	-	-
Issue of Bonus Shares	-	-	-	-	-	1,28,65,680
Surplus Carried to Balance Sheet	32,72,81,849	26,36,75,188	10,11,89,518	7,84,83,828	3,36,07,626	2,41,01,020

Note:

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flow of One 97 Communications Limited, as restated appearing in Annexure XVIII.

As per our report of even date

For S.R. Batliboi & Co.
Firm registration no.
301003E
Chartered Accountants

For and on behalf of Board of Directors of
One 97 Communications Limited

per Yogender Seth
Partner
Membership No : 94524

Vijay Shekhar Sharma
Managing
Director

Rajiv
Madhok
Director

Place: Gurgaon, India
Date: October 8, 2010

Vikas Thapar
Chief Financial Officer

Akhil
Chadha
Company
Secretary

ANNEXURE-XVII
RESTATED UNCONSOLIDATED STATEMENT OF CASH FLOWS

(Amount in Rupees)

	Particulars	Period ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
		June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
A.	Cash Flow From Operating Activities						
	- Net Profit before tax as restated	9,58,17,673	26,01,66,815	2,60,47,612	9,08,82,855	2,06,02,671	5,51,28,513
	Adjustments for :						
	- Interest Expenses	69,246	18,11,355	28,17,227	43,37,684	87,54,505	50,04,698
	- Provision for Doubtful Debts	32,41,298	1,53,00,000	1,64,78,435	-	-	-
	- Provision for Rent Equalisation	11,11,320	44,45,280	22,22,640	-	-	-
	- Interest Income	(40,26,539)	(3,00,88,190)	(1,35,52,549)	(65,82,847)	(6,69,646)	(34,266)
	- Depreciation	3,53,88,991	15,30,08,722	11,13,41,880	6,33,06,631	2,35,57,845	1,07,23,498
	- Amortisation	1,07,14,665	4,50,16,257	5,93,74,280	4,50,64,837	2,40,56,717	80,71,747
	- Provision for Gratuity	25,38,107	29,14,538	14,06,885	5,46,029	4,49,543	1,69,761
	- Provision for Leave Encashment	21,58,324	32,35,355	14,66,184	9,40,000	33,845	-
	- Employee Stock Option Expense	13,60,050	2,98,43,030	91,57,527	-	-	-
	- Intangible assets Written Off/ Impaired	-	-	11,11,61,878	-	-	-
	- Fixed Assets Written Off	-	2,55,948	67,90,123	-	-	-
	- Loss on Sale of Fixed Assets	6,53,363	4,390	8,05,936	-	-	-
	- Preliminary Expenses Written Off	-	-	-	-	-	1,03,062
	- Unrealised Forex (Gain)/ loss	(1,15,669)	(2,01,959)	10,18,013	(12,056)	25,037	-
	- Security Deposit Written Off	-	55,500	38,08,947	-	-	-
	- Dividend Income from Mutual Fund Investments	(2,07,715)	(51,520)	-	-	-	-
	- Profit on sale of Mutual Fund Investments	-	(1,40,046)	-	-	-	-
	Operating Profit before Working Capital Changes	14,87,03,114	48,55,75,475	34,03,45,018	19,84,83,133	7,68,10,517	7,91,67,013
	Movements in working capital:						
	- (Increase)/Decrease in Sundry Debtors	9,08,18,577	(12,76,76,117)	(16,52,89,730)	(12,97,18,387)	5,21,71,249	(6,31,23,847)
	- (Increase)/Decrease in Other Current Assets	(16,00,38,138)	3,93,89,487	-	-	-	-
	- (Increase)/ Decrease in Loans and Advances	3,37,07,153	(5,55,77,865)	(11,71,13,753)	8,31,91,286	(8,17,41,867)	(33,02,325)
	- Increase/ (Decrease) in Current Liabilities and Provisions	(1,03,08,145)	83,45,756	16,64,16,258	4,15,23,338	1,03,20,052	(1,62,93,647)
	Cash Generated from Operations	10,28,82,561	35,00,56,736	22,43,57,793	19,34,79,370	5,75,59,951	(35,52,806)
	- Tax outflow/(inflow)	2,41,51,063	11,10,84,453	7,96,24,527	2,92,98,338	97,39,865	44,71,533
	Net Cash generated from/(used in) Operating Activities	7,87,31,498	23,89,72,283	14,47,33,266	16,41,81,032	4,78,20,086	(80,24,339)

B.	Cash Flow From Investing Activities						
	- Purchase of Tangible Assets	(4,75,61,372)	(24,59,72,363)	(24,68,15,632)	(15,24,86,304)	(8,03,39,625)	(3,13,86,191)
	- Purchase of Intangible Assets	(1,31,54,542)	(7,08,00,453)	(8,02,63,930)	(5,59,57,931)	(47,11,675)	(10,54,57,562)
	- Proceeds from Sale of Tangible Assets	3,41,581	5,85,635	23,02,222	11,32,808	-	-
	- Proceeds From Sale of Investments	-	-	-	-	18,77,000	-
	- Investments in Associates	-	(3,37,00,000)	-	-	-	-
	- Advances given to Subsidiary	(21,98,785)	(46,17,055)	(37,582)	-	-	-
	- Investments in Subsidiaries	-	(99,990)	-	(98,49,710)	-	-
	- Purchase of Mutual Fund	(2,07,715)	(24,40,74,917)	-	-	-	-
	- Proceeds from Sale of Mutual Fund Investments	-	18,91,73,562	-	-	-	-
	- Dividend Income from Mutual Fund	2,07,715	51,520	-	-	-	-
	- Financials income on Fixed Deposits	1,04,24,252	2,67,62,356	84,03,047	50,91,756	1,36,668	-
	- In Deposit with maturity of more than 3 months	(2,89,00,000)	18,35,91,285	(38,27,42,000)	-	(13,24,46,280)	(9,00,000)
	Net cash generated from/(used in) investing activities	(8,10,48,866)	(19,91,00,420)	(69,91,53,875)	(21,20,69,381)	(21,54,83,912)	(13,77,43,753)
C.	Cash Flow From Financing Activities						
	- Proceeds from issue of Share Capital	50,509	-	49,92,55,764	9,82,69,882	25,82,68,650	11,25,00,000
	- Share Issue Expenses	-	-	(1,27,47,776)	-	-	-
	- Share application money received	11,536	-	-	-	-	-
	- Proceeds from Long Term Borrowings	-	16,00,000	-	-	3,77,33,629	44,33,596
	- Proceeds from/ Repayment of Short Term Borrowings	25,30,000	(7,89,891)	-	-	(3,51,52,041)	3,51,52,041
	- Repayment of Long Term Borrowings	(2,02,960)	-	(1,66,28,270)	(2,77,89,647)	-	(2,12,325)
	- Interest Expenses	(69,246)	(18,11,356)	(28,17,227)	(43,37,682)	(87,54,505)	(50,04,697)
	- Payment of Dividend	-	(1,538)	-	-	-	-
	Net cash generated from/(used in) Financing Activities	23,19,839	(10,02,785)	46,70,62,491	6,61,42,553	25,20,95,733	14,68,68,615
D.	Net Increase (decrease) in Cash and Cash Equivalents (A+B+C)	2,471	3,88,69,078	(8,73,58,118)	1,82,54,204	8,44,31,907	11,00,523
	Cash & Cash equivalents at the beginning of the period / year	5,69,25,684	1,82,13,344	10,55,71,462	8,73,17,258	28,85,351	17,84,828
	Cash & Cash Equivalents at the end of the period / year	5,69,28,155	5,70,82,422	1,82,13,344	10,55,71,462	8,73,17,258	28,85,351
	Components of Cash and Cash Equivalents						
	Cash in hand	8,47,115	2,19,238	4,92,501	2,14,266	4,44,217	4,37,687
	Balances with scheduled banks:						

- On Current Accounts	1,24,42,403	1,93,63,281	36,66,354	4,53,51,196	8,68,73,041	24,47,664
- On Fixed Deposit Accounts	23,10,00,000	20,23,00,000	38,09,61,979	6,00,06,000	13,40,46,280	16,00,000
- On Fixed Deposit Account (under lien)	1,14,55,425	1,12,55,425	1,59,84,731	1,41,04,707	-	-
- On Margin Money Accounts (under lien)	1,25,000	1,25,000	3,25,000	4,25,000	-	-
- Cash Credit Accounts	4,01,99,232	3,51,57,522	1,40,54,489	-	-	-
Balances with other banks:						
- On Current Accounts	34,85,285	21,85,643	-	-	-	-
- Total	29,95,54,460	27,06,06,109	41,54,85,054	12,01,01,169	22,13,63,538	44,85,351
- Less:						
- In Deposit with maturity of more than 3 months	(24,25,80,425)	(21,36,80,425)	(39,72,71,710)	(1,45,29,707)	(13,40,46,280)	(16,00,000)
	5,69,74,035	5,69,25,684	1,82,13,344	10,55,71,462	8,73,17,258	28,85,351
Add :						
- Effect of exchange difference on bank balance held in foreign currency	(45,880)	1,56,738	-	-	-	-
Grand Total	5,69,28,155	5,70,82,422	1,82,13,344	10,55,71,462	8,73,17,258	28,85,351

NOTES:

- 1) Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard -3 on Cash Flow Statements as notified by Companies (Accounting Standards) Rules, 2006 (as amended).
- 2) The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flow of One 97 Communications Limited, as restated appearing in Annexure XVIII.
- 3) Balance with other banks are available for use within the respective countries.

As per our report of even date

For S.R. Batliboi & Co.
Firm registration no.
301003E
Chartered Accountants

per Yogender Seth

Partner

Membership No : 94524

For and on behalf of Board of Directors of
One 97 Communications Limited

Vijay
Shekhar
Sharma
Managing
Director

Rajiv
Madhok

Director

Place: Gurgaon, India

Date: October 8, 2010

Vikas
Thapar
Chief
Financial
Officer

Akhil
Chadha
Company
Secretary

ANNEURE XVIII: NOTES TO THE RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOW, AS RESTATED, FOR ONE 97 COMMUNICATIONS LIMITED

1. Background

- a) One 97 Communications Limited (“Company”) was incorporated in the year 2000 and is in the business of providing various Value Added Services (VAS) primarily using voice and messaging platforms to the telecom operators and enterprise customers. On May 11, 2010, the Company converted to Public Limited Company and changed its name from One 97 Communications Private Limited to One 97 Communications Limited effective from May 12, 2010.
- b) The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at June 30, 2010, March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and the related Restated Unconsolidated Summary Statement of Profit and Loss and Cash Flow for the three months period ended June 30, 2010, years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 (hereinafter collectively referred to as “Restated Unconsolidated Summary Statements”) relate to the Company and have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with proposed Initial Public Offering of its equity shares.

These Restated Unconsolidated Summary Statements have been prepared to comply in all material respects with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2009 (“the SEBI Guidelines”) issued by SEBI on September 3, 2009 as amended from time to time.

2. Statement of Significant Accounting Policies adopted by the Company in the preparation of financial statements as at and for the three-months period ended June 30, 2010

a) Basis of preparation

The Restated Unconsolidated Summary Statements have been prepared by applying the necessary adjustments to the financial statements of One 97 Communications Limited. The financial statements are prepared under historical cost convention, on the accrual basis of accounting in accordance with the Companies Act, 1956 and the Accounting Principles generally accepted in India (“Indian GAAP”) and comply in all material respects with the accounting standards notified by Companies Accounting Standards (Rules), 2006 (as amended), to the extent applicable. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Fixed Assets

Tangible assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets

i. Internally generated software

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

ii. Software

Software and licenses acquired are recorded at consideration paid for acquisition.

d) Depreciation

Depreciation is provided using the Written Down Value Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, however, management's estimates of useful life are as envisaged in Schedule XIV of the Companies Act, 1956.

Fixed Assets costing up to Rs. 5,000 are being fully depreciated in the year of acquisition.

Leasehold Improvements are depreciated over lower of the period of the lease and useful life.

e) Amortization

Internally generated software is amortised @16.21% per annum on a Straight Line Basis.

Other software and licenses acquired are amortised at the rate of 40% on written down value method.

f) Impairment

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of asset over the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from services

Revenue from service transactions is recognised as and when services are rendered as per the terms of the agreement with customers. Revenues are disclosed net of the service tax charged on such services. In terms of the contract, excess of revenue over the billed at the period end is carried in the financial statement as unbilled revenue.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenues are disclosed net of the service tax and VAT charged on such sale of goods.

Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date.

j) Foreign currency transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Transactions denominated in foreign currencies are recorded in the reporting currency at exchange rate prevailing at the date of transaction.

c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

d) Accounting for foreign operations

A foreign operation which is integral to the operations of the company is translated using the same procedure mentioned above as if the transactions were entered into by the company on its own.

k) Retirement and other employee benefits

- (i) Retirement benefit in the form of Provident Fund is defined contribution scheme and employee State Insurance Schemes are a defined contribution schemes and the contribution is charged to the Profit and Loss Account of the year when the contribution to the fund is due. There are no other obligations of the Company other than the contribution to the fund.
- (ii) Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method.
- (iii) Short term compensated absences are provided for on the basis of estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

l) Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a graded vesting method.

n) Earnings/(loss) Per Share

Basic earnings/(loss) are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(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.

o) Provision

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

p) Segment policies

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment Transfers:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. Material Adjustments

- a) Summary of results of restatements made in audited financial statements of the Company for the respective years/period and their impact on the profits/(loss) of the Company is as under:

(Amount in Rs)

Adjustments for	Period ended June 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Net profit/(loss) after tax as per Audited Profit & Loss account	63,579,507	160,941,105	(4,461,285)	51,157,229	12,981,288	41,950,696
Adjustments for :						
Prior Period Items for other than amortization (Refer Note no 3 (b)(i) below)	-	-	11,613,627	(8,844,603)	(2,149,157)	(277,321)
Prior Period Items for amortization (Refer Note no 3 (b)(ii) below)	-	-	8,231,954	3,345,158	3,317,585	(14,894,697)
Amalgamation (Refer Note no 3 (c) below)	-	-	-	-	-	-
Provision for gratuity as per AS-15(Refer Note no 3 (d) below)	-	-	496,553	(66,029)	(109,127)	(169,762)
Bad debts written off (Refer Note no 3 (e) below)	40,662	(40,662)	15,183,958	230,886	(2,681,919)	(89,281)
Interest on late payment of service tax (Refer Note no 3 (f) below)	-	1,896,878	(1,896,878)	-	-	-
Depreciation (Refer Note no 3 (g) below)	-	-	2,207,562	(1,357,483)	(684,729)	(103,044)
Tax Impact of adjustments (Refer Note no 3 (h) below)	(13,508)	(631,240)	(8,668,271)	(105,901)	(46,969)	8,118,634
Excess /(short) provision of income tax (Refer Note no 3 (i) below)	-	-	830,889	11,269	(757,847)	(92,002)
Excess/short deferred tax (Refer Note no 3 (j) below)	-	325,206	(830,881)	505,676	(362,519)	362,519
Total adjustments (net of tax)	27,154	1,550,182	27,168,513	(6,281,027)	(3,474,682)	(7,144,954)
Net Profit as per restated summary statements	63,606,661	162,491,287	22,707,228	44,876,202	9,506,606	34,805,742

j) **Prior Period Items**

- i) In the financial statements for the years ended March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006, certain items of income / expenses have been identified as prior period adjustments. For the purpose of Restated Unconsolidated Statements, such prior period adjustments have been appropriately adjusted in the respective years. The details of such prior period adjustments are as under:

Particulars	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Bad debts	5,180,891	-	-	-
Connectivity and content expenses	685,934	977,496	356,479	79,158
Exchange rate fluctuation	1,817,802	-	-	-
Security expenses	-	15,581	-	-
Revenue reversal	3,929,000	-	-	-
Total	11,613,627	993,077	356,479	79,158

- ii) In the audited financial statements of the year ended March 31, 2006, the change in estimation of useful life of certain capitalised computer software from 12 months to 74 months from the date they were ready to use, was given effect on retrospective basis instead of prospective basis as per the requirement of Accounting Standard 26 on Intangible Assets. Since the depreciation charge for that year and remaining years was incorrectly accounted for, the same has been adjusted accordingly in the restated financial statements by reversing the depreciation written back during the year ended March 31, 2006 and providing for depreciation based on the remaining estimated useful life of the assets in the years March 31, 2007, March 31, 2008 and March 31, 2009. These intangibles were impaired as at March 31, 2009, consequently there is no impact of the changes as above for the year ended March 31, 2010 and period ended June 30, 2010.

k) **Merger of Worldwide Computer Services Private Limited ('WWCS') with the Company**

During the year ended March 31, 2006, the amalgamation of WWCS with the Company was accounted for with effect from April 1, 2004 (the appointed date) in terms of the scheme of amalgamation (“the scheme”) sanctioned by the Honorable High Court of New Delhi vide order dated August 24, 2005. The amalgamation was accounted in the year ended March 31, 2006 under the “pooling of interest method” as prescribed by the Accounting Standard (AS-14) as notified by the Companies (Accounting Standards) Rules 2006 (as amended) and accordingly the assets and liabilities were taken over at their book values with effect from April 1, 2004, the appointed date. For the purpose of restatement the same has been given effect to in the year ended March 31, 2005, from the appointed date. Details of assets and liabilities taken over are as under:

Particulars	Amount in Rupees
Fixed assets	100,145
Investments	62,825,000
Current assets	638,450
Miscellaneous expenditure	55,650
Profit and Loss Debit balance	3,905
Deferred tax liabilities	(20,171)
Current liabilities & provisions	(35,579)
Total net assets as on April 1, 2004	63,567,400
Represented by:	
Share premium	54,777,600
Share Capital of transferee company	8,789,800

Pursuant to the scheme, the consideration is discharged by allotment of equivalent number of equity shares of the company to the shareholders of WWCS 878,980 equity shares of Rs 10 each were allotted for discharge of consideration.

l) Employee benefits- Gratuity

During the year ended March 31, 2009, the Company changed its accounting policy for provision for gratuity, and accrued for on the basis of an actuarial valuation made at the end of each financial year, which was earlier made on actual basis. For the purposes of the Restated Summary Statements, the revised policy has been applied retrospectively

m) Bad debts written off

Bad debts written off pertaining to settlement with customers on account of revenues recognized in earlier years have been adjusted in the respective years in which revenue was recognized.

n) Interest on late payment of Service Tax

During the year ended March 31, 2010, the Company has recognized service tax liability along with the interest on delayed payments on account of import of software for the period May 16, 2008 onwards . For the purpose of restatement, the interest liability has been adjusted in the respective years to which it pertains.

o) Depreciation adjustments

For the purposes of these Restated Summary Statements, the following adjustments have been made to the tangible assets and the corresponding depreciation.

- During the year ended March 31, 2009, tangible fixed assets individually costing less than Rs 5,000 have been depreciated in the year of purchase as per the Company policy, including the net book value of such assets as at April 1, 2008 purchased in earlier years . For the purpose of restatement, the depreciation on the net book value of assets as at April 1, 2008 amounting to Rs 1,070,158 has been adjusted for in the respective years.
- The Company has been historically classifying the cost of improvements to the leasehold buildings

under the block of Furniture and Fixtures and depreciating it accordingly at the rate applicable to Furniture and Fixtures. However, during the year ended March 31, 2009 the same were classified separately under the block of Leasehold Improvements and were depreciated over the lease term of the respective leases, with the cumulative depreciation amounting to Rs 1,096,951 being recorded during the year ended March 31, 2009. For the purpose of restatement, the adjustments to the depreciation charge and the consequent impact on loss on sale and write off of such improvements amounting to Rs 40,453 has been adjusted for in the respective years.

p) Tax impact of adjustments

In the preparation of the Restated Unconsolidated Summary Statements, the Company has determined the tax impact on all the adjustments considered.

q) Taxes for earlier years/ periods

Income taxes provided in earlier years in respect of which either additional demand has been subsequently paid to the authorities or refunds have been subsequently received from the authorities, on completion of assessments, have been adjusted in the Restated Summary Statements of such years when such amounts were originally provided.

r) Deferred Taxes adjustments

Deferred Tax Asset/Liability erroneously not recognized in the respective years, but recognized subsequently has been restated to the respective years.

s) Employee benefits-Leave Encashment

The Company has adopted revised Accounting Standard 15 on Employee Benefits issued by the Institute of Chartered Accountants of India effective April 1, 2008 resulting in reduced costs of Rs 876,236 for leave encashment being recorded during the year ended March 31, 2009. However, due to practical difficulties in retrospective application of the same due to non availability of leave records, it has not been possible for the management to determine the impact on the profits for the year ended March 31, 2007 and March 31, 2006. Therefore the revised accounting standard has not been adopted by the Company for each of above said financial years. In view of the management such restatement would not have any material impact and accordingly such adjustments have not been made in the attached unconsolidated restated summary statements.

t) Accounting Standards

The provision relating to segment reporting, related party disclosure, earnings per share and cash flow statements as per Accounting Standards (AS) 17, AS 18, AS 20 and AS 3 respectively, issued by the Institute of Chartered Accountants of India (ICAI) were applied by the Company for the first time on March 31, 2009. However, for the purpose of disclosure of Other Financial Information in respect of above, the aforesaid Accounting Standards have been applied retrospectively.

b) Reconciliation of Profit and Loss account as at April 1, 2005

Particulars	Amount (Rs.)	Amount (Rs.)
Profit & loss account balance as on April 1, 2005 as per Audited Financial Statements		18,013,534
A. Restatement Adjustments made for financial year 2003-04 or prior years		
1) Adjustment of bad debts written off pertaining to the year 2003-04 and 2004-05	(12,623,692)	
2) Depreciation short charged on assets individually costing less than Rs.5,000	(19,940)	
3) Excess provision of current tax pertaining to 2003-04 and 2004-05	7,693	
4) Balance transferred from WWCS on merger (Refer Note 3 above)	(4,007,392)	
5) Adjustment for Prior period items for other than amortization	(342,546)	

6) Adjustment for Provision for gratuity as per AS-15	(151,645)	
7) Adjustment for Depreciation	(62,306)	
8) Impact of deferred tax on account of above adjustments	1,347,252	(15,852,576)
Profit & loss account balance as on April 1, 2005 as restated		2,160,958

u) **Non – Adjustment Items**

(i) **Software written off**

As at March 31, 2009, the management reassessed the carrying values of the historical block of software having net book value of Rs 116,076,247 (restated value of Rs 111,161,878) by virtue of impairment assessment as defined under Accounting Standard 28 issued by the Institute of Chartered Accountants of India. The management concluded that there were no anticipated further economic benefits from such software in future and accordingly the written down value of such block of asset was impaired as at March 31, 2009. Adjustment on this account has not been made in the Restated Summary Statements as the Company is of the opinion that the assessment of impairment was determined only as at March 31, 2009.

(ii) **Minimum Alternate Tax ('MAT') credit under Sec 115 JB of the Income Tax Act, 1961**

The Company has paid income tax under Section (u/s) 115 JB of Income Tax Act, 1961 for the financial years 2005-2006, 2006-2007 and 2007-2008. For the year ended March 31, 2009, since the Company's tax liability as per the normal income tax provision was higher than the tax payable u/s 115 JB, the Company utilized the MAT credit available to it, but not recognised in earlier years due to uncertainty of taxable profits, during the year ended March 31, 2009. As a result, the MAT Credit amounting to Rs 14,141,451 recognized in the books of accounts for claim against the tax liability for the year ended March 31, 2009. Adjustment on this account has not been made in the Restated Summary Statements.

(iii) **Penalties**

During the year ended March 31, 2009, the Company entered into a settlement agreement with one of the customers to amicably settle a claim of Rs 17,500,000 for default in service obligations and override of contractual obligations. The period of default being June and July 2008, the Company is of the opinion that the same pertains to year ended March 31, 2009 and has not restated the same.

v) **Adjustment made in Restated Statement of Assets and Liabilities:**

(i) **Service Tax Credit**

During the year ended March 31, 2010, the Company has recognized service tax liability along with the interest on delayed payments on account of import of software for the period May 16, 2008 onwards . The amount of service tax liability, except to the extent of interest on delayed deposit has also been availed as credit available to the Company. For the purpose of restatement, the amount of service tax liability and service tax credit has been adjusted in the respective years.

w) **Material regroupings**

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the three months period ended June 30, 2010. The material regroupings made in the unconsolidated summary statement of assets and liabilities as restated, and the consolidated summary statement of profits and losses, as restated are:

i) **Capital advances**

Capital advances were included in Loans and advances as at March 31, 2007 and March 31, 2006 which have been regrouped under Capital Work in progress in the unconsolidated summary statement

of assets and liabilities, as restated.

ii) **Hardware and Software**

Software relating to network cards used for interface with the servers were classified under software and have been regrouped under Hardware for the year ended March 31, 2008.

1) **Other Significant Notes**

13. **Capital commitments as at year end (net of capital advances):**

(Amounts in Rs)

As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
9,043,027	12,888,772	1,205,661	1,762,656	-	-

4. **Contingent liabilities:**

(Amounts in Rs)

As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
3,100,952	2,900,952	5,335,000	3,225,000	2,25,000	-

The above are in the nature of bank guarantees given by the Company to its customers against which 100% margin money have been retained in the form of fixed deposits by the banks.

5. **Segment Information:**

Business segments:

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – providing Value Added Services (‘VAS’) to the customers of telecom operators and business of purchase and sale of domains (pursuant to merger with Worldwide Computer Services Private Limited). Costs and expenses which cannot be allocated to any business segment are reflected as corporate costs. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

For the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and three months ended June 30, 2010, the Company is engaged in providing only value added services in telecom business globally and is considered to constitute a single segment in the context of primary segment reporting as prescribed by Notified Accounting Standard 17 – “Segment Reporting” by Companies (Accounting Standards) Rules, 2006 (as amended).

Geographical segments:

The Company sells its services and goods mostly within India with insignificant export income and does not have operations in economic environments with different risks and returns, hence it has been considered as operating in a single geographical segment.

The segment information is given below:

Business segments

Particulars	Domain	VAS	Total
	2005-06	2005-06	
Revenue			
Sales	310,904,515	108,541,687	419,446,202
Result			
Segment Result	1,569,325	58,762,212	60,331,537
Unallocated Corporate Expenses	-	-	232,593

Particulars	Domain	VAS	Total
Operating Profit	-	-	60,098,444
Interest Expense	-	-	5,004,697
Interest Income	-	-	34,266
Income Taxes	-	-	20,322,771
Profit from Ordinary Activities	-	-	34,805,742
Net profit	-	-	34,805,742
Other Information			
Segment Assets	96,011,577	186,961,878	282,973,455
Unallocated Corporate assets		-	17,386,817
Total Assets	96,011,577	186,961,878	300,360,272
Segment Liabilities	1,747,800	9,940,722	11,688,522
Unallocated Corporate Liabilities	-	-	65,637,650
Total Liabilities	1,747,800	9,940,722	77,326,172
Capital Expenditure	-	135,670,563	135,670,563
Depreciation and amortization	4,528,249	14,266,997	18,795,246
Non-Cash Expenditure other than Depreciation and amortization	-	-	402,355

6. Employee benefits

Gratuity and other post employment benefit /contribution plans

- a) The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service subject to a maximum amount of Rs. 1,000,000. The scheme is unfunded.

Disclosures as per actuarial report of independent actuary are as below:

Amount of obligation as at period/ year end is determined as under:

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Present value of obligation as at the beginning of the year	5,638,406	2,723,868	1,316,978	770,949	321,407	151,645
Interest cost	105,720	192,609	61,075	57,821	24,106	11,373
Current service cost	930,903	2,525,826	1,926,285	850,450	361,261	158,560
Benefits paid	-	-	-	-	-	-
Past service cost	-	116,738	-	-	-	-
Actuarial (gain)/ loss on obligations	1,501,484	79,365	(580,470)	(362,242)	64,175	(171)
Present value of obligation as at the end of period/ year	8,176,513	5,638,406	2,723,868	1,316,978	770,949	321,407

Amount of the gratuity expense recognized in the Profit and Loss account:

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Current service cost	930,903	2,525,826	1,926,285	850,450	3,61,261	1,58,560
Interest cost	105,720	192,609	61,075	57,821	24,106	11,373
Actuarial (gain)/loss recognized during the year	1,501,484	79,365	(580,470)	(362,242)	64,175	(171)

Past service cost	-	116,738	-	-	-	-
Expense recognized during the year	2,538,107	2,914,538	1,406,890	546,029	4,49,542	1,69,762

The principal actuarial assumptions used in determining gratuity for the Company are shown below:

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Discount rate	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Salary increment rate	5%	5%	5%	5%	5%	5%

As the scheme is unfunded there is no expected rate of return on assets. Further, the estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Defined Benefit obligations	8,176,513	5,638,406	2,723,868	1,316,978	770,949	321,407
Plan Assets	-	-	-	-	-	-
(Deficit)	(8,176,513)	(5,638,406)	(2,723,868)	(1,316,978)	(770,949)	(321,407)
Experience adjustment on plan liabilities	(1,501,484)	(2,452,647)	(580,470)	362,242	(64,175)	(171)
Experience adjustment on plan assets	-	-	-	-	-	-

The details of Company's contribution to Provident Fund is as under

Description	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Contribution to Provident Fund	1,253,468	4,881,401	2,731,386	1,271,811	228,465	191,278

7. Employee Stock option Plans

During the year ended March 31, 2009, the Company introduced One 97 Employee Stock Option Plan – I for the benefit of employees as approved by the board of directors in the meeting held on September 8, 2008 and by the members in the Extra Ordinary General Meeting held on October 22, 2008 for a total of 951,355 options. The Company has appropriated 795,056 options of Rs.10 each to be granted to eligible employees.

795,056 options were granted on December 31, 2008 out of total pool of 951,355. These options were granted to all eligible, permanent employees who were on rolls of Company as at December 31, 2008. These options have a vesting period of 4 years and shall be vested at one year intervals in the following proportion:

Date of vesting	% of total options vesting
December 31, 2009	10%
December 31, 2010	20%
December 31, 2011	30%
December 31, 2012	40%

The weighted average remaining contractual life of these options is 1.75 years as at June 30, 2010.

1.78 as at March 31, 2010 and 2.75 years as at March 31, 2009.

Out of 795,056 options exercise price of 233,602 options which are granted to employees who joined the Company till March 31, 2007 is Rs.10/- per option and for 561,454 options granted to employees joining between April 1, 2007 and December 31, 2008 exercise price is Rs 49/ per option-. This has been

determined by the Compensation Committee.

Out of the total granted options, 112,625 options have become available for the pool again as at 30.06.2010 since the employees eligible for these have left the Company without exercising the same. Out of 112,625 options, 3,994 options have an exercise price of Rs. 10 each and 108,631 options have an exercise price of Rs. 49 each.

The movement of the options has been given below:

Particulars	June 30, 2010		March 31, 2010		March 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	743,820	36.91	795,056	37.54	-	-
Options granted during the period/ year	-	-	-	-	795,056	37.54
Options exercised during the period/year	2,707	18.66	-	-	-	-
Options forfeited during the period/year	61,389	48.39	51,236	46.69	-	-
Options outstanding at the end of the period/year	679,724	35.95	743,820	36.91	795,056	37.54
Vested options outstanding at the end of the period/year	65,627	36.61	74,473	36.93	-	-
Unvested options outstanding at the end of the period/year	614,097	35.88	669,347	36.91	795,056	37.54

The details of exercise price for stock options outstanding at the end of the period/ year are:

June 30, 2010

Exercise Prices (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
10	227,502	1.55	10
49	452,222	1.55	49
Total	679,724		

March 31, 2010

Exercise Prices (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (in Rs.)
10	230,572	1.78	10
49	513,248	1.78	49
Total	743,820		

March 31, 2009

Exercise prices (in Rs.)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
10	233,602	2.75	10
49	561,454	2.75	49
Total	795,056		

Accounting for stock options

Guidance note on “Accounting for Employees Share Based Payments” issued by Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employees share based payments plans.

The Company has elected to apply intrinsic-value based method for accounting for stock options plan and accordingly the difference between the fair value of the underlying shares and the exercise price is expensed to the Profit & Loss Account over the period of the vesting.

Had the stock options plan been determined applying the fair value approach described in the guidance note, the Company's net income and basic earnings per share would have reduced to the proforma amounts as indicated :

	June 30, 2010	March 31, 2010	March 31, 2009
Profit/(loss) (restated) available to equity shareholders (Refer Annexure XXVII)	56,749,550	144,970,368	20,258,108
Add: Stock based employee compensation expense (intrinsic value method)	1,360,050	29,843,030	9,157,527
Less: Stock based employee compensation expense (fair value method)	(1,588,945)	(33,400,897)	(10,345,365)
Proforma net profit/(loss)	56,520,655	141,412,501	19,070,270
Basic earnings/loss per share			
- As reported	2.49	6.35	0.95
- Pro forma	2.48	6.19	0.89
Diluted earnings/loss per share			
- As reported	2.44	6.22	0.95
- Pro forma	2.43	6.09	0.89

The weighted average fair value of options granted under the One 97 Employee Stock Option Plan -1 during the year ended March 31, 2009 (computed using Black-Scholes model) was Rs. 100. The estimation of fair value on date of grant was made using the Black-Scholes model with the following assumptions:

Weighted average share price	Rs. 126.35
Weighted average exercise price	Rs. 37.54
Dividend yield %	0%
Expected life (years)	5
Risk free interest rate	7.5%
Volatility	0%

The risk free interest rate is the yield on ten year government bonds in India. Expected volatility is considered as 'Nil' as the Company is not listed on any recognized stock exchange. The expected option life is based on exercise period.

8. Leases

The Company has taken certain office space on cancellable operating lease where lease for one of the office is for a total period of 9 years with a lock-in operating of 3 years. The rent is subject to escalation of 15% every three years. Details of rent paid as under:

(Amounts in Rs)

Particulars	For the period ended June 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Rental expense	9,470,938	38,343,765	33,240,090	12,384,232	6,169,914	1,691,573

The leases for other offices are for a term of three years and are renewable at the mutual agreement of both the parties with an escalation clause of 15% to 20%. There are no restrictions imposed by lease agreements. There are no sub leases.

Details of operating lease commitments are as under -

(Amounts in Rs)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Not later than one year	31,288,190	31,231,551	33,323,095	20,146,898	7,098,176	2,600,920
Later than one year but not later than five years	134,235,511	130,959,622	127,010,055	17,626,277	8,226,863	4,268,834

Later than five years	83,984,040	93,315,600	128,207,520	-	-	-

9. Unhedged Foreign Currency exposures

The Company does not use derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency fluctuations and interest rate or for trading/speculation purpose.

Details of unhedged foreign currency exposures are as under:

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Liabilities						
Creditors (in USD)	62,795	553,061	447,866	45,212	81,143	-
Creditors (in EURO)	500	-	-	-	-	-
Creditors (in BDT)	290,055	212,232	-	-	-	-
Total Creditors (in INR)	3,135,867	25,025,348	23,367,095	1,803,959	3,524,989	-
Assets						
Debtors (in USD)	86,339	139,683	46,457	39,666	9,780	34,490
Debtors (in BDT)	308,029	-	-	-	-	-
Debtors (in NGN)	178,538	4,256,588	-	-	-	-
Debtors (in CAD)	-	32,000	-	-	-	-
Total Debtors (in INR)	4,267,494	8,960,494	2,423,848	1,582,661	424,859	1,538,880
Advance given to suppliers (in USD)	-	112,500	-	-	51,145	-
Advance given to suppliers (in EURO)	500	-	-	-	-	-
Total Advance given to suppliers (in INR)	28,354	5,062,950	-	-	2,221,825	-
Bank Balance						
In BDT	3,426,523	3,426,523	-	-	-	-
In NGN	4,079,925	-	-	-	-	-
Total Bank Balance – in INR	3,485,284	2,185,643	-	-	-	-
Cash balance						
In USD	100	-	-	-	-	-
In EURO	1,130	-	-	-	-	-
Total Cash Balance in INR	68,726	-	-	-	-	-
Rates used						
1United State Dollar (USD)	46.46	45.04	52.17	39.90	43.44	44.62
1Bangladesh Taka (BDT)	0.66	0.64	-	-	-	-
1 Nigerian Naira (NGN)	0.30	0.30	-	-	-	-

1 EURO	56.71	-	-	-	-	-
1 Canadian Dollar (CAD)	-	44.15	-	-	-	-

The breakup of Restated Deferred Tax Assets and Deferred Tax Liabilities is as below:

(Amounts in Rs.)						
Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Deferred Tax Liabilities						
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	45,042,164	46,433,718	37,351,374	34,195,339	8,176,878	3,858,787
Differences in amortisation and other differences in block of intangibles as per tax books and financial books	16,072,221	15,614,905	1,438,955	30,449,292	31,532,415	14,807,577
Gross Deferred Tax Liabilities	61,114,385	62,048,623	38,790,329	64,644,631	39,709,293	18,666,364
Deferred Tax Assets						
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	9,969,369	8,044,617	2,252,834	1,095,397	189,373	108,188
Unabsorbed depreciation	-	-	-	3,263,668	12,341,578	-
Provision for doubtful debts	11,632,680	10,556,003	5,601,020	-	-	-
Bad debt written off	-	-	-	5,163,580	5,191,165	4,288,430
Others	-	-	1,417,220	34,028	95,249	362,578
Gross Deferred Tax Assets	21,602,049	18,600,620	9,271,074	9,556,673	17,817,365	4,759,196
Net Deferred Tax Liability	39,512,336	43,448,003	29,519,255	55,087,958	21,891,928	13,907,168

10. Significant changes in Share Capital

March 31, 2006:

During the year ended March 31, 2006 the Company issued 1,500,000 shares of Rs.10/- each at a premium of Rs.65 per share to Cyberlogy India Private Limited. Further, pursuant to amalgamation of Worldwide Computer Services Private Limited ('WCSPL'), Company also issued 878,980 shares of Rs 10 each at par to the erstwhile shareholders of WCSPL. During the year, the Company also allotted 6,764,328 bonus shares in the ratio of 18 fully paid up equity shares of Rs.10/- each for every 5 fully paid up equity shares of Rs.10/- each held in the Company.

March 31, 2007:

During the year ended March 31, 2007, the Company issued 3,353,000 bonus shares of Rs 10/- each in the ratio of 200 equity shares for 605 existing equity shares of the Company. The Company also issued 4,948,106 equity shares of Rs 10/- each at Rs 47.85 per share and 449,828 equity shares of Rs 10/- each at Rs 47.80 per share to SAIF III Mauritius Company Limited and SVB Financial Group respectively. In the event of any liquidation, dissolution, winding up or deemed liquidation of the Company, each holder of such equity share shall be entitled to receive the higher of i) the full amount of investment plus interest on such amount at the rate of at least 12% or such maximum rate as may be prescribed by the applicable law at such time, whichever is lower, per annum from the closing date through the date of payment or ii) the amount payable in proportion to its holding on an as if converted basis from the amount due to the equity shareholders, plus all declared and unpaid dividends. This amount shall be paid prior to and in preference to any payment to other shareholders.

March 31, 2008:

During the year ended March 31, 2008, the Company issued 922,486 and 83,862 compulsorily convertible preference shares of Rs 10/- each at Rs 97.65 per share to SAIF III Mauritius Company Limited and SVB India Capital Partners I, L.P respectively. These Preference Shares of face value of Rs. 10 each were

converted into equity shares in ratio of 2 equity shares of nominal value of Rs. 10 each for each preference shares. The premium on such conversion of Rs. 10,063,480 was adjusted with the Securities Premium account.

March 31, 2009

During the year ended March 31, 2009, the Company issued 2,482,759 and 275,862 0.001% cumulative convertible Series B Preference Shares of Rs. 174/- each at par to Intel (Capital) Mauritius Limited and SVB India Capital Partners I, L.P respectively. In the event of any liquidation, dissolution, winding up or deemed liquidation of the Company each holder of the Series B Preference Shares shall be entitled to receive such amount per Series B Preference Share equal to 150% of the Original Preference Share Issue Price in addition to any arrears of declared and accrued but unpaid dividends calculated to the date of such payment. This amount shall be paid prior to and in preference to any payment to other shareholders. Each Series B Preference Share may be converted into Equity Shares at any time at the option of the holder of the Series B Preference Share. Subject to the compliance with applicable laws, each Series B Preference Share shall automatically be converted, at the Conversion Price (then in effect) into Equity Shares upon the earlier of (i) September 30, 2028; or (ii) upon the completion of a Qualified Public Offering and listing of all Equity Shares of the Company on the relevant stock exchange after such completion. The number of equity shares issuable pursuant to conversion of Series B preference shares shall be number obtained by dividing the original preference share issue price by the conversion price at the time in effect. The conversion price initially shall be equal to the original Preference Share issue price and shall be subject to adjustment from time to time based on adjustments on a fresh issue or otherwise. During the year ended March 31, 2009, the company also changed the terms of liquidation preference of Equity shares issued to SAIF III Mauritius Company Limited. and SVB Financial Group issued during the year ended March 31, 2007. As per the revised terms, after the payment of the preference amount, to holders of preference shares, holders of these equity shares shall be entitled to an amount equivalent to 150% of the original issue price in addition to any arrears of declared and accrued but unpaid dividends calculated to the date of such payments. Pursuant to Company's proposed Initial Public Offering, it is in the process of converting the above preference shares.

11. Carrying value of investments as at June 30, 2010.

Oorja Mobile Services Private Limited

- i) The Company has investments in Oorja Mobile Services Private Limited ('Oorja') of Rs 9,849,710, a Company in the start up phase. As at June 30, 2010, the cost of investments is more than the proportionate share of networth of Oorja as at June 30, 2010. However, these investments have been made considering the strategic business expansion plan and further considering the intrinsic value, business potential of Oorja and the future economic benefits, the Company does not consider there to be any permanent diminution in the value of investments.

Tencube Pte Limited ('Tencube')

- ii) During the financial year ended on March 31, 2010, the Company had invested Rs 33,700,000 in Tencube Pte Limited ('Tencube'), a Singapore based company. The investment is towards 1,000,000 Redeemable Convertible Preference Shares of SGD 1 each. These shares are redeemable at any time of occurrence of event of default defined as insolvency or any material breach of conditions, at sum equivalent to the issue price together with a compounded annual return of 8% and all accrued dividends till that date. Also, these preference shares are convertible into equity shares, at any point of time by virtue of 51% of such Preference shareholders giving a notice of conversion to the Company, which would entitle the preference shareholders a right of 21.28% of the issued and paid up share capital of the Company at that date. The preference shareholders also have a voting right at the general meetings of the Company to the extent of above 21.28% on a fully dilutive basis. The Preference shares carry a right of fixed and non-cumulative dividend rate of 5% per annum more than the highest dividend declared over the ordinary shares, and such dividends to be paid in preference to any dividend declared on ordinary shareholders.

As at June 30, 2010, the networth of Tencube is 78% eroded. On July 29, 2010 the Company alongwith other shareholders of Tencube have entered into a Stock Purchase Agreement with McAfee (Singapore) Limited to offer the shares held in Tencube for sale for a total acquisition price of USD 9,500,000. The Company received its proportionate share of the consideration on August 31, 2010 which is higher than

its cost of acquisition of the investment. The said event does not relate to conditions existing at the June 30, 2010 and hence treated as a non adjusting event and accordingly investments continue to be disclosed as long term investments.

12. Contracts with customers

During the period ended June 30, 2010 and the year ended March 31, 2010, the Company has recognized revenue amounting to Rs 77,931,770 and Rs. 199,796,890 respectively for which the contracts with one of the customer is in the process of being executed. The commercial terms for such contracts are already been agreed with the customer. Further out of the revenues so recognized, the company has realised Rs 32,518,303 till September 3, 2010 and Rs. 172,051,782, till August 5, 2010 for the respective period / year.

The management does not expect there to be any financial adjustments on execution of the contract.

13. On May 18, 2010 the Company had filed a Draft Red Herring Prospectus with SEBI for its proposed Initial Public Offering. In regard to such proposed public issue, the Company has incurred certain expenses, till June 30, 2010, aggregating to Rs 22,230,996 including Rs. 18,297,860 incurred upto March 31, 2010 (including cumulative amount of Rs 5,747,500 and Rs. 4,747,500 payable to statutory auditors on June 30, 2010 and March 31, 2010 respectively) which are directly related to such offering. Such expenses are not charged off to Profit and Loss account and are carried as prepaid expenses included Loans and advances under current assets. The Company plans to set off these expenses against the Securities Premium at the time of public issue as per the provisions of Section 78 of the Companies Act, 1956. In case the public issue is abandoned for any reason, the same would be written off.

14. Other notes

- i) During the year ended March 31, 2006 the Company had invested in 2,431,000 equity shares of Interworld Digital Limited for a cost of Rs. 2,917,000. These shares were fraudulently transferred by certain Companies in their own name and as such these investments were not held in Company's name. The Company filed a suit before the Hon'ble Delhi High Court in the year 2005-06 for recovery of its 2,431,000 shares. During the year 2006-07 pending the decision of High Court, the Company sold these shares for Rs 2,917,000 pending the actual delivery of shares. The Company is not pursuing the case any further.
- ii) These Restated Unconsolidated Summary Statements have been prepared to be included in the Offer document being issued by the Company in connection with its Initial Public Offer, accordingly, the additional information pursuant to the provisions of paragraphs 3 and 4D of Part II of Schedule VI to the Companies Act, 1956 has not been furnished.

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Audit qualifications in the respective years which do not require any corrective adjustment in the financial information are as follows:

1. Period ended June 30, 2010- Qualification in the Audit Report

As more fully described in Note no 2(a) of Schedule 20 of the financial statement, as per the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, notified pursuant to Companies (Accounting Standards) Rules, 2006, (as amended), the interim financial statements should include comparative numbers for the profit and loss account and cash flows for the period from April 2009 to June 2009. However the Company has not presented the same. This does not have an effect on the profit and cash flows for the period and reserves at the end of the period.

2. Year ended March 31, 2010: Qualifications under Companies (Auditor's Report) Order, 2003 ('CARO')

- i) Internal control system for sale of services needs to be further strengthened to be commensurate with the size of the company. During the course of the audit, we have not observed any continuing failure to correct major weakness in the internal control system of the company in these areas.
- ii) The undisputed statutory dues including income tax , custom duty, investor education and protection fund, employee's state insurance, sales- tax, wealth-tax, excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities except for significant delays in deposit of service tax in a few cases.

3. Year ended March 31, 2009: Qualifications under Companies (Auditor's Report) Order, 2003 ('CARO')

- i) The internal control system for sale of services needs to be further strengthened to be commensurate with the size of the Company and the nature of its business. Further, the Company did not have a formal agreement for an arrangement with one of its customers which were a continuing failure to correct major weakness in the internal control system. However, subsequent to the year end, the Company, through electronic exchange of communication, has obtained confirmation of amounts due from the said customer.
- ii) The Company does not have an internal audit system and it was only subsequent to the year end that the Company has appointed an external firm as internal auditors.
- iii) The undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, wealth-tax, service tax and customs duty have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

As per our report of even date

For S.R. Batliboi & Co.

Firm registration no: 301003E
Chartered Accountants

Per Yogender Seth
Partner

For and on behalf of the Board of Directors of

One 97 Communications Limited

Vijay Shekhar Sharma
Managing Director

Rajiv Madhok
Director

Membership No: 94524

Place: Gurgaon, India
Date: October 8, 2010

Vikas Thapar
Chief Financial Officer

Akhil Chadha
Company Secretary

ANNEXURE XIX: DETAILS OF OTHER INCOME

Details of other income as Restated

(Amounts in Rs.)

Particulars	For the period ended June 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006	Nature
Other income	4,965,663	30,864,113	13,858,014	7,011,146	1,168,898	278,064	
Net profit before tax as restated	95,817,673	260,166,815	26,047,612	90,882,855	20,602,671	55,128,513	
Percentage	5%	12%	53%	8%	6%	1%	
Source of income							
Interest on fixed deposits	4,026,539	30,088,190	13,552,549	6,582,847	669,646	34,266	Non recurring and not related to business activity
Interest on income tax refund	720,865	-	-	-	-	-	Non recurring and not related to business activity
Dividend from Mutual funds	207,715	51,520	-	-	-	-	Non recurring and not related to business activity
Profit on sale of Mutual funds	-	140,046	-	-	-	-	Non recurring and not related to business activity
Other income	10,544	584,357	305,465	428,299	499,252	243,798	Non recurring and related to business activity
Total other income	4,965,663	30,864,113	13,858,014	7,011,146	1,168,898	278,064	

Notes:

1. The Classification of 'Other income' as Recurring/Non Recurring is based on the current operations and business activities of the company as determined by the management.
2. The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Profit and Loss of the Company.

ANNEXURE XX: CAPITALISATION STATEMENT AS AT JUNE 30, 2010

(Amounts in Rs.)

Particulars	Pre Issue	Post Issue (Refer Note 4)
Borrowings		
Short term debt (A)	-	
Long Term Debt (B)	3,600,585	
Total debts (C)	3,600,585	
Shareholders' funds		
Equity share capital	228,352,160	
Preference share capital	480,000,054	
Reserve and surplus - as restated		
- Profit & Loss account	327,281,849	
- Securities premium account	333,968,468	
Total shareholders' funds	1,369,602,531	
Long term debt / shareholders funds	0.26%	
Total debt / shareholders funds	0.26%	

Notes:

- 1) Short term debts are debts payable within one year from June 30, 2010.
- 2) Long term debts are debts other than debts defined above.
- 3) The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at June 30, 2010.
- 4) The Corresponding post issue figures are not determinable at this stage pending the completion of Book building process and hence have not been furnished.

**ANNEXURE XXI : DETAILS OF LOANS
SECURED LOANS**

(Amount in Rs.)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
- Vehicle Loans	3,600,585	1,273,545	463,436	912,439	2,261,186	190,089
- Cash Credit facilities	-	-	-	-	-	34,927,042
- Term Loan	-	-	-	16,179,267	42,620,167	6,957,634
Total	3,600,585	1,273,545	463,436	17,091,706	44,881,353	42,074,765

Notes:

- 1) Vehicle loans are availed from ICICI Bank Limited, Axis Bank Limited & HDFC Bank Limited for Vehicles procured by the Company and are secured by way of hypothecation of underlying vehicle and are further secured by personal guarantee/guarantees of one of the director/directors of the company.
- 2) Cash credit facility as at March 31, 2006 was secured by way of hypothecation of stock, book debts and Corporate guarantee of Welcome Builders Private Limited backed by equitable mortgage of its immovable property and personal guarantee of all its directors & directors of erstwhile Worldwide Computers Private Limited.
- 3) Cash credit facility amounting as at March 31, 2009, March 31, 2010 & June 30, 2010 is secured against a lien on Fixed Deposits for Rs. 8,000,000 and an exclusive charge by way of hypothecation of Company's entire current and fixed assets, both present and future and personal guarantee of the promoter director.
- 4) Term loans are availed from ICICI Bank Limited for procurement of computer servers and related accessories. These were secured by way of primary charge on underlying servers and are additionally secured by way of post dated cheques, Lien on Fixed Deposit/s and personal guarantee/guarantees of the director/directors of the company.
- 5) The figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company.

UNSECURED LOANS

(Amount in Rs.)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
- From Promoter	-	-	-	-	-	225,000

Note:

- 1) Unsecured loan amounting to Rs. 225,000 was advanced by the promoter of the Company and did not carry any interest.

ANNEXURE XXII: DETAILS OF INVESTMENTS

(Amounts in Rs.)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Long Term Investments (At cost)						
Trade Investment unquoted						
- In Wholly owned Subsidiary Company						
Unquoted, fully paid up 9,999 equity shares of Rs. 10/- each in PayTM Mobile Solutions Private Limited	99,990	99,990	-	-	-	-
- In other Subsidiary Company						
Unquoted, fully paid up 12,222 equity shares of Rs. 10/- each in Oorja Mobile Services Private Limited	9,849,710	9,849,710	9,849,710	9,849,710	-	-
Non trade Investment & Unquoted						
Unquoted, fully paid up 24,31,000 equity shares of Rs. 1/- each in Interworld Digital Limited (at cost)	-	-	-	-	-	2,917,000
Unquoted, fully paid up equity shares of Omkam Developers Private Limited (at cost)	-	-	-	-	-	460,000
Unquoted, fully paid up 1,000,000 Class B Redeemable Convertible Preference Shares of SGD 1 each in Tencube Pte Limited, Singapore	33,700,000	33,700,000	-	-	-	-
Current Investments: (at lower of cost or market price, unquoted)						
Reliance Money Manager Fund - Institutional Option-Growth Plan	15,014,646	15,014,646	-	-	-	-
Reliance Short Term Fund-Retail Plan-Growth Plan	20,000,000	20,000,000	-	-	-	-
LIC MF Saving Plus Fund- Daily Dividend Plan	20,234,470	20,026,755	-	-	-	-
Grand Total	98,898,816	98,691,101	9,849,710	9,849,710	-	3,377,000
Aggregate amount of quoted investments	-	-	-	-	-	-
Aggregate amount of unquoted investments	98,898,816	98,691,101	9,849,710	9,849,710	-	3,377,000
Market value of quoted investments	-	-	-	-	-	-

Note: The figures disclosed above are based on the restated Unconsolidated Summary statement of assets and liabilities of the Company.

ANNEXURE XXIII: DETAILS OF SUNDRY DEBTORS

(Amounts in Rs.)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Debts outstanding for a period exceeding six months						
-Unsecured, considered good	13,566,610	34,737,726	20,329,689	8,328,748	8,431,766	4,068,711
-Unsecured, considered doubtful	32,319,733	31,778,435	8,820,679	-	-	-
Other debts						
-Unsecured, considered good	350,510,478	423,303,257	325,415,981	188,605,628	58,772,167	115,329,946
-Unsecured, considered doubtful	2,700,000	-	7,657,756	-	-	-
Total Debts	399,096,821	489,819,418	362,224,105	196,934,376	67,203,933	119,398,657
Less : Provision for doubtful debts	35,019,733	31,778,435	16,478,435	-	-	-
Total	364,077,088	458,040,983	345,745,670	196,934,376	67,203,933	119,398,657

Amounts outstanding from Promoters/Promoter Group/Group Companies/Directors/Relatives of Directors

Particulars	As at June 30, 2010	As at March 31, 2010	As at March, 31st 2009	As at March, 31st 2008	As at March, 31st 2007	As at March, 31st 2006
From Promoter Group Companies	-	-	-	-	-	-
From Group Companies	-	-	-	-	-	-

Notes:

1. The list of persons/entities classified as “Promoters’ and ‘Promoter Group Companies’ has been determined by the management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete
2. The figures disclosed above are based on the restated Unconsolidated Summary statement of assets and liabilities of the Company.
3. Also refer Note in Schedule XXIX on Related Parties.

ANNEXURE XXIV: DETAILS OF OTHER CURRENT ASSETS

(Amounts in Rs.)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Interest Accrued but not due on Fixed Deposits	4,150,972	10,548,685	-	-	-	-
Unbilled revenue	215,616,002	55,577,865	7,222,851	2,073,349	582,258	49,280
Total	219,766,974	66,126,550	7,222,851	2,073,349	582,258	49,280

Note: The figures disclosed above are based on the restated Unconsolidated Summary statement of assets and liabilities of the Company.

ANNEXURE XXV: DETAILS OF LOANS AND ADVANCES

(Amounts in Rs.)

Particulars	As at June 30, 2010	As at March 31, 2010	As at March31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Advances to subsidiaries (Oorja Mobile Services Private Limited & PayTM Mobile Solutions Pvt. Ltd.)	6,853,422	4,654,637	37,582	-	-	-
Advances recoverable in cash or in kind or for value to be received	43,215,214	57126983	107,927,032	14,355,153	3,653,048	3,056,902
Advance Tax	263,425,575	239269694	130,889,259	37,931,631	8,409,623	4,494,866
Service tax input credit	3,950,544	22,780,249	25,478,735	3,583,427	-	-
Security deposits	18,509,170	19,479,668	18,901,618	25,317,822	4,086,418	1,923,418
Total	335,953,925	343,311,231	283,234,226	81,188,033	16,149,089	9,475,186

Amounts outstanding from Promoters/Promoter Group/Group Companies/Directors/Relatives of Directors

Particulars	As at June 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
From Promoters	-	-	-	-	-	-
From Promoter Group Companies	-	-	-	-	-	-
From Group Companies	-	-	-	-	-	-
From Directors	-	-	-	-	-	-
From Relatives of Directors	-	-	-	-	-	-

Notes:

1. The list of persons/entities classified as “Promoters” and ‘Promoter Group Companies’ has been determined by the management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete
2. The figures disclosed above are based on the restated Unconsolidated Summary statement of assets and liabilities of the Company.
3. Also refer Note in Schedule XXIX on Related Parties

ANNEXURE XXVI: STATEMENT OF TAX SHELTER

(Amounts in Rs)

Particulars	For the period ended June 30, 2010	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Net Profit before current and deferred taxes, as Restated	95,817,673	260,166,815	26,047,612	90,882,855	20,602,671	55,128,513
Tax Rate (A)	33.22%	33.99%	33.99%	33.99%	33.66%	33.66%
MAT Rate	16.61%	16.99%	11.33%	11.33%	11.22%	8.42%
Tax At Notional Rates (B)	31,828,235	88,430,699	8,853,583	30,891,083	6,934,859	18,556,257
Permanent Differences						
Donation	-	21,000	44,400	217,722	7,000	-
Prior Period Expenses	-	-	-	6,614,813	2,505,636	356,479
ESOP Costs	1,360,050	29,843,030	9,157,527	-	-	-
Dividend Income	(207,715)	(51,520)	-	-	-	(50,000)
Others	-	150,769	6,962,397	79,461	422,954	427,521
Total Permanent Differences (C)	1,152,335	29,963,279	16,164,324	6,911,996	2,935,590	734,000
Timing Differences						
Difference between book depreciation and tax depreciation	2,812,487	(72,414,128)	78,949,987	(74,614,804)	(62,516,127)	(41,833,040)
Leave Encashment and gratuity	4,696,431	6,149,893	2,873,074	2,427,723	483,387	169,762
Provision For Statutory Bonus	27,300	94,841	1,464,030	-	-	-
Provision For Doubtful Debts	3,241,298	15,300,000	16,478,435	-	-	-
Bad debts written off - Allowed As Deduction in year. 2008-09	-	-	(15,191,469)	(230,886)	2,681,919	88,828
Timing difference on account of unabsorbed depreciation	-	-	(9,601,842)	(27,063,566)	-	-
Others	1,070,658	7,125,832	817,519	1,634,822	(852,848)	963,575
Total Timing Differences (D)	11,848,174	(43,743,562)	75,789,734	(97,846,711)	(60,203,669)	(40,610,875)
Net Adjustment (E)=(C+D)	13,000,509	(13,780,283)	91,954,058	(90,934,715)	(57,268,079)	(39,876,875)
Total Tax Expense / (Saving) (F)=(E*A)	4,318,444	(4,683,918)	31,255,184	(30,908,709)	(19,276,435)	(13,422,556)
Tax Payable For The Year (G)=(B+F)	36,146,679	83,746,781	40,108,767	-	-	-
Tax Payable under MAT	-	-	-	10,830,943	2,502,158	6,184,311
Total Tax as per books of accounts, as restated	36,146,679	83,746,781	40,110,000	10,830,943	2,502,158	6,184,311

ANNEXURE XXVII: STATEMENT OF ACCOUNTING RATIOS

(Amounts in Rs.)

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Net profit as restated after tax	63,606,661	162,491,287	22,707,228	44,876,202	9,506,606	34,805,742
Cumulative Dividend for Preference Shares	1,197	4801	1,315	-	-	-
Dividend distribution tax	199	816	223	-	-	-
Pro rata share of Profits for Preference shareholders	6,855,715	17,515,302	2,447,582	-	-	-
Balance profit available for equity shareholders (after deducting preference dividends and attributable taxes)	56,749,550	144,970,368	20,258,108	44,876,202	9,506,606	34,805,742
Net Worth	1,409,672,565	1,344,655,345	1,152,326,645	633,955,440	490,809,356	223,034,100
Ratios						
Earnings/(loss) per share (Basic)	2.49	6.35	0.95	2.38	0.70	2.86
Earnings/(loss) per share (Diluted)	2.44	6.22	0.95	2.31	0.70	2.80
Return on Net Worth	4.51%	12.08%	1.97%	7.08%	1.94%	15.61%
Net Asset Value per Equity Share (Rs)	61.73	58.89	50.47	33.55	25.98	21.99
Weighted average number of equity shares for calculating Basic EPS	22,835,038	22,832,509	21,360,253	18,894,242	13,539,442	12,181,240
Weighted average number of equity shares for calculating Dilutive EPS	26,031,709	26,117,046	22,674,220	19,416,663	13,539,442	12,431,240
Total number of equity shares outstanding at the end of period/year	22,835,216	22,832,509	22,832,509	18,894,242	18,894,242	10,143,308

Notes:

- The ratios have been computed as below:

$$\text{Earnings per Share} = \frac{\text{Net Profit/(Loss) after tax as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/year}}$$

$$\text{Return on Net Worth} = \frac{\text{Net Profit/(Loss) after tax, as restated}}{\text{Net Worth}}$$

$$\text{Net Assets Value per Equity share} = \frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of period/year}}$$

- Net Worth = Share Capital + ESOP Outstanding + Reserves and Surplus +/- Surplus/(Deficit) in Profit and Loss Account
- Earnings per share ('Basic' and 'Diluted') calculations are in accordance with Accounting Standard 20 (AS 20) "Earning per share" notified as per Companies (Accounting Standard) Rules, 2006 (as amended). As per AS 20, in case of a bonus issue, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.
 - The Company has issued 6,764,328 equity shares as bonus shares to the existing shareholders by way of capitalization of securities premium and capitalized profits in the ratio of 18 shares for every 5 shares held which were approved at the extraordinary general meeting of the shareholders held on November 30, 2005. In accordance with AS 20 the aforesaid shares have been adjusted for the event of bonus shares in computation of the earnings per share.

- b. The Company has issued 3,353,000 equity shares as bonus shares to the existing shareholders by way of capitalization of securities premium in the ratio of 200 shares for every 605 shares held which were approved at the extraordinary general meeting of the shareholders held on March 13, 2007. In accordance with AS 20 the aforesaid shares have been adjusted for the event of bonus shares in computation of the earnings per share
- 4. The figures disclosed above are based on the restated Unconsolidated Summary statement of assets and liabilities and profit & loss of the Company.

ANNEXURE XXVIII: DETAILS OF RATES OF DIVIDEND

(Amounts in Rs)

Particulars	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Class of shares						
Equity share capital outstanding as at the year end / period ended	228,352,160	228,325,090	228,325,090	188,942,420	188,942,420	101,433,080
Face value per equity share	10	10	10	10	10	10
Preference share capital outstanding as at the year end / period ended	480,000,054	480,000,054	480,000,054	10,063,480	-	-
Face value per preference share	174	174	174	10	-	-
Dividend % on preference shares	-	0.001%	0.001%	-	-	-
Dividend per share	-	.00174	0.00048	-	-	-
Dividend amount	-	4,801	1,315	-	-	-
Dividend Tax thereon	-	816	223	-	-	-

Note:

- The amount declared/paid as dividends in the past are not necessarily indicative of the Company's dividend policy in the future.

ANNEXURE XXIX: RELATED PARTIES

Details of the names of related parties and nature of relationships as per the Accounting Standard 18 “Related Party Disclosures”

Particulars		For the Period ended June 30, 2010	For the Year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
1) Names of related parties where control exists irrespective of whether transactions have occurred or not							
- Subsidiaries	i)	Oorja Mobile Services Pvt. Ltd.	Oorja Mobile Services Pvt. Ltd.	Oorja Mobile Services Pvt. Ltd.	Oorja Mobile Services Pvt. Ltd.	-	-
	ii)	PayTM Mobile Solutions Pvt. Ltd.	PayTM Mobile Solutions Pvt. Ltd.	-	-	-	-
Substantial interest in voting power and power to direct the financials and operating policies of the Company.		Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma
		-	-	-	Peeyush Kumar Aggarwal	Peeyush Kumar Aggarwal	Peeyush Kumar Aggarwal
2) Other related parties with whom the Company had transactions							
a) Associates		Tencube Pte. Ltd	Tencube Pte. Ltd	-	-	-	-
b) Investing Party		SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited	SAIF III Mauritius Company Limited	-
c) Individuals owning interest in the voting power of the Company that gives the control or significant influence (Key Management Personnel)	i)	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma	Vijay Shekhar Sharma
	ii)	-	-	-	Peeyush Kumar Aggarwal	Peeyush Kumar Aggarwal	Peeyush Kumar Aggarwal
d) Other key management personnel		-	-	-	-	Ajay Sharma	Ajay Sharma
e) Relatives of Individuals owning interest in the voting power of the Company that gives the control or significant influence	i)	-	-	-	-	Manisha Sharma	Manisha Sharma
	ii)	Mridula Parashar	Mridula Parashar	Mridula Parashar	Mridula Parashar	-	-
	iii)	Ajay Shekhar Sharma	Ajay Shekhar Sharma	Ajay Shekhar Sharma	Ajay Shekhar Sharma	Ajay Shekhar Sharma	-
f) Enterprises significantly influenced by Key management personnel or their relatives.	i)	Visesh Infotechnics Limited	Visesh Infotechnics Limited	Visesh Infotechnics Limited	Visesh Infotechnics Limited	Visesh Infotechnics Limited	Visesh Infotechnics Limited
	ii)	Velocity Customer services Pvt. Ltd.	Velocity Customer services Pvt. Ltd.	Velocity Customer services Pvt. Ltd.	Velocity Customer services Pvt. Ltd.	-	-
	iii)	-	-	-	Positive	-	-

Particulars		For the Period ended June 30, 2010	For the Year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
					Comsol Pvt. Ltd		
	iv)	-	-	-	-	-	eShoppers India Limited
	v)	-	-	-	-	-	Interworld Digital Ltd.
	vi)	-	-	-	-	-	Samagya Consultants Pvt Ltd.
	vii)	-	-	-	-	Omkam Finvest Pvt. Ltd.	Omkam Finvest Pvt. Ltd.
	viii)	-	-	-	-	-	Omkam Developers Pvt. Ltd.
	ix)	-	-	-	-	-	Mahamaza Ecomm Limited
	x)	-	-	-	-	-	Welcome Builders Pvt Ltd

Details of the transactions with Related Parties

(Amounts in Rs.)

Particulars	For the period ended June 30, 2010	For the Year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
1) Purchases of Fixed assets						
Visesh Infotechnics Limited	-	-	12,651,480	20,142,171	53,401,629	8,821,661
Total	-	-	12,651,480	20,142,171	53,401,629	8,821,661
2) Purchases of Intangible assets						
Positive Comsol Pvt. Ltd	-	-	-	287,000	-	-
Total	-	-	-	287,000	-	-
3) Purchases of Domain						
Visesh Infotechnics Limited	-	-	-	-	-	93,340,820
Total	-	-	-	-	-	93,340,820
4) Sale of Domain						
eShoppers India Limited	-	-	-	-	-	49,519,470
Interworld Digital Ltd.	-	-	-	-	-	73,474,170
Samagya Consultants Pvt Ltd.	-	-	-	-	-	79,327,185
Visesh Infotechnics Limited	-	-	-	-	-	10,052,432
Total	-	-	-	-	-	212,373,257
5) Services received						
Ajay Shekhar Sharma	-	-	-	-	222,481	-
Visesh Infotechnics Limited	-	-	36,069	27,400	-	-
Velocity customer services Pvt. Ltd	302,827	1,169,039	2,645,544	1,698,993	-	-
Total	302,827	1,169,039	2,681,613	1,726,393	222,481	-
6) Remuneration						
Vijay Shekhar Sharma	1,374,000	5,524,850	36,375,000	5,141,000	2,468,420	1,100,000

Particulars	For the period ended June 30, 2010	For the Year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Ajay Shekhar Sharma	303,801	1,154,596	1,118,795	310,177	-	-
Mridula Parashar	89,175	209,255	206,920	162,161	-	-
Peeyush Kumar Aggarwal	-	-	-	2,682,371	-	-
Ajay Sharma	-	-	-	-	704,880	698,270
Manisha Sharma	-	-	-	-	222,000	198,600
Total	1,766,976	6,888,701	37,700,715	8,295,709	3,395,300	1,996,870
7) Investments made / (sold)						
Oorja Mobile Services Pvt. Ltd.	-	-	-	9,849,710	-	-
Pay TM Mobile Solutions Pvt. Ltd.	-	99,990	-	-	-	-
Tencube Pte. Ltd	-	33,700,000	-	-	-	-
Omkam Finvest Pvt.Ltd.	-	-	-	-	(3,377,000)	-
Total	-	33,799,990	-	9,849,710	(3,377,000)	-
8) Loans						
Taken						
Vijay Shekhar Sharma	-	-	-	-	1,818,204	225,000
Ajay Sharma	-	-	-	-	250,000	-
Total	-	-	-	-	2,068,204	225,000
Repaid						
Vijay Shekhar Sharma	-	-	-	-	2,043,204	-
Ajay Sharma	-	-	-	-	250,000	-
Total	-	-	-	-	2,293,204	-
9) Share application money						
Received						
Omkam Finvest Pvt. Ltd.	-	-	-	-	-	185,000
Total	-	-	-	-	-	185,000
Repaid						
Omkam Finvest Pvt. Ltd.	-	-	-	-	-	6,385,000
Total	-	-	-	-	-	6,385,000
Given						
Omkam Finvest Pvt. Ltd.	-	-	-	-	7,950,000	-
Total	-	-	-	-	7,950,000	-
Received back/ settled						
Omkam Finvest Pvt. Ltd.	-	-	-	-	7,950,000	-
Total	-	-	-	-	7,950,000	-
10) Issue of Shares						
For Cash						
Vijay Shekhar Sharma	-	-	19,255,710	-	-	-
SAIF III Mauritius Company Limited - Equity	-	-	-	-	236,766,872	-
SAIF III Mauritius Company Limited - Preference	-	-	-	90,080,758	-	-
Total	-	-	19,255,710	90,080,758	236,766,872	-

Particulars	For the period ended June 30, 2010	For the Year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Bonus Issue						
Vijay Shekhar Sharma	-	-	-	-	20,118,000	40,585,970
Peeyush Kumar Aggarwal	-	-	-	-	13,412,000	27,057,310
Total	-	-	-	-	33,530,000	67,643,280
On Amalgamation						
Vijay Shekhar Sharma	-	-	-	-	-	5,273,880
Peeyush Kumar Aggarwal	-	-	-	-	-	3,515,920
Total		-	-	-	-	8,789,800
11) Advance paid / Expenditure incurred on behalf						
Velocity customer services Pvt. Ltd.	-	-	1,111,704	-	-	-
Oorja Mobile Services Pvt. Ltd.	2,071,125	4,904,063	-	-	-	-
PayTM Mobile Solutions Pvt. Ltd.	637,660	120,639	-	-	-	-
Total	2,708,785	5,024,702	1,111,704	-	-	-
12) Payment received for expenditure incurred / advance paid						
Oorja Mobile Services Pvt. Ltd.	500,000	3,000,000	-	-	-	-
PayTM Mobile Solutions Pvt. Ltd.	10,000	-	-	-	-	-
Total	510,000	3,000,000	-	-	-	-
13) Amount receivable						
Oorja Mobile Services Pvt. Ltd.	6,105,123	4,533,998	37,582	-	-	-
Pay TM Mobile Solutions Pvt. Ltd.	748,299	120,639	-	-	-	-
Visesh Infotechnics Limited	-	-	-	-	2,360,143	4,451,215
Velocity customer services Pvt. Ltd.	265,361	137,644	1,111,704	-	-	-
eShoppers India Limited	-	-	-	-	-	15,226,360
Interworld Digital Ltd.	-	-	-	-	-	23,846,384
Samagya Consultants Pvt Ltd.	-	-	-	-	-	16,104,135
Total	7,118,783	4,792,281	1,149,286	-	2,360,143	59,628,094
14) Amount payable						
Vijay Shekhar Sharma						
-Loan	-	-	-	-	-	225,000
Visesh Infotechnics Limited	8,669	8,669	1,465,469	1,967,137	-	-
Mahamaza Ecomm Limited	-	-	-	-	-	790,000
Vijay Shekhar Sharma	273,585	398,000	-	-	-	-
Velocity customer services Pvt. Ltd.	274,548	333,422	1,364,589	-	-	-
Total	556,802	740,091	2,830,058	1,967,137	-	1,015,000
15)Personal guarantee of Directors against loans						
Vijay Shekhar Sharma	Cash Credit Limit with HDFC bank	Cash Credit Limit with HDFC bank	Cash Credit Limit with HDFC bank	-	Server loan with ICICI Bank Ltd Cash credit	Server loan with ICICI Bank Ltd Cash credit

Particulars	For the period ended June 30, 2010	For the Year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
					facility	facility
Peeyush Kumar Aggarwal	-	-	-	Server loan with ICICI Bank Ltd	Server loan with ICICI Bank Ltd Cash credit facility	Server loan with ICICI Bank Ltd Cash credit facility
Ajay Sharma	-	-	-	-	Vehicle loan with ICICI Bank Ltd. Cash credit facility	Vehicle loan with ICICI Bank Ltd. Cash credit facility
16) Other guarantees						
Welcome builders Pvt Ltd	-	-	-	-	Cash credit facility secured by Corporate Guarantee	Cash credit facility secured by Corporate Guarantee

Note:

The disclosures under Accounting Standard 18 on 'Related Parties' issued by the Institute of Chartered Accountants of India was applicable on the Company with effect from the accounting period beginning on or after December 7, 2006 and was thus applicable with effect from year ended March 31, 2008. However, the disclosures were presented by the Company for the first time in the financial statements for the year ended March 31, 2009 along with comparative information for the year ended March 31, 2008. Accordingly, the audited financial statements for the year ended March 31, 2007 and 2006 (Prior Years) did not include such disclosures. For the purposes of including such disclosures above relevant to the Prior Years, the management has obtained certificate from the then auditors on the completeness and accuracy of the Related Party Disclosure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Consolidated and Unconsolidated Summary Statements that appear in this Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our Restated Consolidated Summary Statements as of and for the three month period ended June 30, 2010 and as of and for the years ended March 31, 2010, 2009 and 2008 and the Restated Unconsolidated Summary Statements as of and for the year ended March 31, 2007. Our Restated Consolidated and Unconsolidated Summary Statements have been derived from our audited consolidated and unconsolidated financial statements, respectively. Our Company's fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, our Company has only Restated Unconsolidated Summary Statements as of and for the year ended March 31, 2007. Consequently, the results for the year ended March 31, 2007 are not comparable to the results for subsequent fiscal years and periods.

*As of June 30, 2010, Our Company had two subsidiaries – Oorja Mobile Services Private Limited (“Oorja”) and Pay TM Mobile Solutions Private Limited (“Pay TM Mobile” and together with Oorja, our “Subsidiaries”). Our Company acquired a 54.99% ownership interest in Oorja on February 15, 2008. We provide marketing and analytics services to telecom service providers through Oorja. For further details, please see the section titled “**History and Certain Corporate Matters – Our Subsidiaries**” on page 126. The financial information for the three month period ended June 30, 2010 and for the fiscal years ended March 31, 2010, 2009 and 2008 reflect the financial condition and results of operation of Oorja. Moreover, our Company has a 99.99% ownership interest in Pay TM Mobile, which was incorporated on November 16, 2009. Through Pay TM Mobile we offer PayTM, or “Pay Through Mobile”, which is our mobile commerce platform for consumers and enterprises. For further details, please see the section titled “**History and Certain Corporate Matters – Our Subsidiaries**” on page 126. The financial information for the three month period ended June 30, 2010 reflect the financial condition and results of operation of PayTM Mobile. Further, in December 2009 we acquired a 21.28% ownership interest in TenCube, which developed WaveSecure, the mobile phone security and data back-up application service that we sell, and subsequently sold our ownership interest in TenCube to a third party in a transaction completed in August 2010.*

OVERVIEW

We are a leading provider of telecommunications value added services to telecom service providers, consumers and enterprises in India. We offer products and services to meet the needs of (1) telecom service providers, (2) consumers (i.e., mobile phone users) and (3) enterprises. We develop and purchase content and applications, provide the relevant platform for delivery of our products and services and integrate these products and services with the core network elements of telecom service providers.

Our applications can be deployed on any telecom network and accessed from most mobile handsets. We utilise interactive voice response (“IVR”) system or voice, Short Message Services (“SMS”), Unstructured Supplementary Services Data (“USSD”) and Wireless Application Protocol (“WAP”) technology to deliver our products and services.

Network Services

The focus of our network services is to assist telecom service providers in enhancing network efficiency and improving their revenues and profitability by delivering innovative solutions that enhance their subscribers' experiences. Our network services include providing network components such as Short Message Service Centres (“SMSC”), which facilitate the accurate delivery of SMS messages to their intended destinations, USSD gateways, which enable a subscriber to obtain information (e.g., sports results, stock quotes and the amount of unused prepaid balance on a SIM card) and call management systems such as pre-call announcements, call forwarding and call block services.

We also provide customer lifecycle management services that are aimed at increasing average revenue per user (“ARPU”), including self-care portals, service provisioning portals, loyalty programs and customer churn management services. Our services such as toll-free infolines, customer communication tools through outbound

diallers, tagged-SMS, missed-call back services and USSD inserts further enable our telecom service provider customers to enhance their subscribers' experiences while using their respective networks.

Our Subsidiary Oorja Mobile Services Private Limited ("Oorja") provides focused marketing solutions to telecom service providers. Oorja has developed an analytics driven comprehensive customer communications platform that enables telecom service providers to target customers with particular services, products and promotions based on profiling of customers using network footprints and voluntary customer profiles. This platform enables telecom service providers to offer targeted mobile advertising services to enterprises wishing to place advertisements through their respective networks. Oorja's product portfolio currently includes pre-call inserts and profiled post-call notifications, which allow focused advertisements inserted before or after telephone calls to be directed at individual subscribers based on their network footprint; incomplete call announcements, which are customized messages and advertisements directed at customers when a dropped call occurs; and a recommendation engine, which is an analytics-driven comprehensive customer communications platform that tracks explicitly expressed preferences and exhibited preferences of customers thereby enabling telecom service providers to offer non-intrusive and highly relevant content in their mobile advertising services. Oorja's products are targeted towards telecom service providers and are currently being evaluation by or commercially rolled out to four telecom service providers in India.

We provide network services to nine telecom service providers in India, one telecom service provider in Afghanistan, one in Nigeria and one in Bangladesh. We earn revenue from providing these services to network service providers on a per transaction basis, on a periodic, per port fee basis or revenue share basis. For further details on these services, see "***Our Principal Products and Services – Network Services***" on page 109.

Consumer Services (Services for mobile phone users)

We offer a broad range of mobile content, applications and commerce services to consumers (i.e., mobile phone users), for which we earn revenue through revenue sharing arrangements with telecom service providers. Our content and applications include music browsing, ring-tone downloads, caller ring-back tone downloads, content alerts, contests and chat and messaging applications that are delivered to consumers via voice, SMS and WAP. The content offered by us is generated in-house or by content providers from whom we have purchased distribution rights for particular content.

One of the consumer applications that we offer is a mobile phone security and data backup service called WaveSecure, which enables mobile phone subscribers to protect their handsets and personal data against misuse in the event that their handsets are lost or stolen. A second consumer application that we offer is our social networking site for mobile phones called Oc2ps, which enables subscribers to post photos, videos and updates onto the site as well as to other social networking websites at the same time and get updates from contacts on our site and other social networks, all with one mobile interface and one sign in.

Our content and applications are deliverable to the subscribers of nine telecom service providers in India, two telecom service providers in Afghanistan and one telecom service provider in Nigeria. As at October 15, 2010, we had approximately 17.43 million subscribers for our consumer services. Depending on the content or application, we sell our consumer services on a subscription basis and/or per transaction basis. Consumers who use our services are charged by their network providers who then pay us an agreed percentage under a revenue sharing arrangement.

Our subsidiary PayTM Mobile Solutions Private Limited ("PayTM Mobile") is primarily engaged in the business of managing a mobile commerce platform called "PayTM" or "Pay Through Mobile". PayTM enables telecom service providers and enterprises to accept payments from their customers over IVR, SMS, WAP and websites. PayTM Mobile, through its partnerships with banks, offers multiple payment options including credit cards, debit cards, internet banking and prepaid cash cards. PayTM Mobile has received the PCI DSS (i.e., Payment Card Industry Data Security Standards) certification for its adherence to strict information and network security norms established by the PCI Council, which comprises leading payment systems enterprises such as MasterCard, VISA, Discover and American Express. PayTM allows consumers to undertake a variety of transactions, including mobile prepaid recharges, direct-to-home television ("DTH") recharges, movie ticketing, bill payments and mobile shopping. PayTM Mobile is also engaged in the business of selling digital products directly to the consumers over websites, SMS, WAP, IVR and on device portals. In July 2010, PayTM Mobile launched a website (<http://www.paytmonline.com>) for selling prepaid mobile recharges directly to the mobile subscribers. PayTM Mobile generates revenue through the sale of its own products (i.e., MVAS content) or

through commissions earned from the resale of products (e.g., mobile recharges) of third party merchants such as telecom service providers.

In most instances our consumer services provide a source of additional revenue to telecom service providers without any additional capital expenditure on their part.

Enterprise Services

We use telecom networks as media to assist enterprises with customer communication, self-care solutions and brand services. Our SMS outbound campaign service and very interactive out diallers (“VIO”) allow for outbound communication with customers, enterprise messaging, brand communication and advertising. Our voice portals and SMS pull services on 53030 SMS short code enable enterprises to make self care services available to customers. We also develop WAP sites for enterprises and offer them mobile payment gateways (i.e., PayTM). For further details on these services, see “***Our Principal Products and Services – Enterprise Services***” on page 113.

Selected Highlights

Our Company was founded in 2000 by Mr. Vijay Shekhar Sharma, the Company’s Managing Director and Promoter. The Company was awarded The Emerging Company of the Year at *Voice & Data’s* Telecom Awards 2009. Further, in 2009 Deloitte, as part of its Deloitte Technology Fast 50 India program, recognized our Company as the 10th fastest growing technology company in India based on our percentage revenue growth.

Our consolidated total income was ₹ 407.71 million for the year ended March 31, 2008, ₹ 813.97 million for the year ended March 31, 2009, ₹ 1,190.51 million for the year ended March 31, 2010 and ₹ 361.22 million for the three month period ended June 30, 2010. Our consolidated net profit as per our Restated Consolidated Summary Statements was ₹ 44.58 million for the year ended March 31, 2008, ₹ 21.37 million for the year ended March 31, 2009, ₹ 161.78 million for the year ended March 31, 2010 and ₹ 64.68 million for the three month period ended June 30, 2010.

FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors, including the following:

- *Change in technology and our ability to innovate and develop new products and services.* Our business depends on developing and providing innovative products and solutions for our telecom service provider customers, consumers and enterprise customers. Development of new products and solutions is subject to unpredictable and volatile factors beyond our control, including customer preferences and competing products and solutions. Moreover, customer preferences are subject to rapid change, but we may not be able to adapt rapidly to changes in their preferences. In addition, due to the competitive nature of the markets in which we operate, we update various products on an ongoing basis and release new versions from time to time. We need to continuously invest in research and development to develop new and differentiated products and solutions for our customers. Our products and solutions could also be rapidly rendered obsolete by the introduction of newer technologies. Any unexpected technical, operational, deployment, distribution or other problems could delay or prevent the timely introduction of new products and solutions, which could result in a loss of market opportunities. Further, with respect to our consumer services business, the Department of Telecom has completed the auctioning of 3G spectrum slots; however, we have not yet begun developing or adapting our applications for deployment on the 3G spectrum. We may not be successful in developing or adapting our applications for the 3G spectrum on a rapid basis or at all. Our growth could also suffer if our products and solutions are not responsive to the needs of wireless telecom service providers, the technological advancements of mobile networks or the preferences of the subscribers. We could also be affected by the convergence of the telecom, data and media industries, which is largely driven by technological development related to IP-based communications. This change could impact our addressable market, competition and our objective setting and strategies, as well as the need to consider risks to achieve our set objectives. If we do not succeed in understanding the market development or acquiring the necessary competence or develop and market products and solutions that are competitive in this changing market, our business would be adversely affected. If any of these events were to occur, some or all of such products and solutions may not provide adequate returns commensurate with our capital investments and it could have an adverse effect on our results of operations and financial condition.

- *Per-transaction pricing basis of network products and services.* We sell some of our network products and services to our telecom service provider customers on a per-transaction basis rather than on a license fee basis. Selling network products and services on a per transaction basis does not provide a guaranteed amount of revenue in the same way that the selling of such products and services on a license fee basis does. If sales from our network products and services sold on a per-transaction basis are lower than required to recoup our capital expenditure and operating expenditure for such products, services and any equipment that we install at our telecom service provider customers' places of operations in connection with our provision of such products and services, our results of operations and financial condition could be adversely affected.
- *Consumer pricing decision of our telecom service provider customers.* We earn a substantial portion of our income through revenue sharing agreements with our telecom service provider customers in respect of products and services offered to consumers. Under such revenue sharing agreements, we earn as income a percentage of the retail price that our telecom service provider customers charge to their subscribers for the use of our products, applications and services. However, we have no control over the pricing decisions of our telecom service provider customers and most of our contracts with our telecom service provider customers do not provide for guaranteed minimum payments. As a result, our income derived from such revenue sharing agreements may be substantially reduced depending on the pricing decisions of our telecom service provider customers, which may adversely affect our results of operations and financial condition.
- *Revenue sharing terms in contracts with telecom service provider customers.* Our contracts with telecom service provider customers contain revenue sharing terms with respect to consumer services and provide that we earn income only if our telecom service provider customers' subscribers use or subscribe to the consumer services offered by our telecom service provider customers. Less purchases of, or subscriptions for, our value added services will result in less revenue for us under the revenue sharing arrangements with our telecom service provider customers. Further, under a few of our telecom service provider customer contracts, we guarantee a minimum amount of transactions for specified geographic areas on a monthly basis. If the minimum amount of transactions is not met for any specified area in any given month, the telecom service provider customer is not obligated to pay us our portion of the revenue generated for such area for such month. Such terms may lead to significant fluctuations in our revenues from period to period. Moreover, decreases in revenue resulting from a lower number of transactions or failure to achieve the minimum number of transactions could adversely affect our return on invested capital, our results of operations and financial condition.
- *Non-exclusive nature of contacts with telecom service provider customers.* Most of our telecom service provider customer contracts are non-exclusive. As such our telecom service provider customers may purchase similar products and services from third parties and cease to offer our products and services to their subscribers in the future. Even if our telecom service provider customers retained our services, our telecom service provider customer contracts do not prevent them from significantly reducing the level of marketing or promotion of our products or from electing to market or promote similar products purchased from and provided by our competitors. If any of these were to occur, our business, results of operations and financial condition could be adversely affected.
- *Ability to expand capacity and upgrade our systems to meet consumer demands.* It is difficult to predict customer adoption of new mobile telecommunication applications and products, particularly in new markets. As a result, while we may launch a new product with a planned or expected capacity, such capacity may not be sufficient to meet demand if it exceeds our expectations. In such situations, we may not be able to expand and upgrade our systems and application platforms quickly enough, either regionally or on a national basis, to accommodate increased usage of our services. If we do not expand, upgrade and deploy our systems and application platforms appropriately or quickly enough, we may lose market opportunities in one or more areas of India or damage our reputation with our telecom service provider customers, which may adversely affect our business, financial condition and results of operations.
- *Potential liability under agreements with content providers.* As part of our services, we offer a broad range of voice, music, text and image-based content to our customers, which are either developed in-house or sourced from users or third party content providers. Third party content providers grant us the right to use their content under licensing agreements. Even though we are not in breach of any license agreements with third party content providers, we cannot assure you that we will not be in breach with any such agreement in the future. If we were to breach any of our license agreements, such breach could result in a claim against us for substantial damages or even termination of the contract by the content provider. The successful

assertion of any claim by a content provider could have an adverse effect on our business, results of operations and financial condition.

- *Ability to continue to source content.* License agreements for content or other works are mostly for a term of one year. If we were unable for any reason to renew these agreements on terms favorable to us, or at all, upon their expiration, we might be prevented from providing content sourced from these content providers and would have to source alternative content, possibly on terms not favorable to us, which might result in loss of income or business opportunities or reduced margins that would harm our business, results of operations and financial condition. Such developments may also make it more difficult for us to offer content that addresses diverse regional, language and ethnic preferences.
- *Fees under license agreements with content providers.* We offer content licensed from content providers on a per-transaction basis and do not receive a minimum guaranteed amount from the telecom service provider customers through which we provide such content. There is a risk that our license fees under our license agreements with content providers could exceed the revenue that we generate from such content. If this were to occur, our results of operations and financial condition may be adversely affected.
- *Intellectual property protection.* Third parties may sue us for intellectual property infringement or initiate proceedings to invalidate our intellectual property rights, either of which, if successful, could disrupt the conduct of our business or require us to pay significant damage that we may not recover from our content providers. In addition, in the event of a successful claim against us, we may be subject to injunctions preventing us from using our intellectual property, which in turn could result in us incurring significant licensing fees and/or force us to develop alternative technologies. If we fail to develop non-infringing technology or applications or to license the infringed or similar intellectual property rights, technology or applications on a timely basis, it could force us to withdraw services from the market or prevent us from introducing new services. In addition, even if we are able to license the infringed or similar intellectual property rights, technology or applications, license fees could be substantial and the terms of such licenses could be unfavorable. Any of the foregoing may have an adverse effect on our business, financial condition and results of operations.
- *Piracy and open access.* Even though piracy is illegal, it is a significant threat to the telecommunications value added services industry. The primary method of piracy affecting the telecommunications value added services industry is the illegal downloading of products and applications. Piracy enables the free use of products and applications, which compete with sales by our telecom service provider customers of our products. Technology advancements such as faster copying and downloading of products and applications has made it easier for people to access and use pirated content. Further, we cannot assure you that music content providers and others with rights in any of the products and applications that we offer through our telecom service provider customers will take steps to enforce their rights against piracy or that they will be successful in preventing the distribution of pirated content. Wide-scale pirating of our products and applications could adversely affect our results of operations. Moreover, some of our content providers with rights in the products and applications that we offer through our telecom service provider customers provide open access to such content on the internet. Such open access competes with sales by our telecom service provider customers of our products and applications, which could adversely affect our results of operations.
- *Competition.* Competition is expected to intensify in the telecommunications value added services industry in India and there may also be increasing competition from global players. We expect competition to intensify further as new entrants emerge in the industry due to available growth opportunities, as companies in other industries try to expand into the telecommunications value added services industry and as existing competitors seek to expand their services. The firmly established position of existing service integrators and system integrators in their respective sectors may be able to use their resources and capabilities to expand into sectors in which we compete. Further, consolidation among our competitors may also leave us at a competitive disadvantage. We also face competition from large device makers that offer applications for handsets through their respective proprietary application stores, direct-to-consumer businesses and existing service integrators and system integrators. In addition, we may face additional competition in respect of our enterprise business from resellers of bulk push SMS (i.e., a service enabling an enterprise to send an SMS to a large number of handsets) and short code service (i.e., a service that provides a special, short telephone number that can be used to send SMSs and MMSs from mobile phones and fixed phones). Some or all of our competitors may have advantages over us, which may include substantially greater financial resources, stronger brand recognition, the capacity to leverage their marketing expenditures across a broader portfolio of products and services and more extensive relationships with customers, content owners and broader

geographic presence. We may also not be able to enter the market for new products because of the entrenched positions of competitors with respect to such products. Some of our competitors may also be able to quickly replicate our services and products. Such replicated services and products would compete with our services and products. Moreover, our competitors may be able to adapt their applications for deployment on a 3G spectrum on a more rapid basis than us. Any such competition may impact our results of operations and financial condition.

- Consolidation among telecom service providers.* The market for telecom service providers is highly concentrated. Consolidation among telecom service providers would increase our reliance on key customers and, due to the increased size of these companies, may negatively impact our bargaining position and profit margins. Moreover, if the combined companies operate in the same geographic market, networks may be shared and less network services may be required.
- Potential liability arising from Do Not Call (“DNC”) regulations.* The Telecommunications Regulatory Authority of India (“TRAI”) has issued the DNC regulation, which provides that if subscribers to telecom service providers’ services do not wish to receive unsolicited commercial communication on their telephones, it will be the telecom service providers’ responsibility to register its subscribers’ numbers with the National Do Not Call (“NDNC”) registry. Telemarketers can call only those numbers that do not appear on the NDNC registry. Since TRAI established stringent penalties (including fines of up to ₹ 1,000 per unsolicited commercial communication and disconnection of a telemarketer’s telephone number or telecom resource for calling numbers on the DNC list and penalties of up to ₹ 20,000 for non-compliance with the Telecom Unsolicited Commercial Communications Regulations, 2007), a few of our telecom service provider customers have passed on the burden of registration with Department of Telecommunications and compliance to these guidelines on to us. As per a few of our recent agreements with telecom service provider customers, we have undertaken to comply with the DNC regulations and in case of violation, the relevant telecom service provider customer has the right to recover from us any penalties that may be imposed. In addition, while we only have this obligation under some of our agreements with telecom service provider customers, other telecom service providers may also ask for similar obligations in the future.
- Fluctuations of the Indian Rupee against foreign currencies.* We have adopted the Indian Rupee as our reporting currency. We currently transact our business primarily in Indian Rupees and, to a lesser extent, in Bangladeshi Taka, Nigerian Naira and the Afghanistan Afghani. CIF value of imports on account of fixed assets was ₹ 15.74 million and ₹ 169.25 million, which amounted to 30.94% and 59.24% of our total capital expenditure, for the three months ended June 30, 2010 and the year ended March 31, 2010, respectively, and the total expenditure in foreign currency, was ₹ 3.79 million and ₹ 12.40 million, which amounted to 1.45% and 1.33% of our total operating expenses, for the three months ended June 30, 2010 and the year ended March 31, 2010, respectively. Moreover, total earning in foreign currency, was ₹ 11.71 million and ₹ 25.82 million, which amounted to 3.29% and 2.23% of our total operating income, for the three month period ended June 30, 2010 and the year ended March 31, 2010, respectively. To the extent these currencies appreciate against the Indian Rupee, it would increase our expenses reported in the Indian Rupee. Additionally, we intend to expand our business overseas, which will increase our exposure to the risk of currency fluctuations in foreign jurisdictions. In addition, conducting business in currencies other than the Indian Rupee subjects us to fluctuations in currency exchange rates that could have a negative effect on our reported operating results. Fluctuations in the value of the Indian Rupee relative to other currencies impact our income, cost of sales and services and operating margins and result in foreign currency translation gains and losses. While we have not engaged in exchange rate hedging activities in the past due to the small-scale size of our overseas operations, as our overseas operations grow we may implement hedging strategies to mitigate these risks in the future. However, these hedging strategies may not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise and external costs to implement the strategy.
- General economic and business conditions.* Our results of operations may be materially affected by conditions in the global capital markets, the economic conditions in India and globally and, in particular, by the factors affecting the telecommunications industry. As widely reported, financial markets in the United States, Europe and Asia, including India, have been experiencing extreme disruption in the last three years, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the recent collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets,

globally as well as in India. The effects of a tight credit market on consumer and telecom service provider spending may have several adverse effects, including: (i) reduced demand for products and services, resulting in increased price competition or deferment of purchases and orders by consumers; (ii) negative impact on the financial condition, and in particular on the purchasing ability, of some of telecom service provider customers and may also result in requests for extended payment terms, credit losses, insolvencies, limited ability to respond to demand or diminished sales channels available to us; and (iii) increased difficulties to forecast sales and financial results as well as increased volatility in our reported results. Weak economic conditions in the markets, or a reduction in consumer spending even if economic conditions improve, could adversely impact our business and results of operations.

- *Revenue recognized from one customer with whom no contract has been entered.* We recognized revenue for certain invoices with one customer with whom we have not yet entered into written agreements even though commercial terms have already been agreed with such customer. The total amount of such recognized revenue during the three month period ended June 30, 2010 and the year ended March 31, 2010, on a consolidated basis, was ₹ 77.93 million and ₹ 199.80 million, respectively. Out of the revenue so recognized during the year ended March 31, 2010, ₹ 172.05 million was realized as of August 5, 2010 and out of the revenue so recognized during the three month period ended June 30, 2010, ₹ 32.52 million was realized as of September 3, 2010. If we fail to enter into any written agreements with this customer, we may not be able to enforce any claims for outstanding amounts from this customer that have already been recognized. If we are unable to collect such amounts, our results of operations would be adversely affected.

BASIS OF PREPARATION

The Restated Consolidated Summary Statements have been prepared by applying the necessary adjustments as required by the SEBI Regulations to the Consolidated Financial Statements of our Group. The consolidated financial statements are prepared under historical cost convention, on accrual basis of accounting in accordance with the Companies Act, 1956 and Indian GAAP and comply in all material respects with the accounting standards notified by Companies Accounting Standards (Rules), 2006, as amended (the “Companies Accounting Standards”), to the extent applicable. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (“AS”) 21, “Consolidated Financial Statements”, and AS 23, “Accounting for Investments in Associates in Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India as notified by the Companies Accounting Standards. The accounting policies have been consistently applied by our Company and our Subsidiaries and are consistent with those used in the previous year.

CRITICAL ACCOUNTING POLICIES

The critical accounting policies have been extracted from the significant accounting policies set forth in the audited consolidated financial statements as at and for the three month period ended June 30, 2010.

Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to us and the revenue can be reliably measured.

- Revenue from a service transaction is recognised as and when services are rendered as per the terms of the relevant customer contract. Revenues are disclosed net of the service tax charged on such services. In respect of the agreement, excess of revenue over the billed amount at the period end is carried in the financial statements as unbilled revenue.
- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenues are disclosed net of the service tax and value added tax charged on such sale of goods.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Dividend income is recognised when the shareholders’ right to receive payment is established by the balance sheet date.

Fixed Assets – Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing an asset into working condition for its intended use.

Fixed Assets – Intangible Assets

With respect to internally generated software, research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to use or sell the asset;
- (iii) its ability to use or sell the asset;
- (iv) how the asset will generate probable future economic benefits;
- (v) the availability of adequate resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment (i) annually when the asset is not yet in use and (ii) otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Acquired software and licenses are stated at the consideration paid for such acquisitions.

Depreciation

Depreciation on our fixed assets is provided on the written down value method either as per the useful lives of the assets as estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, whichever is higher. However, management estimates of useful life are as envisaged in Schedule XIV of the Companies Act. Fixed assets costing ₹ 5,000 or less are depreciated in full in the year of their acquisition. A leasehold improvement is depreciated over the shorter of (i) the term of the relevant lease and (ii) the useful life of such leasehold improvement.

Amortisation

Internally generated software is amortised on a straight line basis at a rate of 16.21% per annum. Acquired software and licenses are amortised on the written down value method at 40% over the estimated useful life of such software and licenses.

Impairment

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at the lower of (i) cost and (ii) fair value determined on an individual investment basis. Long-term

investments are carried at cost. However, provision for diminution in value is made to recognise a decline in the value of a long-term investment that is other than temporary.

Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Transactions denominated in foreign currencies are recorded in the reporting currency at the exchange rate prevailing at the date of transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or as a result of reporting monetary items at rates different from those at which they were initially recorded during the period or year, or reported in previous financial statements, are recognised as income or as expenses in the period or year in which they arise except for those arising from investments in non-integral operations.

(iv) Accounting for Foreign Operations

A foreign operation that is integral to the operations of the Group is translated using the same procedure mentioned above as if the transactions were entered into by the Group on its own.

Retirement and other employee benefits

- (i) Retirement benefits in the form of a provident fund constitute a defined contribution scheme and the contribution is charged to the profit and loss account of the period/year when the contribution to the fund is due. There are no other obligations of our Company other than the contribution to the provident fund. The provisions of the provident fund are not applicable to our Subsidiaries.
- (ii) Gratuity liability constitutes a defined benefit obligation and is provided on the basis of an actuarial valuation using the projected unit credit method.
- (iii) Short-term compensated absences are provided for on the basis of estimates. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is undertaken using a projected unit credit method.
- (iv) Actuarial gains and losses are immediately charged to the profit and loss account and are not deferred.

Employment Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option using a graded vesting method.

Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and if the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where our Company or any of its Subsidiaries has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the respective group entities re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. Our Company and our Subsidiaries write down the carrying amount of deferred tax assets to the extent that they are no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (“MAT”) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective group entities will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, such asset is created by way of a credit to the profit and loss account and shown as “MAT credit entitlement”. Our Company and our Subsidiaries review such assets at each balance sheet date and write down the carrying amount of the MAT credit entitlement to the extent there is no longer convincing evidence to the effect that normal income tax will be paid during the relevant period.

Earnings/(Loss) Per Share

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(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.

Provision

A provision is recognized when we have a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation for which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimates for the amounts required to settle the relevant obligations at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

DESCRIPTION OF SELECTED STATEMENT OF PROFIT AND LOSSES LINE ITEMS

Total Income

Our total income currently comprises of:

- income from the sale of telecommunications value added services and hardware, software and rights that facilitate a telecom service provider’s use our platform (“Operating Income”); and
- other income.

Operating Income

We derive Operating Income from the sale of our telecommunications value-added services and products, which contributed 97.41%, 98.30%, 98.28%, 99.22% and 98.63% of our total income in the years ended March 31, 2010, 2009, 2008 and 2007 and for the three month period ended June 30, 2010, respectively. Further, income from sale of services (i.e., our network services, consumer services and enterprise services) contributed 98.87%, 100%, 98.58%, 96.10% and 100% of our total operating income in years ended March 31, 2010, 2009, 2008 and 2007 and for the three month period ended June 30, 2010, respectively. While we typically own the infrastructure (i.e., hardware, software and software applications) that is integrated with our network service provider customers' systems to enable them to provide our customer services, in certain cases we have transferred ownership in such infrastructure to such customers. Income from sale of products comprises income from the sale of such infrastructure and constitutes the balance of our operating income.

Income from Network Services

The manner in which we earn income from network services depends on the type of service.

- *Network Components.* We charge telecom service providers for using our network components on a one-time basis, per transaction basis, periodic fee basis, per subscriber management basis or combination of such bases.
- *Customer Lifecycle Management Services.* We earn revenue from providing customer lifecycle management services on a per transaction basis or on a periodic fee basis.
- *Marketing Services.* We earn revenue from marketing services on a per transaction basis.

Income from Consumer Services

The manner in which we earn income from network services depends on the type of service.

- *Content.* Depending on the type of content, service and method of delivery, we earn revenue on a subscription basis and/or a per transaction basis.
- *Applications.* Depending on the type of application, we earn revenue on a subscription basis and/or a per transaction basis.
- *Commerce Services.* We earn revenue from providing commerce services on a per transaction basis.

Consumers who use our services are charged by their network providers who then pay us an agreed percentage, which depends on various factors including the particular telecom service provider, the nature of service offered and the scope of services.

Income from Enterprise Services

The manner in which we earn income from enterprise services depends on the type of service.

- *Customer Communication.* We earn revenue from providing customer services on a project fee basis, per transaction basis or a combination of such bases.
- *Self-care Solutions.* We earn revenue from providing self-care solutions on a project fee basis, rental basis, maintenance fee basis, per transaction basis, in some cases with a minimum monthly commitment, or combination of such bases.
- *Brand Services.* We typically earn revenue from providing brand services from a combination of two or more of per transaction fees, project fees, rental fees and maintenance fees.

Operating Income by Business

	Three Months Ended June 30,		Year Ended March 31,							
	2010		2010		2009		2008		2007	
	Consolidated				Unconsolidated					
	Operating Income	Percentage of Total Income	Operating Income	Amount of Total Income	Operating Income	Percentage of Total Income	Operating Income	Percentage of Total Income	Operating Income	Percentage of Total Income
	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
Network Services	182.10	50.41	602.13	50.58	430.67	52.91	251.18	61.61	58.28	38.99
Consumer Services	159.04	44.03	445.37	37.41	320.71	39.40	127.13	31.18	85.94	57.49
Enterprise Services	15.12	4.19	112.15	9.42	48.73	5.99	22.39	5.49	4.09	2.74
Total Operating Income*	356.26	98.63	1159.65	97.41	800.11	98.30	400.70	98.28	148.31	99.22

* sum of sale of services and sale of products

Operating Income by Geographical Region

The following table is derived from our selected consolidated financial data and sets forth Operating Income in Rupees and in foreign currency as a percentage of our total income on a consolidated basis for the periods indicated:

	Three Months Ended June 30,		Year Ended March 31,							
	2010		2010		2009		2008		2007	
			Consolidated				Unconsolidated			
	Operating Income	Percentage of Total Income	Operating Income	Amount of Total Income	Operating Income	Percentage of Total Income	Operating Income	Percentage of Total Income	Operating Income	Percentage of Total Income
	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
Income in ₹	344.55	95.39	1,133.82	95.24	797.56	97.98	398.48	97.74	144.24	96.50
Income in Foreign Currency	11.71	3.24	25.82	2.17	2.55	0.31	2.22	0.54	4.07	2.72
Total Operating Income	356.26	98.63	1,159.64	97.41	800.11	98.30	400.70	98.28	148.31	99.22

* sum of sale of services and sale of products

Customer Concentration

The following table sets forth the percentage of our Operating Income accounted for by our five largest customers on a consolidated basis for the periods indicated:

	Three Months Ended June 30,	Year Ended March 31,			
	2010	2010	2009	2008	2007
	Consolidated				Unconsolidated
Total Operating Income	80.67%	78.26%	91.38%	89.79%	95.49%

For further details, see the section titled “*Risk Factors - A few major customers account for a significant portion of our income. The loss of any one of our major customers or a decrease in the volume of business derived from these customers may adversely affect our results of operations*” on page Error! Bookmark not defined. of this Red Herring Prospectus.

Other Income

Our other income consists primarily of interest on fixed deposits, dividends from mutual funds and profit on sale of mutual funds.

Expenditures

Our expenditures include:

- cost of goods sold;
- content and connectivity charges
- personnel expenses;
- operating and other expenses;
- depreciation;
- amortisation;
- intangible assets written off/impaired;
- bank charges; and
- interest expenses.

Operating Expenditure

Cost of Goods Sold

Our cost of goods sold comprises of the cost of purchasing hardware and software that are sold to our telecom service provider customers to facilitate their use of our platform in order to offer our consumer services.

Connectivity and Content Expenses

Our connectivity and content expenses comprise connectivity charges, content and other expenses, contest expenses and recording charges. Connectivity charges are charges incurred to access voice lines for outbound calling and sending SMSs to enterprise and consumer customers and in order to otherwise be able to provide our services. Content fees and related expenses are fees, royalties and copyright usage charges payable to third parties from whom we source content. Contest expenses relate to prizes paid out in connection with contents run by our Company on voice portals. Recording charges are expenses that we incur in respect of recording the content that we produce ourselves.

Personnel Expenses

Our personnel expenses comprise salaries, bonuses and incentives paid to employees, contribution to provident and other funds, gratuity expenses, staff welfare expenses, retirement benefits, short-term compensated absences, employee stock option costs and actuarial losses.

Operating and Other Expenses

Our operating and other expenses include rent, electricity, rates and taxes, insurance, repair and maintenance, business promotion, brokerage expenses, traveling and conveyance charges, telephone and internet expenses, printing and stationary, legal and professional charges, director remuneration, auditor's remuneration, fixed assets written off, security deposits written off, penalties, discounts and rebates, exchange rate fluctuations (net), provisions for doubtful debts, loss on sale of fixed assets, miscellaneous expenses and preliminary expenses written off.

Depreciation

Depreciation is provided for as described under “- Critical Accounting Policies - Depreciation” on page 250 of this Red Herring Prospectus.

Amortisation

Amortisation is provided for as described under “- Critical Accounting Policies - Amortisation” on page 250 of this Red Herring Prospectus.

Intangible Assets Written Off/Impaired

Intangible assets written off/impaired is provided for as described under “- Critical Accounting Policies - Fixed Assets – Intangible Assets” and “- Critical Accounting Policies – Impairment” on pages 250 and 250, respectively, of this Red Herring Prospectus.

Financial Expenses

Bank Charges

Bank charges include payments of service and processing fees and other charges to banks.

Interest Expenses

Interest expenses include interest on term loans, credit facilities and vehicle loans.

MATERIAL REGROUPINGS

Appropriate adjustments have been made in the Restated Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows and Restated Unconsolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of our Company and our Subsidiaries for the three month period ended June 30, 2010.

MATERIAL ADJUSTMENTS

The summary of results of restatements made to the audited financial statements of our Group for the respective years/periods and their impact on Our Group's the profits/(losses) is set forth below:

(₹ in millions)					
Adjustments for	Period ended June 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
Consolidated					Unconsolidated
Net profit/(loss) after Tax as per Audited Profit & Loss Account	64.65	160.23	(5.80)	50.86	12.98
Adjustments for:					
Prior Period Items for Other than Amortisation	-	-	11.61	(8.84)	(2.15)
Prior Period Items for Amortisation	-	-	8.23	3.35	3.31
Provision for Gratuity as per AS-15	-	-	0.50	(0.07)	(0.11)
Bad Debts Written Off	0.04	(0.04)	15.18	0.23	(2.68)
Interest on Late Payment of Service Tax	-	1.90	(1.90)	-	-
Depreciation	-	-	2.21	(1.36)	(0.68)
Tax Impact of Adjustments	(0.01)	(0.63)	(8.67)	(0.11)	(0.05)
Adjustment of Excess / (Short) Provision of Income Tax	-	-	0.83	0.01	(0.76)
Excess / Short Deferred Tax Adjustments	-	0.33	(0.83)	0.51	(0.36)
Total Adjustments (Net of Tax)	0.03	1.55	27.17	(6.28)	(3.47)
Net Profit After Tax as Restated	64.68	161.78	21.37	44.58	9.51

Prior Period Items

In the financial statements for the years ended March 31, 2009, 2008 and 2007 certain items of income/expenses have been identified as prior period adjustments. Such prior period adjustments have been appropriately adjusted in the respective years. The details of such prior period adjustments are as under:

(₹ in millions)			
Particulars	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
Consolidated			Unconsolidated
Bad Debts	5.18	-	-
Connectivity and Content Expenses	0.69	0.98	0.36
Exchange Rate Fluctuation	1.82	-	-
Security Expenses	-	0.02	-
Revenue Reversal	3.93	-	-
Total	11.61	0.99	0.36

In the audited financial statements of our Company for the year ended March 31, 2006, the change in estimation of the useful life of certain capitalised software from 12 months to 74 months from the date they were ready for use was given effect on a retrospective basis instead of prospective basis as per the requirement of AS 26, "Intangible Assets". Since the depreciation charge for that year and remaining years was incorrectly accounted for, the depreciation has been adjusted accordingly in the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements by reversing the depreciation written back during the year ended March 31, 2006 and providing the depreciation charge based on the remaining estimated useful life of the assets in the years ended March 31, 2007, 2008 and 2009. These intangibles were impaired as at March 31, 2009. Consequently there is no impact of the changes in the year ended March 31, 2010 and in the three month period ended June 30, 2010.

Employee Benefits – Gratuity

For the year ended March 31, 2009, our Company changed its accounting policy on provision for gratuity and accrued gratuity on the basis of an actuarial valuation made at the end of each financial year, which was earlier made on actual basis. For the purposes of the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements, the revised policy has been applied retrospectively. The Payment of Gratuity Act was not applicable to Oorja until April 1, 2009 and is not applicable to Pay TM Mobile. However, Oorja accrued gratuity liability on the basis of an actuarial valuation in the year ended March 31, 2010 and in the three month period ended June 30, 2010.

Bad Debts Written Off

Bad debts written off pertaining to settlement with customers in respect of revenues recognised in earlier years have been adjusted in the respective years in which revenue was recognized.

Interest on Late Payment of Service Tax

During the year ended March 31, 2010, our Company recognized service tax liability along with the interest on delayed payments relating to the importing of software for the period from May 16, 2008 to March 31, 2010. For the purpose of restatement, the interest liability has been adjusted in the respective years to which it pertains.

Depreciation Adjustments

For the purposes of Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements, the following adjustments have been made to the tangible assets and the corresponding depreciation:

- During the year ended March 31, 2009, tangible fixed assets costing less than ₹ 5,000 individually were depreciated in the year of purchase as per our Company's policy, including the net book value as at April 1, 2008 of such assets purchased in earlier years. For the purpose of restatement, the depreciation on the net

book value of assets as at April 1, 2008 amounting to ₹ 1.07 million has been adjusted in the respective years.

- Our Company has historically classified the cost of improvements to the leasehold buildings under the block of “furniture and fixtures” and depreciating them accordingly at the rate applicable to furniture and fixtures. However, during the year ended March 31, 2009, cost of improvements were classified separately under the block of “leasehold improvements” and were depreciated over the lease term of the respective leases, with the cumulative depreciation effect amounting to ₹ 1.10 million during the year ended March 31, 2009. For the purpose of restatement, the adjustments to the depreciation charge and the consequent impact on loss on sale and write off of such improvements amounting to ₹ 0.04 million has been adjusted in the respective years.

Tax Impact of Adjustments

In the preparation of the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements, our Company and our Subsidiaries have determined the tax impact on all the adjustments considered.

Taxes for Earlier Years/Periods

Income taxes provided for in earlier years in respect of which subsequently either additional amounts have been paid to, or refunds have been received from, the authorities upon completion of assessments have been adjusted in the Restated Consolidated Summary Statements or Restated Unconsolidated Summary Statements, as the case may be, of such years when such amounts were originally provided for.

Deferred Tax Adjustments

A deferred tax asset or liability erroneously not recognized in the relevant year, but recognized subsequently has also been restated to the relevant year.

Applicability of Other Accounting Standards

The provisions relating to segment reporting, related party disclosure, earnings per share and cash flow statements as per AS 17, AS 18, AS 20 and AS 3, respectively, were applied by our Company for the first time on March 31, 2009. However, for the purpose of disclosure for earlier years in respect of segment reporting, related party disclosure, earnings per share and cash flow statements, AS 17, AS 18, AS 20 and AS 3 have been applied retrospectively.

NON-ADJUSTMENT ITEMS

Software Written Off

Our management undertakes an impairment assessment at every balance sheet date. The impairment assessment as of March 31, 2009 included a reassessment of the carrying values of the historical block of internally generated software having at that time net book value of ₹ 116.08 million by virtue of an impairment assessment undertaken in accordance with AS 28. Our management concluded that such internally generated software would not result in any future economic benefit and accordingly the written down value of such block of assets was impaired as at March 31, 2009. The impairment loss recognised as a result of the reassessment was ₹ 111.16 million as at March 31, 2009. As we are of the opinion that this impairment affected our results of operations for the year ended March 31, 2009 only, no adjustments have been made in the Restated Consolidated Summary Statements or Restated Unconsolidated Summary Statements.

Income Tax Credit Under Section 115JB of the Income Tax Act, 1961

Our Company has paid income tax under Section 115JB of the Income Tax Act, 1961 for the years ended March 31, 2006, 2007 and 2008. For the year ended March 31, 2009, since our Company's tax liability as per the normal income tax provision was higher than the tax liability payable under Section 115JB, the Company utilised an MAT credit available to it, but not recognised in earlier years due to uncertainty of taxable profits, during the year ended March 31, 2009. As a result, an MAT credit amounting to ₹ 14.14 million has been

recognised for a claim against tax liability during the year ended March 31, 2009. An adjustment has not been made in the Restated Consolidated Summary Statements or Restated Unconsolidated Summary Statements.

Penalties

During the year ended March 31, 2009, our Company entered into a settlement agreement with one of our customers to amicably settle a claim of ₹ 17.50 million for default in service obligations and the overriding of contractual obligations. As the periods of default were June and July 2008, we are of the opinion that the penalties pertain to the year ended March 31, 2009.

RESULTS OF OPERATIONS

The following table has been extracted and compiled from our Restated Financial Information and sets forth our historical operating results for the periods indicated with each line item stated as a percentage of total income:

	Three Months Ended June 30,		Year Ended March 31,							
	2010		2010		2009		2008		2007	
	Consolidated						Unconsolidated			
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
	(₹ In million)	(%)	(₹ In million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
INCOME										
Operating Income										
- Sale of Services	356.26	98.63	1,146.51	96.31	800.11	98.30	395.03	96.89	142.53	95.35
- Sale of Products	-	-	13.13	1.10	-	-	5.67	1.39	5.79	3.87
Total Operating Income	356.26	98.63	1,159.64	97.41	800.11	98.30	400.70	98.28	148.31	99.22
Other Income	4.97	1.37	30.87	2.59	13.86	1.70	7.01	1.72	1.17	0.78
Total Income	361.22	100.00	1,190.51	100.00	813.97	100.00	407.71	100.00	149.48	100.00
EXPENDITURE										
Cost of Goods Sold	-	-	3.19	0.27	-	-	1.31	0.32	0.44	0.29
Connectivity and Content Expenses	43.57	12.06	142.71	11.99	84.20	10.34	35.98	8.82	11.38	7.61
Personnel Expenses	115.72	32.04	412.60	34.66	208.41	25.60	73.58	18.05	25.75	17.22
Operating and Other Expenses	56.22	15.56	173.57	14.58	212.31	26.08	93.28	22.88	34.08	22.80
Depreciation	35.39	9.80	153.01	12.85	111.34	13.68	63.31	15.53	23.56	15.76
Amortisation	10.79	2.99	45.21	3.80	59.37	7.29	45.06	11.05	24.06	16.09
Intangible Assets Written Off/Impaired	-	-	-	-	111.16	13.66	-	-	-	-
Total Operating Expenditure	261.69	72.45	930.29	78.14	786.80	96.66	312.51	76.65	119.26	79.78
Financial Expenses										
- Bank Charges	0.05	0.01	0.27	0.02	0.65	0.08	0.50	0.12	0.86	0.58
- Interest Expenses	0.07	0.02	1.81	0.15	2.82	0.35	4.34	1.06	8.75	5.86
Total Expenditure	261.80	72.48	932.38	78.32	790.26	97.09	317.35	77.84	128.88	86.22
PROFIT BEFORE TAX	99.42	27.52	258.13	21.68	23.71	2.91	90.36	22.16	20.60	13.78
PROVISION FOR TAX										

	Three Months Ended June 30,		Year Ended March 31,							
	2010		2010		2009		2008		2007	
	Consolidated								Unconsolidated	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
	(₹ In million)	(%)	(₹ In million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
Current Income Tax	37.09	10.27	83.75	7.03	40.13	4.93	-	-	-	-
Provision for Minimum Alternative Tax	-	-	-	-	-	-	10.83	2.66	2.50	1.67
Minimum Alternative Tax Credit Entitlement	-	-	-	-	(14.14)	(1.74)	-	-	-	-
Fringe Benefit Tax	-	-	-	-	3.01	0.37	2.00	0.49	0.61	0.41
Deferred Tax Charge/(Credit)	(4.46)	(1.23)	13.92	1.17	(25.57)	(3.14)	33.20	8.14	7.98	5.34
PROFIT AFTER TAX BEFORE MINORITIES INTEREST AND SHARE OF LOSS FROM ASSOCIATES	66.79	18.49	160.45	13.48	20.28	2.49	44.34	10.87	9.51	6.36
Minority Interest in Subsidiaries Losses	1.45	0.40	(0.81)	(0.07)	(1.09)	(0.13)	(0.24)	(0.06)	NA	NA
Loss from Associate, Equity Accounted	(0.66)	(0.18)	0.51	0.04	-	-	-	-	NA	NA
NET PROFIT AFTER TAX AS RESTATED	64.68	17.91	161.78	13.59	21.37	2.63	44.58	10.93	9.51	6.36

Consolidated Results for the Three Month Period Ended June 30, 2010

Significant Events

During the three month period ended June 30, 2010, we commenced offering existing services to additional customers in India such as voice portal subscriptions and content through one telecom service provider and voice subscriptions through another telecom service provider, SMS subscription services through one telecom service provider, a USSD platform to one telecom service provider, various services intended to increase ARPU through one telecom service provider and WAP services through a telecom service provider. Moreover, we commenced offering network services to another telecom service provider in Afghanistan.

Total Income

Our total income, comprising sale of services and products and other income, was ₹ 361.22 million for the three month period ended June 30, 2010.

Operating Income

Our Operating Income for the three month period ended June 30, 2010, comprising of income from the sale of telecommunications value added services, was ₹ 356.26 million, Our Operating Income for the three month

period ended June 30, 2010 comprised 98.63% of our total income for this period.

Other Income

Other income was ₹ 4.97 million for the three month period ended June 30, 2010, primarily from interest on fixed deposits, interest on an income tax refund and dividends from mutual funds. Our other income for the three month period ended June 30, 2010 comprised 1.37% of our total income for this period.

Total Expenditure

Our total expenditure before tax, including depreciation and amortisation, was ₹ 261.80 million for the three month period ended June 30, 2010, which was 72.48% of our total income for this period.

The breakup of total expenditure before tax is summarized below:

Connectivity and Content Expenses

Connectivity and content expenses were ₹ 43.57 million for the three month period ended June 30, 2010, comprising of connectivity charges, content fees and other expenses and recording charges. As a percentage of total income, connectivity and content expenses was 12.06% for the three month period ended June 30, 2010.

Personnel Expenses

Personnel expenses were ₹ 115.72 million for the three month period ended June 30, 2010, comprising salaries, bonuses and incentives paid to employees, contribution to provident and other funds, gratuity expenses, staff welfare expenses and employee stock option costs. As a percentage of total income, personnel expenses was 32.04% for the three month period ended June 30, 2010. As at June 30, 2010, we had a total of 772 permanent employees.

Operating and Other Expenses

Our operating and other expenses were ₹ 56.22 million, comprising of rent, electricity, insurance, repair and maintenance, business promotion, traveling and conveyance charges, telephone and internet expenses, printing and stationary, legal and professional charges, director remuneration, bad debts, exchange rate fluctuations (net), provisions for doubtful debts, loss on sale of fixed assets and miscellaneous expenses. As a percentage of total income, operating and other expenses was 15.56% for the three month period ended June 30, 2010.

Depreciation

Depreciation was ₹ 35.39 million for the three month period ended June 30, 2010. As a percentage of total income, depreciation was 9.80% for the three month period ended June 30, 2010.

Amortisation

Amortisation was ₹ 10.79 million for the three month period ended June 30, 2010. As a percentage of total income, amortisation was 2.99% for the three month period ended June 30, 2010.

Intangible Assets Written Off/Impaired

We did not write off or impair any intangible assets during the three month period ended June 30, 2010.

Bank Charges

Bank charges, comprising payments of service fees and other charges to banks, were ₹ 0.05 million during the three month period ended June 30, 2010. As a percentage of total income, bank charges were 0.01% for the three month period ended June 30, 2010.

Interest Expenses

Interest expenses, comprising interest on vehicle loans and interest on taxes paid, was ₹ 0.07 million during the three month period ended June 30, 2010. As a percentage of total income, interest expenses were 0.02% for the three month period ended June 30, 2010.

Profit Before Tax

As a result of the foregoing, profit before taxation was ₹ 99.42 million for the three month period ended June 30, 2010.

Provision for Taxation

The provision for tax was ₹ 32.63 million for the three month period ended June 30, 2010. The primary component of our tax liabilities for the three month period ended June 30, 2010 were current tax (the provision for which is made based on the expected amount to be paid to the tax authorities for the relevant period in accordance with the Income Tax Act, 1961) of ₹ 37.09 million, which was offset by deferred tax credit (which reflects the impact of current year timing differences between taxable income and accounting income for the relevant period and reversal of timing differences of earlier years) of ₹ 4.46 million.

Net Profit After Tax as Restated

Our net profit as per Restated Consolidated Summary Statements for the three month period ended June 30, 2010 was ₹ 64.68 million. As a percentage of total income, net profit after tax was 17.91% for the three month period ended June 30, 2010.

Comparison of the Years Ended March 31, 2010 and 2009

Total Income

Our total income increased by 46.26% to ₹ 1,190.51 million in the year ended March 31, 2010 from ₹ 813.97 million in the year ended March 31, 2009. The reasons for the increase are summarized below.

Operating Income

Operating Income increased 44.94% to ₹ 1,159.64 million in the year ended March 31, 2010 from ₹ 800.11 million in the year ended March 31, 2009. Operating income increased primarily due to an increase in income from sale of services of 43.29% to ₹ 1,146.51 million in the year ended March 31, 2010 from ₹ 800.11 million in the year ended March 31, 2009, resulting from:

- the introduction of 530305 shortcode services;
- the introduction of a premium celebrity chat consumer service through one telecom service provider;
- the commencement of offering network services to, and customer services through, Uninor and MTS;
- the commencement of offering GSM services to two telecom services providers in India;
- the commencement of offering content to consumers through three telecom service providers in India;
- the commencement of offering self-care services through one telecom service provider;
- the commencement of offering pre-call call management services through one telecom services provider in India;
- the commencement of offering existing services through new telecom service providers such as (i) test subscription services through three telecom service providers in India and one in Nigeria; (ii) voice subscription services through two telecom service providers in India; and (iii) customer lifecycle management services through four telecom service providers in India;
- an increase in the number of enterprise clients to whom we offer brand management services;

- the commencement of brand services and customer communications services to six enterprises in the banking, financial services and insurance, consumer durable goods and DTH sectors; and
- the commencement of offering network and consumer services to one telecom services provider in Nigeria and network services to one telecom services provider in Bangladesh.

This increase was also the result of us having generated ₹ 13.13 million in income from sale of products in the year ended March 31, 2010. We did not have any income from sale of products in the year ended March 31 2009.

Other Income

Other income increased 122.72% to ₹ 30.87 million in the year ended March 31, 2010 from ₹ 13.86 million in the year ended March 31, 2009. The increase was primarily due to an increase in interest on fixed deposits to ₹ 30.09 million in the year ended March 31, 2010 from ₹ 13.55 million in the year ended March 31, 2009.

Total Expenditure

Total expenditure before tax, including depreciation and amortisation, increased 17.98% to ₹ 932.38 million in the year ended March 31, 2010 from ₹ 790.26 million in the year ended March 31, 2009. As a percentage of total income, total expenditure before tax, including depreciation and amortisation, decreased significantly to 78.32% in the year ended March 31, 2010 from 97.09% in the year ended March 31, 2009. The reasons for this increase are summarized below:

Cost of Goods Sold

Our cost of goods sold was ₹ 3.19 million in the year ended March 31, 2010 compared with nil in the year ended March 31, 2009. In the year ended March 31, 2010 we incurred expenditure on the purchase of goods for sale such as hardware and software that we sold to our telecom service provider customers to facilitate their use of our platform in order to offer our consumer services. We did not generate income from the sale of such goods in the year ended March 31, 2009 and as a result we did not incur any expenditure on the purchase of goods for sale in the year ended March 31, 2009.

Connectivity and Content Expenses

Our connectivity and content expenses increased 69.49% to ₹ 142.71 million in the year ended March 31, 2010 from ₹ 84.20 million in the year ended March 31, 2009 primarily due to increases in connectivity charges, content charges and other expenses as a result of the growth of our network and consumer services businesses. Cost of connectivity and content expenses as a percentage of total income increased to 11.99% from 10.34% in the year ended March 31, 2009.

Personnel Expenses

Personnel expenses increased by 97.98% to ₹ 412.60 million in the year ended March 31, 2010 from ₹ 208.41 million in the year ended March 31, 2009, primarily due to (i) an increase in salaries, bonus and incentives paid to employees to ₹ 366.62 million in the year ended March 31, 2010 from ₹ 187.60 million in the year ended March 31, 2009 from resulting from an increase in the number of our employees as we expanded our operations in India and an increase in average salary levels and (ii) an increase in employee stock option cost to ₹ 29.84 million in the year ended March 31, 2010 from ₹ 9.16 million in the year ended March 31, 2009 primarily as a result of us having employee stock option cost for all of the year ended March 31, 2010 while only having such cost for the last three months of the year ended March 31, 2009. Personnel expenses as a percentage of total income increased to 34.66% in the year ended March 31, 2010 from 25.60% in the year ended March 31, 2009.

Operating and Other Expenses

Our operating and other expenses decreased by 18.25% to ₹ 173.57 million in the year ended March 31, 2010 from ₹ 212.31 million in the year ended March 31, 2009. There was a substantial decrease in operating and other expenses in the year ended March 31, 2010 when compared with the year ended March 31, 2009 as a result of us incurring a number of one-off expenses in the year ended March 31, 2009 that we did not incur in the year ended March 31, 2010 such as the payment of a special bonus of ₹ 31.58 million to our Promoter and

Managing Director Mr. Vijay Sharma in recognition of his contribution to the growth of our Company, the writing off of fixed assets in the amount of ₹ 6.79 million, the writing off of security deposits in the amount of ₹ 3.81 million and the payment of penalties amounting to ₹ 17.50 million to a customer to settle a claim. Operating and other expenses as a percentage of total income decreased to ₹ 14.58% in the year ended March 31, 2010 from 26.08% in the year ended March 31, 2009.

Depreciation

Depreciation increased 37.42% to ₹ 153.01 million in the year ended March 31, 2010 from ₹ 111.34 million in the year ended March 31, 2009. The increase in depreciation was due to additions of ₹ 195.74 million in tangible fixed assets during the year ended March 31, 2010. Depreciation as a percentage of total income decreased to 12.85% in the year ended March 31, 2010 from 13.68% in the year ended March 31, 2009.

Amortisation

Amortisation decreased 23.85% to ₹ 45.21 million in the year ended March 31, 2010 from ₹ 59.37 million in the year ended March 31, 2009. The decrease in amortisation was due to the fact that the impairment of internally generated software on March 31, 2009 had a substantial depreciation impact in the year ended March 31, 2009, but no depreciation impact in the year ended March 31, 2010. Amortisation as a percentage of total income decreased to 3.80% in the year ended March 31, 2010 from 7.29% in the year ended March 31, 2009.

Intangible Assets Written Off/Impaired

Our management undertakes an impairment assessment at every balance sheet date. We did not write off or impair any intangible assets during the year ended March 31, 2010. In contrast, the impairment assessment as of March 31, 2009 included a reassessment of the carrying values of the historical block of internally generated software having at that time net book value of ₹ 116.08 million by virtue of an impairment assessment undertaken in accordance with AS 28. The impairment assessment showed that such internally generated software would result in an economic benefit of significantly less than the net book value of ₹ 116.08 million as at March 31, 2009. The impairment loss recognised as a result of the reassessment was ₹ 111.16 million as at March 31, 2009. Intangible assets written off/impaired as a percentage of total income was 13.66% for the year ended March 31, 2009. Such an impairment of the carrying value of software is unlikely in the future as the software that we now maintain is licensed from third parties.

Bank Charges

Our bank charges were ₹ 0.27 million in the year ended March 31, 2010 compared with ₹ 0.65 million in the year ended March 31, 2009, a decreased 57.95%. Bank charges as a percentage of total income decreased to 0.02% in the year ended March 31, 2010 from 0.08% in the year ended March 31, 2009.

Interest Expenses

Interest expenses decreased 35.70% to ₹ 1.81 million in the year ended March 31, 2010 from ₹ 2.82 million in the year ended March 31, 2009. The decrease in interest expenses was primarily due to our Company having not paid any interest on term loans as a result of our Company having repaid in full the term loan that it received from ICICI Bank Limited for procurement of computer servers and related accessories in the year ended March 31, 2009. Interest expenses as a percentage of total income decreased to 0.15% in the year ended March 31, 2010 from 0.35% in the year ended March 31, 2009.

Profit Before Tax

As a result of the foregoing, and due to an increase in total operating income and the absence of one-time expense items of significant value during the year ended March 31, 2010, profit before taxation increased 988.80% to ₹ 258.13 million in the year ended March 31, 2010 from ₹ 23.71 million in the year ended March 31, 2009.

Provision for Taxation

The provision for tax increased 2,749.27% to ₹ 97.67 million in the year ended March 31, 2010 from ₹ 3.43 million in the year ended March 31, 2009. The primary reasons for this increase were an increase in total operating income, the absence of an MAT credit in the year ended March 31, 2010 and an increase in employee stock option cost to ₹ 29.84 million in the year ended March 31, 2010 from ₹ 9.16 million in the year ended March 31, 2009 primarily as a result of us having employee stock option cost for all of the year ended March 31, 2010 while only having such cost for the last three months of the year ended March 31, 2009.

Net Profit After Tax as Restated

As a result of the foregoing, and primarily due to an increase in total operating income and the absence of one-time expense items of significant value during the year ended March 31, 2010, net profit as per Restated Consolidated Summary Statements increased 656.96 % to ₹ 161.78 million from ₹ 21.37 million in the year ended March 31, 2009.

Comparison of the Years Ended March 31, 2009 and 2008

Total Income

Our total income increased by 99.64% to ₹ 813.97 million in the year ended March 31, 2009 from ₹ 407.71 million in the year ended March 31, 2008. The reasons for the increase are summarized below.

Operating Income

Operating Income increased 99.68% to ₹ 800.11 million in the year ended March 31, 2009 from ₹ 400.70 million in the year ended March 31, 2008. Operating income increased primarily due to an increase in income from sale of services of 102.54% to ₹ 800.11 million in the year ended March 31, 2009 from ₹ 395.03 million in the year ended March 31, 2008, resulting from the introduction of new services such as voice subscription services through two telecom services providers in India, the commencement of offering certain existing services through new telecom service providers, such as SMS subscription services through two new telecom services provider customers in India and customer lifecycle services to two new telecom services provider customers in India, and an increase in the subscriber base of our existing telecom service provider customers.

Other Income

Other income increased 97.66% to ₹ 13.86 million in the year ended March 31, 2009 from ₹ 7.01 million in the year ended March 31, 2008. The increase was primarily due to an increase in interest on fixed deposits to ₹ 13.55 million in the year ended March 31, 2009 from ₹ 6.58 million in the year ended March 31, 2008.

Total Expenditure

Total expenditure before tax, including depreciation and amortisation, increased 149.02% to ₹ 790.26 million in the year ended March 31, 2009 from ₹ 317.35 million in the year ended March 31, 2008. As a percentage of total income, total expenditure before tax, including depreciation and amortisation, increased significantly to 97.09% in the year ended March 31, 2009 from 77.84% in the year ended March 31, 2008. The reasons for this increase are summarized below:

Cost of Goods Sold

Our cost of goods sold was Rs. 0.00 in the year ended March 31, 2009 compared with ₹ 1.31 million in the year ended March 31, 2008.

Connectivity and Content Expenses

Our connectivity and content expenses increased 134.04% to ₹ 84.20 million in the year ended March 31, 2009 from ₹ 35.98 million in the year ended March 31, 2008 primarily due to an increase in content charges and recording charges as a result of the growth of our network and consumer services businesses, an increase in connectivity expenses incurred in connection with our enterprise services business as a result of our enterprise

business growing 117.64% to ₹ 48.73 million in the year ended March 31, 2009 from ₹ 22.39 million in the year ended March 31, 2008 and an increase in the amount of connectivity charges paid to telecom service providers to use their networks to make outbound calls and send SMSs as part of our efforts to promote our services. Cost of connectivity and content expenses as a percentage of total income increased to 10.34% in the year ended March 31, 2009 from 8.82% in the year ended March 31, 2008.

Personnel Expenses

Personnel expenses increased by 183.23% to ₹ 208.41 million in the year ended March 31, 2009 from ₹ 73.58 million in the year ended March 31, 2008, primarily due to (i) an increase in salaries, bonus and incentives paid to employees to ₹ 187.60 million in the year ended March 31, 2009 from ₹ 65.65 million in the year ended March 31, 2008 resulting from an increase in the number of our employees as we expanded our operations in India and an increase in average salary levels, and (ii) employee stock option costs incurred following the introduction of the One97 Employee Stock Option Scheme 2008 during the year ended March 31, 2009. Prior to April 1, 2009 we did not have any employee stock option costs. Personnel expenses also increased as a result of increases in contribution to provident and other funds, gratuity expenses and staff welfare expenses. As of March 31, 2009, we had approximately 573 permanent employees compared to 380 as of March 31, 2008. Personnel expenses as a percentage of total income increased to 25.60% in the year ended March 31, 2009 from 18.05% in the year ended March 31, 2008.

Operating and Other Expenses

Our administration and other expenses increased by 127.62% to ₹ 212.31 million in the year ended March 31, 2009 from ₹ 93.28 million in the year ended March 31, 2008. The increase in operating cost and other expenses was primarily due to increased expenditure on rent, electricity, rates and taxes, repair and maintenance, traveling and conveyance, telephone and internet expenses and printing and stationary resulting from the expansion of our operations in India and international, increased expenditure on director's remuneration and auditor's remuneration and increases in discounts and rebates offered to network service providers in order to foster our relationships with them. The increase in rent, electricity and repair and maintenance costs relates to our Company having moved into a larger office during the year ended March 31, 2009. The increase in director's remuneration is due to the payment of a special bonus of ₹ 31.58 million to our Promoter and Managing Director Mr. Vijay Sharma in recognition of his contribution to the growth of our Company. Moreover, our operating and other expenses increased in the year ended March 31, 2009 compared to the year ended March 31, 2008 because we wrote off fixed assets in the amount of ₹ 6.79 million and security deposits in the amount of ₹ 3.81 million, incurred provisions for doubtful debts in the amount of ₹ 16.48 million and penalties in the amount of ₹ 17.50 million paid to a customer to settle a claim in the year ended March 31, 2009, but we did not write off any fixed assets or security deposits, incur any provisions for doubtful debts or pay any penalties in the year ended March 31, 2008. Operating and other expenses as a percentage of total income increased to 26.08% in the year ended March 31, 2009 from 22.88% in the year ended March 31, 2008.

Depreciation

Depreciation increased 75.88% to ₹ 111.34 million in the year ended March 31, 2009 from ₹ 63.31 million in the year ended March 31, 2008. The increase in depreciation was due to an increase in depreciation on computers, furniture and fixtures, leasehold improvements, vehicles and office equipment. Depreciation as a percentage of total income decreased to 13.68% in the year ended March 31, 2009 from 15.53% in the year ended March 31, 2008.

Amortisation

Amortisation increased 31.75% to ₹ 59.37 million in the year ended March 31, 2009 from ₹ 45.06 million in the year ended March 31, 2008. The increase in amortisation was due to amortisation of software and internally generated software. Amortisation as a percentage of total income decreased to 7.29% in the year ended March 31, 2009 from 11.05% in the year ended March 31, 2008.

Intangible Assets Written Off/Impaired

Our management undertakes an impairment assessment at every balance sheet date. The impairment assessment as of March 31, 2009 included a reassessment of the carrying values of the historical block of internally generated software having at that time net book value of ₹ 116.08 million by virtue of an impairment assessment

undertaken in accordance with AS 28. The impairment assessment showed that such internally generated software would result in an economic benefit of significantly less than the net book value of ₹ 116.08 million as March 31, 2009. The impairment loss recognised as a result of the said reassessment was ₹ 111.16 million as at March 31, 2009. Intangible assets written off/impaired as a percentage of total income was 13.66% for the year ended March 31, 2009. We did not write off or impair any intangible assets during the year ended March 31, 2008. Such an impairment of the carrying value of software is unlikely in the future as the software that we now maintain is licensed from third parties.

Bank Charges

Our bank charges were ₹ 0.65 million in the year ended March 31, 2009 compared to ₹ 0.50 million in the year ended March 31, 2008, an increase of 30.42%. Bank charges as a percentage of total income decreased to 0.08% in the year ended March 31, 2009 from 0.12% in the year ended March 31, 2008.

Interest Expenses

Interest expenses decreased 35.05% to ₹ 2.82 million in the year ended March 31, 2009 from ₹ 4.34 million in the year ended March 31, 2008. The decrease in interest expenses was primarily due to a decrease in interest paid on term loans resulting from our Company having repaid in full the term loan that it received from ICICI Bank Limited for procurement of computer servers and related accessories. The decrease in interest expenses is also attributable to a decrease in interest paid on vehicle loans received from ICICI Bank Limited and HDFC Bank Limited used to fund the purchase of vehicles by our Company. Interest expenses as a percentage of total income decreased to 0.35% in the year ended March 31, 2009 from 1.06% in the year ended March 31, 2008.

Profit Before Tax

As a result of the foregoing, and primarily due to an increase in total operating expenditure, profit before taxation decreased 73.76% to ₹ 23.71 million in the year ended March 31, 2009 from ₹ 90.36 million in the year ended March 31, 2008.

Provision for Taxation

The provision for tax decreased 92.55% to ₹ 3.43 million in the year ended March 31, 2009 from ₹ 46.03 million in the year ended March 31, 2008. The primary reasons for this decrease were our utilization of a deferred tax credit and utilization of an MAT credit available to our Company, but not recognized in earlier years due to uncertainty of taxable profits, during the year ended March 31, 2009.

Net Profit After Tax as Restated

As a result of the foregoing, and primarily due to an increase in total operating expenditure, net profit as per Restated Consolidated Summary Statements decreased 52.06% to ₹ 21.37 million in the year ended March 31, 2009 from ₹ 44.58 million in the year ended March 31, 2008.

Comparison of the Years Ended March 31, 2008 and 2007

The Restated Consolidated Summary Statements for the year ended March 31, 2008 reflects the acquisition of a 54.99% ownership interest in Oorja on February 15, 2008. Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, the amounts for the year ended March 31, 2007 in this comparison of the years ended March 31, 2008 and 2007 are from the Restated Unconsolidated Summary Statements.

Total Income

Our total income increased by 172.75% to ₹ 407.71 million in the year ended March 31, 2008 from ₹ 149.48 million in the year ended March 31, 2007. The reasons for the increase are summarized below.

Operating Income

Operating Income increased 170.18% to ₹ 400.70 million in the year ended March 31, 2008 from ₹ 148.31 million in the year ended March 31, 2007. Operating income increased due to an increase in income from sale

of services of 177.16% to ₹ 395.03 million in the year ended March 31, 2008 from ₹ 142.53 million in the year ended March 31, 2007 that resulted from the introduction of new products such as customer lifecycle services to one telecom service provider in India and text-based content subscription services through another telecom services provider in India, the commencement of offering certain existing services to new customers such as IVR portals and customer communication services to a new telecom services provider customer and an increase in the subscriber base of our existing telecom service provider customers.

Other Income

Other income increased 499.81% to ₹ 7.01 million in the year ended March 31, 2008 from ₹ 1.17 million in the year ended March 31, 2007. The increase was primarily due to an increase in interest on fixed deposits to ₹ 6.58 million in the year ended March 31, 2008 from ₹ 0.67 million in the year ended March 31, 2007.

Total Expenditure

Total expenditure before tax, including depreciation and amortisation, increased 146.24% to ₹ 317.35 million in the year ended March 31, 2008 from ₹ 128.88 million in the year ended March 31, 2007. As a percentage of total income, total expenditure before tax, including depreciation and amortisation, decreased to 77.84% in the year ended March 31, 2008 from 86.22% in the year ended March 31, 2007. The reasons for this decrease are summarized below:

Cost of Goods Sold

Our expenditure on the purchase of goods for sale such as hardware and software that is sold to our telecom service provider customers to facilitate their use of our platform in order to offer our consumer services increased 199.79% to ₹ 1.31 million in the year ended March 31, 2008 from ₹ 0.44 million in the year ended March 31, 2007 primarily due to an increase in the volume of hardware and software sold. Cost of goods sold increased in the year ended March 31, 2008 as compared to the year ended March 31, 2007 even though income from sale of products decreased slightly in the year ended March 31, 2008 as compared to the year ended March 31, 2007 because the products sold in the year ended March 31, 2008 required a greater outlay of capital on goods purchased and less expenditure attributable to personnel expense while the products sold in the year ended March 31, 2007 required a smaller outlay of capital on goods purchased and more expenditure attributable to personnel expense.

Connectivity and Content Expenses

Our connectivity and content expenses increased 216.07% to ₹ 35.98 million in the year ended March 31, 2008 from ₹ 11.38 million in the year ended March 31, 2007 primarily due to an increase in recording charges as a result of the growth of our network and consumer services businesses and the incurrence of connectivity charges in connection with our enterprise services business and connectivity charges paid to telecom service providers to use their networks to make outbound calls and send SMSs as part of our efforts to promote our services in the year ended March 31, 2008. We did not incur any such connectivity charges in the year ended March 31, 2007 and promotion of our services requiring network access only began after March 31, 2007. Cost of connectivity and content expenses as a percentage of total income increased to 8.82% in the year ended March 31, 2008 from 7.61% in the year ended March 31, 2007.

Personnel Expenses

Personnel expenses increased by 185.79% to ₹ 73.58 million in the year ended March 31, 2008 from ₹ 25.75 million in the year ended March 31, 2007, primarily due to an increase in salaries, bonus and incentives paid to employees to ₹ 66.67 million in the year ended March 31, 2008 from ₹ 23.31 million in the year ended March 31, 2007 resulting from an increase in the number of our employees as we expanded our operations in India and an increase in average salary levels. Personnel expenses also increased as a result of increases in contribution to provident and other funds, gratuity expenses and staff welfare expenses. As of March 31, 2008, we had approximately 380 permanent employees compared to 167 as of March 31, 2007. Personnel expenses as a percentage of total income increased to 18.05% in the year ended March 31, 2008 from 17.22% in the year ended March 31, 2007.

Operating and Other Expenses

Our administration and other expenses increased by 173.70% to ₹ 93.28 million in the year ended March 31, 2008 from ₹ 34.08 million in the year ended March 31, 2007. The increase in operating cost and other expenses was primarily due to increased expenditure on rent, electricity, insurance, repair and maintenance, business promotions, brokerage expenses, travelling and conveyance, telephone and internet expenses, printing and stationary, legal and professional charges and discounts and rebates offered to network service providers in order to foster our relationships with them. The increase in rent, electricity and repair and maintenance relates to our Company having moved into a larger office during the year ended March 31, 2008. Our legal and professional charges increased as a result of legal fees incurred in connection with a round of fund raising undertaken during the year ended March 31, 2008. Operating and other expenses as a percentage of total income increased slightly to 22.88% in the year ended March 31, 2008 from 22.80% in the year ended March 31, 2007.

Depreciation

Depreciation increased 168.73% to ₹ 63.31 million in the year ended March 31, 2008 from ₹ 23.56 million in the year ended March 31, 2007. The increase in depreciation was due to depreciation on computers, furniture and fixtures, leasehold improvements, vehicles and office equipment. Depreciation as a percentage of total income decreased slightly to 15.53% in the year ended March 31, 2008 from 15.76% in the year ended March 31, 2007.

Amortisation

Amortisation increased 87.33% to ₹ 45.06 million in the year ended March 31, 2008 from ₹ 24.06 million in the year ended March 31, 2007. The increase in amortisation was due to amortisation of software and internally generated software. Amortisation as a percentage of total income decreased to 11.05% in the year ended March 31, 2008 from 16.09% in the year ended March 31, 2007.

Intangible Assets Written Off/Impaired

We did not write off or impair any intangible assets during the years ended March 31, 2008 or 2007.

Bank Charges

Our bank charges decreased 42.29% to ₹ 0.50 million in the year ended March 31, 2008 from ₹ 0.86 million in the year ended March 31, 2007. The decrease in bank charges was primarily due to the fact that we paid a one-time processing charge of ₹ 0.77 million in the year ended March 31, 2007 in respect of term loans from ICICI Bank to finance the purchase of equipment and did not have such a processing charge in the year ended March 31, 2008. Bank charges as a percentage of total income decreased to 0.12% in the year ended March 31, 2008 from 0.58% in the year ended March 31, 2007.

Interest Expenses

Interest expenses decreased 50.45% to ₹ 4.34 million in the year ended March 31, 2008 from ₹ 8.75 million in the year ended March 31, 2007. The decrease in interest expenses was primarily due to the fact that in the year ended March 31, 2007, our Company paid interest in the amount of ₹ 5.93 million on a cash credit facility that was paid off in April 2007, as a result of which our Company did not pay corresponding interest in the year ended March 31, 2008. Interest expenses as a percentage of total income decreased to 1.06% in the year ended March 31, 2008 from 5.86% in the year ended March 31, 2007.

Profit Before Tax

As a result of the foregoing, profit before taxation increased 338.61% to ₹ 90.36 million in the year ended March 31, 2008 from ₹ 20.60 million in the year ended March 31, 2007.

Provision for Taxation

The provision for tax increased 314.79% to ₹ 46.03 million in the year ended March 31, 2008 from ₹ 11.09 million in the year ended March 31, 2007. The primary reasons for this increase were an increase in the

provision for minimum alternative tax to ₹ 10.83 million in the year ended March 31, 2008 from ₹ 2.50 million in the year ended March 31, 2007, an increase in fringe benefit tax to ₹ 2.00 million in the year ended March 31, 2008 from ₹ 0.61 million in the year ended March 31, 2007 and an increase in deferred tax charge (which reflects the impact of current year timing differences between taxable income and accounting income for the relevant period and reversal of timing differences of earlier years) to ₹ 33.20 million in the year ended March 31, 2008 from ₹ 7.98 million in the year ended March 31, 2007.

Net Profit After Tax as Restated

As a result of the foregoing, net profit as restated increased 368.95% to ₹ 44.58 million in the year ended March 31, 2008, as per the Restated Consolidated Summary Statements, from ₹ 9.51 million in the year ended March 31, 2007, as per the Restated Unconsolidated Summary Statements.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our principal sources of cash have been cash provided by our operations, term loans, credit facilities and financing through the issuance of share capital. We expect these sources, together with additional short-term borrowings, to be sufficient to meet our working capital requirements and currently anticipated capital expenditures over the near term. As part of our growth strategy, we continue to review opportunities to make strategic acquisitions or alliances. If our future acquisitions or alliances involve significant cash payments, rather than the issuance of shares, we may need to further borrow from banks or raise additional funds.

Our principal financing requirements include:

- capital expenditures towards expansion of our existing businesses; and
- acquisitions of complementary businesses that we determine to be attractive opportunities.

As of June 30, 2010, we have capital expenditure commitments of ₹ 9.04 million.

Cash Flows

The following table sets forth a summary of our cash flows on a consolidated basis for the periods indicated:

	Three Months Ended June 30, 2010	Year Ended March 31,			
		2010	2009	2008	2007
		Consolidated			
		(₹ In Millions)			
					Unconsolidated
Net cash generated from/(used in) operating activities	76.91	235.76	142.41	163.43	47.82
Net cash generated from/(used in) investing activities	(78.85)	(197.62)	(702.91)	(202.61)	(215.48)
Net cash generated from/(used in) financing activities	2.31	(1.00)	467.06	66.14	252.10
Net increase/(decrease) in cash and cash equivalents	0.37	37.13	(93.44)	26.96	84.43
Cash and cash equivalents at the end of the period	58.19	57.98	20.84	114.28	87.32

Net Cash Generated from Operating Activities

Net cash generated from operating activities was ₹ 76.91 million in the three month period ended June 30, 2010, primarily due to operating profit before working capital changes of ₹ 152.57 million, a decrease in sundry debtors of ₹ 88.88 million and an decrease in loans and advances of ₹ 33.44 million, offset by an increase in other current assets of ₹ 162.79 million, an decrease in current liabilities and provisions of ₹ 11.00 million and direct tax paid of ₹ 24.20 million.

Net cash generated from operating activities was ₹ 235.76 million in the year ended March 31, 2010, primarily due to operating profit before working capital changes of ₹ 483.95 million, an increase in current liabilities and provisions of ₹ 8.00 million and a decrease in other current assets of ₹ 39.45 million, offset by an increase in sundry debtors of ₹ 128.69 million, an increase in loans and advances of ₹ 55.58 million and direct tax paid of ₹ 111.36 million.

Net cash generated from operating activities was ₹ 142.41 million in the year ended March 31, 2009, primarily due to operating profit before working capital changes of ₹ 338.01 million and an increase in current liabilities and provisions of ₹ 168.57 million, offset by an increase in other current assets of ₹ 1.18 million, an increase in sundry debtors of ₹ 166.00 million, an increase in loans and advances of ₹ 117.26 million and direct tax paid of ₹ 79.72 million.

Net cash generated from operating activities was ₹ 163.43 million in the year ended March 31, 2008, primarily due to operating profit before working capital changes of ₹ 197.97 million, a decrease in loans and advances of ₹ 83.19 million and an increase in current liabilities and provisions of ₹ 41.31 million, offset by an increase in sundry debtors of ₹ 129.72 million and direct tax paid of ₹ 29.32 million.

Net cash generated from operating activities was ₹ 47.82 million in the year ended March 31, 2007, primarily due to operating profit before working capital changes of ₹ 76.81 million, a decrease in sundry debtors of ₹ 52.17 million and an increase in current liabilities and provisions of ₹ 10.32 million, offset by an increase in loans and advances of ₹ 81.74 million and direct tax paid of ₹ 9.74 million.

Net Cash Used in Investing Activities

Net cash used in investing activities was ₹ 78.85 million in the three month period ended June 30, 2010 due to purchase of tangible assets of ₹ 47.56 million, purchase of intangible assets of ₹ 13.15 million, purchase of mutual fund units of ₹ 0.21 million and investment in deposits with maturity of more than three months of ₹ 28.90 million, offset by proceeds from the sale of fixed assets of ₹ 0.34 million, dividend income from mutual fund of ₹ 0.21 million and financial income on fixed deposits of ₹ 10.42 million.

Net cash used in investing activities decreased to ₹ 197.62 million in the year ended March 31, 2010 from ₹ 702.91 million in the year ended March 31, 2009, primarily due to a decrease of 147.97% in cash in use for buying deposits having maturity of more than three months (Cash received from liquidation of such deposits was ₹ 183.59 million in the year ended March 31, 2010 as against ₹ 382.74 million of cash used for such deposits in the year ended March 31, 2010), a decrease of 11.92% in purchase of intangible assets to ₹ 74.04 million in the year ended March 31, 2010 from ₹ 84.06 million in the year ended March 31, 2009, an increase of 218.48% in financial income from fixed deposits proceeds to ₹ 26.76 million in the year ended March 31, 2010 from ₹ 8.40 million in the year ended March 31, 2009, proceeds from the sale of mutual fund investments of ₹ 189.17 million in the year ended March 31, 2010 and dividend income from mutual fund of ₹ 0.05 million in the year ended March 31, 2010. We did not receive proceeds from the sale of mutual fund investments or dividend income from mutual fund in the year ended March 31, 2009.

Net cash used in investing activities increased to ₹ 702.91 million in the year ended March 31, 2009 from ₹ 202.61 million in the year ended March 31, 2008, primarily due to purchase of tangible fixed assets, which increased 61.86% to ₹ 246.82 million in the year ended March 31, 2009 from ₹ 152.49 million in the year ended March 31, 2008, purchase of intangible assets, which increased 50.22% to ₹ 84.06 million in the year ended March 31, 2009 from ₹ 55.96 million in the year ended March 31, 2008 and investment in deposits with maturity of more than three months of ₹ 382.74 million in the year ended March 31, 2009. We did not invest in deposits with maturity of more than three months in the year ended March 31, 2008.

Net cash used in investing activities decreased to ₹ 202.61 million in the year ended March 31, 2008 from ₹ 215.48 million in the year ended March 31, 2007, primarily due to us not investing in deposits with maturity of more than three months in the year ended March 31, 2008. We invested ₹ 132.45 million in deposits with maturity of more than three months in the year ended March 31, 2007.

Net cash used in investing activities was ₹ 215.48 million in the year ended March 31, 2007, due to purchase of tangible assets of ₹ 80.34 million, purchase of intangible assets of ₹ 4.71 million and investment in deposits with maturity of more than three months of ₹ 132.45 million, offset by proceeds from the sale of investments of ₹ 1.88 million and financials income of fixed deposits of ₹ 0.14 million.

Net Cash Generated From Financing Activities

Net cash generated from financing activities was ₹ 2.31 million in the three month period ended June 30, 2010, due to proceeds from issue of share capital of ₹ 0.05 million, proceeds from short-term borrowings (net) of ₹ 2.53 million and proceeds from the receipt of share application money of ₹ 0.01 million, offset by interest expense of ₹ 0.08 million and repayment of long-term borrowings of ₹ 0.20 million.

Net cash used in financing activities was ₹ 1.00 million in the year ended March 31, 2010 compared with net cash from financing activities of ₹ 467.06 million in the year ended March 31, 2009. This was primarily due to a decrease in proceeds from issue of share capital to nil in the year ended March 31, 2010 from ₹ 499.26 million in the year ended March 31, 2009.

Net cash generated from financing activities increased to ₹ 467.06 million in the year ended March 31, 2009 from ₹ 66.14 million in the year ended March 31, 2008, primarily due to proceeds from issue of share capital, which increased 408.05% to ₹ 499.26 million in the year ended March 31, 2009 from ₹ 98.27 million in the year ended March 31, 2008, repayment of long-term borrows, which decreased 40.16% to ₹ 16.63 million in the year ended March 31, 2009 from ₹ 27.79 million in the year ended March 31, 2008, and interest expenses, which decreased 35.05% to ₹ 2.82 million in the year ended March 31, 2009 from ₹ 4.34 million in the year ended March 31, 2008, offset by share issue expenses, which increased to ₹ 12.75 million in the year ended March 31, 2009 from ₹ 0.00 in the year ended March 31, 2008.

Net cash generated from financing activities decreased to ₹ 66.14 million in the year ended March 31, 2008 from ₹ 252.10 million in the year ended March 31, 2007, primarily due to proceeds from issue of share capital, which decreased 61.95% to ₹ 98.27 million in the year ended March 31, 2008 from ₹ 258.27 million in the year ended March 31, 2007, interest expenses, which decreased 50.45% to ₹ 4.34 million in the year ended March 31, 2008 from ₹ 8.75 million in the year ended March 31, 2007, and proceeds from long-term borrowing, which decreased to ₹ 0.00 in the year ended March 31, 2008 from ₹ 37.73 million in the year ended March 31, 2007, offset by repayment of short-term borrowings (net), which decreased to ₹ 0.00 in the year ended March 31, 2008 from ₹ 35.15 million in the year ended March 31, 2007 and repayment of long-term borrowings, which increased to ₹ 27.79 million in the year ended March 31, 2008 from ₹ 0.00 in the year ended March 31, 2007.

Net cash generated from financing activities was ₹ 252.10 million in the year ended March 31, 2007, due to proceeds from issue of share capital of ₹ 258.27 million and proceeds from long-term borrowings of ₹ 37.73 million, offset by repayment of short-term borrowings (net) of ₹ 35.15 million and interest expense of ₹ 8.75 million.

CONTRACTUAL OBLIGATIONS

Our principal commitments consist of obligations under operating leases for office space, which represent minimum lease payments for office space. The following table sets out our total future commitments for operating leases as of June 30, 2010:

(₹ in million)				
	Total	Payments Due by Period		
		Less than one year	One to five years	More than five years
Operating Leases	249.51	31.29	134.24	83.98
Total	249.51	31.29	134.24	83.98

OFF BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements or obligations.

CONTINGENT LIABILITIES

We had contingent liabilities in the following amounts, as disclosed in our Restated Consolidated Summary Statements:

(₹ in million)

Particulars	As of June 30, 2010
Bank Guarantee Given	3.10
Total	3.10

FIXED ASSETS

The gross block, accumulated depreciation and net block, on a consolidated basis, of our Fixed Assets as at June 30, 2010 were ₹ 973.01 million, ₹ 473.49 million and ₹ 499.53 million, respectively. The following table sets forth our Fixed Assets as at June 30, 2010:

Asset Category	Consolidated			Unconsolidated			Asset Count	Average Life (years)
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block		
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)		
Tangible Fixed Assets								
Vehicles	7.39	2.12	5.27	7.39	2.12	5.27	5	10
Computers	669.55	354.22	315.33	669.55	354.22	315.33	7,733	6
Furniture and Fixtures	24.74	8.13	16.61	24.74	8.13	16.61	539	16
Leasehold Improvements	41.94	7.31	34.62	41.94	7.31	34.62	251	9
Office Equipment	12.44	3.43	9.01	12.44	3.43	9.01	727	21
Intangible Fixed Assets								
Software	216.96	98.28	118.68	215.13	98.01	117.12	756	6
Total	973.01	473.49	499.53	971.19	473.22	497.97	10,011	

Our total number of servers as at June 30, 2010 is 966 servers. The following table sets forth our accumulation of servers since the fiscal year 2005:

Year	Net Addition of Servers	Cumulative Number of Servers	Acquisition Cost
Fiscal Year 2005	6	6	1,101,000
Fiscal Year 2006	-	6	-
Fiscal Year 2007	66	72	48,166,389
Fiscal Year 2008	196	268	22,919,528
Fiscal Year 2009	288	556	29,588,704
Fiscal Year 2010	387	943	29,452,227
Fiscal Year 2011	23	966	2,632,250
Total	966		133,860,098

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Risk

We have adopted the Indian Rupee as our reporting currency. We currently transact our business primarily in Indian Rupees and, to a lesser extent, in Bangladeshi Taka, Nigerian Naira and the Afghanistan Afghani. The total CIF Value of imports on account of fixed assets in foreign currency, was ₹ 15.74 million and ₹ 169.25 million, which amounted to 30.94% and 59.24% of our total capital expenditure, for the three month period ended June 30, 2010 and year ended March 31, 2010, respectively, and the total expenditure in foreign currency, was ₹ 3.79 million and ₹ 12.40 million, which amounted to 1.45% and 1.33% of our total operating expenses, for the three month period ended June 30, 2010 and the year ended March 31, 2010, respectively. Moreover, the total earnings in foreign currency, when converted into Rupees, was ₹ 11.71 million and ₹ 25.82 million, which amounted to 3.29% and 2.23% of our total operating income, for the three month period ended June 30, 2010 and the year ended March 31, 2010, respectively. To the extent these currencies appreciate against the Indian Rupee, it would increase our expenses reported in the Indian Rupee.

We intend to expand our business overseas, which will increase our exposure to the risk of currency fluctuations in foreign jurisdictions. In addition, conducting business in currencies other than the Indian Rupee subjects us to fluctuations in currency exchange rates that could have a negative effect on our reported operating results. Fluctuations in the value of the Indian Rupee relative to other currencies impact our income, cost of sales and services and operating margins and result in foreign currency translation gains and losses. While we have not engaged in exchange rate hedging activities in the past due to the size of our operations, we may implement hedging strategies to mitigate these risks in the future. However, these hedging strategies may not eliminate our exposure to foreign exchange rate fluctuations and involve costs and risks of their own, such as ongoing management time and expertise and external costs to implement the strategy.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, accounts receivable from related parties, accounts receivables from others and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counterparties. Our cash equivalents, bank deposits and restricted cash are invested with banks with high investment grade credit ratings. Accounts receivable are typically unsecured and are derived from revenue earned from our customers in the telecommunications industry based primarily in India.

We believe there is no significant risk of loss in the event of non-performance of the counter parties to these consolidated financial instruments, other than the amounts already provided for in our financial statements.

Interest Rate Risk

We do not have, and do not currently intend to take, any loans subject to floating interest rates. Nevertheless, we may take loans in the future that are subject to floating interest rates, which would expose us to market risk as a result of changes in interest rates. Upward fluctuations in interest rates would increase the cost of new debt and interest cost of outstanding variable rate borrowings. In addition, any increase in interest rates could adversely affect our ability to service long-term debt, which would in turn adversely affect our results of operations.

ANALYSIS OF CERTAIN CHANGES

Unusual or Infrequent Events or Transactions

Other than as described in this Red Herring Prospectus, there have been no transactions or events that would be considered unusual or infrequent.

Known Trends or Uncertainties

Other than as described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages 2 and 243, respectively, of this Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Significant Economic Changes

There have been no significant economic changes that have materially affected or are likely to affect our income.

Future Relationship Between Cost and Revenue

Other than as described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages 2 and 243, respectively, of this Red Herring Prospectus, there are no known factors that might affect the future relationship between cost and income.

Increase in Income

Reasons for the changes in net income during the last three fiscal years are explained in “Management’s

Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 243 of this Red Herring Prospectus.

Inflation

Inflation has not had a material impact on our business and results of operations.

New Products or Business Segment

Other than as described in this Red Herring Prospectus, we do not have new products or business segments.

Seasonality of Business

There are no material seasonal or cyclical trends in our business.

Competitive Conditions

We expect competition in the telecommunications value added services industry from existing and potential competitors to intensify. For more information, please refer to the discussions of our competitive conditions in “Risk Factors - The markets in which we operate are highly competitive and some of our competitors have greater resources than we do.”, “Our Business” and “- Factors that May Affect Results of Operations – Competition” beginning on pages 9, 104 and 245, respectively, of this Red Herring Prospectus.

Significant Dependence on a Single or Few Suppliers or Customers

Our top five customers contributed approximately 80.67%, 78.26% 91.38%, 89.79% and 95.49% of our total revenue for the three month period ended June 30, 2010 and the years ended March 31, 2010, 2009, 2008 and 2007, respectively. For more information, please refer to “Risk Factors — A few major customers account for a significant portion of our income. The loss of any one of our major customers or a decrease in the volume of business derived from these customers may adversely affect our results of operations.” on page 2 of this Red Herring Prospectus.

A breakdown of operating income generated from five customers is set forth in the following table:

(₹ in millions)

Customer Group	Three Months Ended June 30,	Year Ended March 31,			
	2010	2010	2009	2008	2007
	Consolidated				Unconsolidated
Customer 1	90.54	302.58	233.56	103.30	7.47
Customer 2	65.47	232.47	202.39	41.51	-
Customer 3	58.36	188.39	221.37	185.25	122.77
Customer 4	52.41	105.13	12.01	7.23	0.80
Customer 5	20.62	69.34	18.15	-	-
Total	287.39	897.91	687.47	337.30	131.03

Notes:

- 1) The customers are the top five customers for period ending June 30, 2010. The amounts provided above are with respect to the same customer in each of the above periods.

The table below provides contract details for our top five customers as of June 30, 2010.

Customer	Consumer Services		Network Services		Customer Total
	Income (₹ millions)	Number of Contracts	Income (₹ millions)	Number of Contracts	
Customer 1	2.17	2	88.37	4	90.54
Customer 2	43.33	4	22.14	1	65.47
Customer 3	34.38	4	23.98	6	58.36
Customer 4	33.81	3	18.60	4	52.41
Customer 5	7.71	1	12.91	1	20.62
Total	121.39		166.00		287.39

Notes:

- 1) In respect of Customers 1 and 5, some contracts cover both network services and consumer services.

- 2) With respect to Customers 2, 3, 4 and 5, some contracts with each of those customers cover the provision of services throughout India and some contracts with each of those customers cover the provision of services only within a specified region.
- 3) We have not yet executed one of the contracts for network services provided to Customer 1.
- 4) Each of the above contracts is for a limited period, ranging between one to three years, except one contract with each of Customer 3 and Customer 4 which has a perpetual term.

Significant Developments Subsequent to June 30, 2010

Since June 30, 2010, the following significant events have occurred. We anticipate that these events will have an impact on our financial condition and results of operations in future fiscal years.

Divestment of our 21.28% Ownership Interest in TenCube.

On July 29, 2010, the Company and the other shareholders of TenCube, a Singaporean company in which the Company acquired a 21.28% ownership interest in December 2009, entered into a stock purchase agreement with a third party in respect of the sale of TenCube to such third party for US\$ 9.50 million. The Company received 85.77% of its proportionate share of the sale price on August 31, 2010 with the remaining 14.23% being subject to terms of an escrow arrangement yet to be entered. For further details regarding this memorandum of understanding, see the section titled “**History and Certain Corporate Matters Material Agreements**” on page 124. As this event occurred after June 30, 2010, which is the date of the last Restated Consolidated and Unconsolidated Summary Statements as disclosed in this Red Herring Prospectus, it has been treated as a non-adjustment event and accordingly the investment in TenCube is treated as a long-term investment for the three month period ended June 30, 2010 and the year ended March 31, 2010.

Formation of a Subsidiary in Nigeria

One97 Communications Nigeria Limited (“OCNL”) was incorporated on July 27, 2010 under the Nigerian Companies Act and Allied Matters Act, 1990. We have a 100% ownership interest in OCNL. We formed OCNL to engage in the business of providing value added services to telecom service providers and enterprise customers.

Except as stated in this Red Herring Prospectus, to our knowledge no circumstances have arisen since June 30, 2010, which is the date of the last Restated Financial Information as disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect, the trading, profitability and financial condition of our Company or the value of our assets or ability to pay our liabilities.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the Company's aggregate borrowing outstanding as on September 30, 2010:

(in ₹ million)		
S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	3.95
2.	Unsecured Borrowings	0.00
	Total	3.95

A. Details of secured borrowings

1. *Sanction Letter dated April 19, 2008 and the agreement dated July 1, 2008 ("Agreement") for cash credit facility/working capital demand loan from HDFC Bank Limited ("HDFC")¹*

Sanctioned amount	Purpose	Outstanding amount (in ₹ Million) September 30, 2010	Interest/ Repayment	Security
Cash Credit ("CC")/ Working Capital Demand Loan ("WCDL"): ₹ 60 million.	Working capital requirements	0.00	<i>Interest payable on CC facility –12% p.a. subject to revision by HDFC, with any interest tax and other statutory levy payable.</i> <i>Interest payable on WCDL- The rate of interest for each tranche, stipulated by HDFC, as payable at the disbursement of each tranche.</i> <i>Repayment of CC facility - repayable on demand.</i> <i>Repayment of WCDL - Principal amount to be repaid as bullet payment on the maturity date.</i>	• Secured by creation of: 1. First exclusive charge by way of hypothecation of Company's all movable plant and machinery both present and future, by a memorandum of hypothecation dated July 1, 2008; 2. First exclusive charge by way of hypothecation of Company's all stock in trade and book debts, both present and future, by a letter of hypothecation dated July 1, 2008; 3. First charge on the fixed deposit of ₹ 8 million maintained by the Company with HDFC's branch office at K.G. Marg, New Delhi, by a memorandum for creation of charge dated July 1, 2008; 4. The CC/ WCDL can be utilised beyond ₹ 40 million only if our Promoter, Mr. Vijay Shekhar Sharma's pledges his 30% shareholding in the Company with HDFC; 5. Unconditional and irrevocable personal guarantee dated July 1, 2008 by Mr. Vijay Shekhar Sharma, Promoter and Managing Director of the Company; 6. Demand Promissory Note dated July 1, 2008, executed by the Company in favour of HDFC for repaying a sum of ₹ 60 million along with interest thereon at 11% p.a. or such other rate as the bank may fix from time to time, payable with monthly rest, for value received; • By way of letter dated July 1, 2008, HDFC has been vested with the following rights by the Company: 1. right to combine or consolidate any of the Company's account(s) and set off or transfer any sum or sums standing to the credit of such account(s) towards satisfaction of the Company's liabilities to HDFC; 2. lien on all stocks, shares, securities, property and book debts belonging to the Company, present or in future, and on all money standing to the credit of the Company's accounts, present or in future along with the right to sell and realise the same.

¹ Prior consent of HDFC shall be required by the Company to undertake any of the following activities -

- (a) change in shareholding/ management;
- (b) borrowing from any other bank;
- (c) change in the ownership or control which may change the Company's effective beneficial ownership or control;
- (d) effecting any material changes in its business;
- (e) altering its MoA;
- (f) creating any charge, mortgage, pledge, hypothecation, lien or other encumbrance over its property or any part thereof forming a part of the security for the repayment of the loan; and
- (g) liquidation for the purpose of amalgamation or reconstruction.

Further the Company has agreed to the following under the Agreement:

- (a) not to give guarantee or become directly or contingently liable for any person, firm or corporation except in the ordinary course of business; and
- (b) to utilize the said loan only for the purpose of working capital.

Moreover as per the terms of the Agreement, HDFC may in its own discretion, after serving a written notice on the Company (mailed or delivered), cancel the loan and demand repayment of the same without assigning any reasons. For associated risk, see section titled "**Risk Factors**" on page 2.

2. (a) Sanction letter dated May 29, 2008 for non fund based facilities from HDFC²

Sanctioned amount	Purpose	Outstanding amount (in ₹ Million) as on September 30, 2010	Commission/ Repayment	Security
Letter of Credit ("LOC") and Bank Guarantee ("BG"): ₹ 50 million. The LOC and BG are fully interchangeable	Working capital requirements	0.67	Commission payable on LOC – 0.55% per annum. Commission payable on BG- 0.55% per annum. Repayment: on demand	BG shall be provided only upon a fixed deposit of the same amount being provided to HDFC by the Company.

² Prior consent of HDFC shall be required by the Company to undertake any of the following activities -

- (a) Change in shareholding/ management; and
- (b) Borrowing from any other bank.

Further the Company has executed two separate indemnity agreements, both dated July 3, 2008, in favour of HDFC in respect of guarantee limit and the letter of credit sanctioned by HDFC. For associated risk see the section titled "**Risk Factors**" on page 2.

3. Bank Guarantees availed from United Bank of India

Our Company has availed two bank guarantees (bearing no. 01/197/07 and 02/197/07) of ₹ 0.1 million each from United Bank of India for depositing the security to be deposited by a 'dealer' under the Delhi Value Added Tax Act, 2004/Central Sales Tax Act, 1956. These guarantees are valid till April 18, 2011.

4. Sanction letter dated August 3, 2009 for a vehicle loan from Axis Bank Limited

Sanctioned amount	Purpose	Outstanding amount (in ₹ Million) as on September 30, 2010	Interest/ Repayment	Security
1.6 million	Vehicle loan	1.02	Interest: Fixed rate of interest of 9.86% p.a. Repayment: to be repaid in 37 instalments commencing from September 2009.	Secured by hypothecation of the vehicle for which the loan has been availed.

5. Sanction letter dated June 8, 2010 and loan agreement dated May 30, 2010, for a vehicle loan from HDFC Bank

Sanctioned amount	Purpose	Outstanding amount (in ₹ Million) as on September 30, 2010	Interest/ Repayment	Security
1.74 million	Vehicle loan	1.56	<i>Interest:</i> Fixed rate of interest of 9.25% p.a. <i>Repayment:</i> to be repaid in 36 instalments commencing from June 5, 2010.	Secured by hypothecation of the vehicle for which the loan has been availed.

6. Loan Agreement dated May 30, 2010 for a vehicle loan from HDFC Bank

Sanctioned amount	Purpose	Outstanding amount (in ₹ Million) as on September 30, 2010	Interest/ Repayment	Security
0.79 million	Vehicle loan	0.71	<i>Interest:</i> Fixed rate of interest of 9.5% p.a. <i>Repayment:</i> to be repaid in 36 instalments commencing from June 6, 2010.	Secured by hypothecation of the vehicle for which the loan has been availed.

7. Loan Agreement dated July 28, 2010 for a vehicle loan from HDFC Bank.

Sanctioned amount	Purpose	Outstanding amount (in ₹ Million) as on September 30, 2010	Interest/ Repayment	Security
0.69 million	Vehicle loan	0.66	<i>Interest:</i> Fixed rate of interest of 9.75% p.a. <i>Repayment:</i> to be repaid in 36 instalments commencing from September 5, 2010 and ending on July 5, 2013.	Secured by hypothecation of the vehicle for which the loan has been availed.

B. Details of Unsecured Borrowings

The Company has not availed any unsecured loans.

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 the Company and its Subsidiaries, Directors, Promoter and Group Companies, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than an unclaimed liability of the Company or Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, Subsidiaries, Promoter or Directors.

I. Litigation involving the Company:

A) Pending Litigation against the Company

1. Tax Proceedings

- (a) The Additional Commissioner, Service Tax Commissionerate, New Delhi (“**Additional Commissioner**”) issued a show cause notice (C. No. DL-1/ST/R-VII/SCN/ONE/903/2007/5695) dated April 9, 2008 to the Company raising a demand of Service Tax amounting to ₹ 2.12 million (including education cess and secondary and higher education cess) along with interest and penalty. The demand has been raised on account of failure on the part of the Company to deposit full Service Tax on the value of taxable services realized during the period commencing from October 2006 to March 2007. In addition to penalty for short payment of Service Tax, a penalty has also been imposed on the Company, for shifting its business premises without any intimation to the Service Tax Department and not surrendering its Service Tax registration certificate. The Company submitted its reply to the show cause notice by its letter dated April 11, 2008 followed by additional submissions by letters dated July 24, 2008 and November 24, 2008. The Company has submitted that it made certain clerical errors while filing its Service Tax returns due to which the value of taxable services realized was shown more than the actual amount realized as the same included certain exempt and non-taxable services (those provided to customers located in Jammu and Kashmir and those provided prior to introduction of the relevant taxable category) and also included royalty received in relation to sale of copyright which is exempt from Service Tax. As regards surrendering of Service Tax registration certificate, the Company has submitted that it is in the process of doing the same. The proceedings are currently pending before the Additional Commissioner.
- (b) The Company has been issued a letter (No C.No.DL-1/ST/ONE97/R VII/752/20007/ 2705) from the Superintendent (Range-VII), Service Tax Division I, New Delhi (“**Superintendent (Range-VII)**”) demanding payment of Service Tax amounting to ₹ 0.26 million on commission received by the Company from HFCL Infotel Limited during the financial period 2003-04 to 2005-06 (until September 2005). Further, the Company has also been asked to surrender its Service Tax registration certificate due to change in the its registered premises and submit certain additional documents such as balance sheets and Service Tax returns. The Company in its reply dated April 4, 2008 submitted that the amounts received by it could not be classified as commission since the Company does not satisfy the requirement of a ‘commission agent’ as defined under the Finance Act, 1994. The Company submitted that that its services were classified under the taxable category of ‘business support services’ from May 1, 2006 and under ‘development and supply of content services’ from June 1, 2007 onwards and accordingly the Company has been regularly paying Service Tax from May 1, 2006. As regards surrendering its Service Tax registration certificate the Company submitted that it has already initiated the process. The matter is currently pending before the Superintendent (Range-VII).
- (c) The Company has been issued a notice (no. 2498) dated January 5, 2009 under section 54(1)(14) of the Uttar Pradesh Value Added Tax Act, 2008 (“**UP VAT Act**”) by the Deputy Commissioner, Commercial Tax - 5, Noida (“**Deputy Commissioner**”). The Company has been asked to deposit a penalty amounting to ₹ 0.17 million for contravention of the UP VAT Act on account of the Company transporting goods from Delhi to Noida without the requisite documents (i.e. form 38 and delivery challans). The Company in its reply dated January 20, 2009, submitted that it was only shifting its office goods from Delhi to Noida and since the transaction was not one of sale or purchase, the Company was under a bona fide belief that form

38 was not required. Further, the Company submitted that a delivery challan was issued to the driver of the vehicle who forgot to carry the same. The proceedings are currently pending with the Deputy Commissioner.

2. Legal Notices

- (a) A legal notice dated June 23, 2009 was served on the Company by Ms. Ravinder Kaur wherein it was alleged that the Company had not paid the lease charges with effect from January 15, 2009 up to June 30, 2009, despite repeated reminders for the property situated at second floor (No. 222-B), Hemkunt Chambers, 89, Nehru Place, New Delhi 110 019 which was leased by Ms. Ravinder Kaur to the Company vide lease deed dated May 15, 2007. On account of the same, Ms. Ravinder Kaur has raised a demand of payment of a sum of ₹ 0.34 million as arrears of the lease charges with interest @ 18% per annum and ₹ 11,000 as cost of notice charges. The Company replied to the legal notice by its letter dated November 5, 2009 denying all the allegations and claims made by Ms. Ravinder Kaur in her notice.
- (b) A legal notice dated June 23, 2009 was served on the Company by Mr. Gurcharan Singh wherein it was alleged that the Company had not paid the lease charges with effect from January 15, 2009 up to June 30, 2009, despite repeated reminders for the property situated at third floor (No. 304), Hemkunt Chambers, 89, Nehru Place, New Delhi 110019 which was leased by Mr. Gurcharan Singh to the Company vide lease deed dated May 15, 2007. On account of the same, Mr. Gurcharan Singh has raised a demand of payment of a sum of ₹ 0.39 million as arrears of the lease charges with interest @ 18% per annum and ₹ 11,000 as cost of notice charges. The Company replied to the legal notice by its letter dated November 5, 2009 denying all the allegations and claims made by Mr. Gurcharan Singh in his notice.
- (c) A show cause notice dated October 26, 2009, was received by the Company from the office of Registrar of Companies (“**RoC**”), Ministry of Corporate Affairs, Government of India wherein the Company was asked to provide its response along with documentary proof, to the allegations contained in the complaint dated September 4, 2009, filed by a shareholder of the Company (“**Complainant**”) with the RoC (“**Complaint**”). In the Complaint, the Complainant has made certain allegations against the Company which *inter alia* include the following: (a) the auditor of the Company was not appointed as per the provisions of the Companies Act; (b) the board meeting of the Company was conducted in violation of Section 287 of the Companies Act; (c) the notice calling for the Annual General Meeting was in contravention of Section 173, 210 and 219 of the Companies Act; (d) the Company violated Section 209 of the Companies Act by not passing a board resolution for keeping its books of account at a place other than its registered office; and (e) the notice for Annual General Meeting was issued to the shareholders without the annual accounts being audited and the audited balance sheet and profit and loss account being prepared and signed. The Company replied to the aforesaid notice from the RoC by its letter dated December 16, 2009 wherein the Company denied all the allegations made by the Complainant and submitted the documentary proof for the explanations rendered by it. Further, the Complainant has filed an application dated March 2, 2010 with the RoC, for withdrawal of the Complaint. The Company is awaiting further communication in this regard from the RoC.
- (d) A legal notice dated August 10, 2010, was issued to the Company by Media Contents and Communications Services Limited (“**MCCSL**”) wherein MCCSL has demanded a sum of ₹ 40 million along with interest at the rate of 18% p.a. from the Company towards the loss of revenue and other losses and damages suffered by MCCSL on account of alleged failure of the Company to provide to MCCSL for the purpose of raising invoice, the daily Management Information System (for SMS and voice portal services) and logs for the services (different telecom applications on SMS and IVR/VOICE PORTAL) provided by the Company to MCCSL under the service agreement dated April 1, 2009 (“**Service Agreement**”), entered into between MCCSL and the Company. The Company is in the process of filing its response to the said notice.
- (e) A legal notice dated June 24, 2010, has been issued to the Company (through its Managing Director) by VRock Mobile Communications Private Limited (“**VRock**”) wherein VRock has demanded a sum of ₹ 14.48 million inclusive of taxes, along with interest at the rate of 24% p.a. from the Company towards 75% of the minimum guaranteed amount allegedly payable by the Company under the term sheet dated March 11, 2010, (“**Term Sheet**”) executed between VRock and the Company. It has been alleged by VRock that under the Term Sheet, 25% of the minimum guarantee amount was to be paid to VRock on the signing of the Term Sheet and the remaining 75% on the performance of obligation of VRock to promote the Company’s short code during 60 matches of IPL 3 season. It has further been alleged by VRock that after receiving the payment of initial 25% of the minimum guarantee amount, VRock performed its obligations

under the Term Sheet, but the Company failed to make the payment of remaining 75% of the minimum guarantee amount to VRock. The Company is in the process of filing its response to the said notice.

- (f) On December 9, 2009, the Company invested SGD 1,000,000 in Tencube Pte Ltd., a company incorporated in Singapore (“**Tencube**”) through subscription of redeemable convertible preference shares of Tencube. The RBI in its letter cum notice dated September 17, 2010 (“**RBI Letter**”) sent to the Company, mentioned that the Company has contravened the provisions of Regulation 6(4) of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 (Notification 120/RB-2004) dated July 7, 2004 (“**ODI Regulations**”).

Under Regulation 6(4) of the ODI Regulations an Indian entity may extend a loan or guarantee to or on behalf of its joint venture or its wholly owned subsidiary outside India, upto a maximum of 400% of the net-worth of the Indian entity, provided that the Indian entity is already holding equity shares (at the time of extension of such loan or guarantee) in the aforesaid joint venture or wholly owned subsidiary.

It appears from the RBI Letter that the RBI is of the view that the investment made by the Company towards redeemable convertible preference shares of Tencube was in the nature of a loan made to Tencube and considering that the Company did not hold any equity shares in Tencube at the time of such investment, the said transaction was in violation of Regulation 6(4) of the ODI Regulations. As per the RBI Letter, the Company has the option of compounding the said contravention by filing an application with the RBI for compounding, within a period of 45 days from the date of the RBI Letter, failing which the penalty provisions under the applicable law shall apply. The Company has replied to the RBI Letter by its letter dated October 20, 2010 requesting RBI to take a lenient view of the matter, condone the default, if any, and absolve the Company from compounding as required under the RBI Letter. The Company has through its letter dated November 2, 2010, also sought an extension of the period for filing the compounding application.

3. Penalties imposed on the Company

During the period commencing from May 4, 2007 upto June 17, 2008, the Company had entered into a contract with Velocity Customers Services Private Limited. The said contract was entered without the Central Government approval which was required as per the provisions of Section 297 of the Companies Act. The Company filed an application for compounding of the said violation of Section 297 before the RoC. The said application was forwarded by the RoC to the Company Law Board (“**CLB**”). The CLB by its order dated January 21, 2010, compounded the violation subject to the payment of penalty of ₹ 3,500 by the Company and ₹ 2,500 by each director within a month. The said penalties were paid and intimated to CLB and the CLB by its order dated February 15, 2010, finally compounded the violation of Section 297 by the Company.

Other than the above there have been no penalties imposed on the Company in the past.

B) Pending litigation against our Promoter and Managing Director, Mr. Vijay Shekhar Sharma

1. Criminal Complaint

- (a) On May 8, 2002, Mr. G.S. Sharma, Manager (Vigilance), VSNL, Delhi filed a complaint before the Inspector, Delhi Police, Special Cell, Lodi Road, New Delhi, alleging the operation of an illegal telecom network by Mr. Suresh Kumar Sharma from his premises situated at 6 Aravali Apartments, Alaknanda, Kalkaji, New Delhi. Based on the complaint, an FIR (No. 7 of 2002) was registered on May 8, 2002 in the Police Station, Special Cell, Delhi. Pursuant to the investigations, a charge sheet dated June 17, 2002, was filed before the Court of Chief Metropolitan Magistrate, Delhi, wherein Our Promoter and Managing Director, Mr. Vijay Shekhar Sharma, was named as one of the accused under sections 420, 379 and 120 B of the Indian Penal Code, 1860 and sections 4, 20, 20A and 25 of the Indian Telegraph Act, 1885. On May 21, 2010, an application for plea bargaining was filed in the Court of Chief Metropolitan Magistrate, Delhi, by Mr. Vijay Shekhar Sharma and others under section 265B of the Code of Criminal Procedure, 1973, wherein it was contended that the applicants were falsely implicated in the case and should be acquitted. The application is presently pending before the Court of Chief Metropolitan Magistrate.

2. Legal Notices

- (a) A legal notice dated June 24, 2010, has been issued to Mr. Vijay Shekhar Sharma in his capacity as the Managing Director of the Company by VRock Mobile Communications Private Limited (“VRock”) wherein VRock has demanded a sum of ₹ 14.48 million inclusive of taxes, along with interest at the rate of 24% p.a. from the Company towards 75% of the minimum guaranteed amount allegedly payable by the Company under the term sheet dated March 11, 2010, executed between VRock and the Company. For further details see section titled “*Outstanding Litigation- Pending Litigation against the Company- Legal Notices*” on page 281.

C) Pending litigation against our Directors

1. Criminal Complaint against Mr. Deep Kalra

- (a) On January 10, 2008, Mr. Baldev Monga, being one of the customers of MakeMyTrip (India) Private Limited (**MakeMyTrip**), filed a criminal complaint under sections 420, 465 and 506 of the Indian Penal Code, 1872 before the District Court of Gurgaon, India, against Mr. Deep Kalra (one of the directors of MakeMyTrip) and other officers of MakeMyTrip (**Complaint**). The Complaint was filed on account of cancellation of the hotel room reservation made by Mr. Monga through MakeMyTrip. The learned Judicial Magistrate, Gurgaon, by his order dated September 6, 2010, directed the parties to settle the dispute amicably. The next date of hearing is December 17, 2010, on which the parties have to appear before the Judicial Magistrate Gurgaon to decide the settlement amount.

D) Proceedings initiated against our Company or its Directors for economic offences

There are no proceedings initiated against our Company or its Directors for any economic offences.

E) Potential Litigation against our Company

Except as stated in this section, there are no potential litigations against our Company that we are currently aware of or in connection with which, we have received any notice.

F) Adverse findings against our Company as regards compliance with the securities laws

There are no adverse findings against our Company as regards compliance with the securities laws.

G) Material Developments since the Last Balance Sheet Date

Except as disclosed in the section titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on page 243, in the opinion of our Board, there have not arisen, since the date of the last Restated Financial Information disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.

H) Outstanding dues to small scale undertaking(s) or any other creditors

As on June 30, 2010, we owed dues above ₹ 0.10 million for more than 30 days to the following entities:

S. No.	Name of the Creditor	Amount (₹)
1.	Career Net Technologies Private Limited	518,575
2.	Crazypricing Online Services Private Limited	112,500
3.	Targus Technologies Private Limited	295,007
4.	VRock Mobile Communications Private Limited	2,479,112
5.	Bharat Sanchar Nigam Limited	1,433,900
6.	KV Travels Private Limited	182,818
7.	Decor 2000	130,000
8.	Reliance Communications Infrastructure Limited	6,518,549
9.	Tatvam Tech System Private Limited	200,000
Total		11,870,461

I) Outstanding Litigation against other companies whose outcome could have an adverse effect on our Company

Except as disclosed in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company.

J) Litigations against the Directors involving violation of statutory regulations or alleging criminal offence

There are no litigations against any of the Directors involving violation of statutory regulations or alleging criminal offence.

K) Criminal/ civil prosecution against the Directors for any litigation towards tax liabilities

There are no criminal/ civil prosecution against any of the Directors for any litigation towards tax liabilities.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as disclosed in this Red Herring Prospectus no further approvals are required for carrying on our present business.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Approvals in relation to our Company's incorporation

- a. Certificate of incorporation dated December 22, 2000, granted to our Company by the RoC.

II. Approvals related to this Issue

- a. In-principle approval from the NSE dated August 4, 2010;
- b. In-principle approval from the BSE dated June 30, 2010;
- c. Our Board has, pursuant to its resolutions dated May 17, 2010, authorised this Issue;
- d. The shareholders of our Company have, pursuant to their resolution dated May 17, 2010, authorised this Issue;
- e. Our Board has, pursuant to its resolution dated May 18, 2010, approved the Draft Red Herring Prospectus; and
- f. Our Board has, pursuant to its resolution dated November 22, 2010, approved this Red Herring Prospectus.

III. Business Approvals

- a. The Company has been allotted the PAN by the Income Tax Department as AAACO4007A.
- b. The Company has been allotted the TAN by the Income Tax Department as DELO01395C.
- c. *Approvals for setting up telemarketing centres*

Description	Reference	Date of Issue	Date of Expiry
Certificate of registration as a telemarketer for setting up a telemarketing centre at Tata Teleservices Limited, Karnal, Haryana, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/728350/13/2008-11/204	December 17, 2008	December 16, 2018
Certificate of registration as a telemarketer for setting up a telemarketing centre at First Floor, Devika Towers, Nehru place, New Delhi, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/659059/03/2008-23/834	April 9, 2008	April 8, 2018
Certificate of registration as a telemarketer for setting up a telemarketing centre at Vodafone Essar Spacetel Limited, Fortune Tower, Bhubaneswar, Orissa, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/892562/06/2009-26/15	January 21, 2009	January 20, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at Vodafone	No.10-TM/958755/06/2009-16/12	January 27, 2009	January 26, 2019

Description	Reference	Date of Issue	Date of Expiry
Mayfair Building, Hinoo Bridge, Main Road, Ranchi, Jharkhand granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.			
Certificate of registration as a telemarketer for setting up a telemarketing centre at Tata Teleservices Limited, Durgapur, West Bengal, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/908260/13/2009-34/27	April 23, 2009	April 22, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at First Floor, Devika Towers, Nehru place, New Delhi, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/906883/04/2009-9/2866	June 17, 2009	June 16, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at Shillong, Meghalaya, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/862659/02/2009-24/6	September 14, 2009	September 13, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at Oceanic Tower, 101, Santhome High Road, RA Puram, Chennai, Tamilnadu, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/443718/14/2009-7/1406	September 16, 2009	September 15, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at Airtel Tower, 12, RaniLaxmibai Marg, Hazratganj, Lucknow, Uttar Pradesh, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No.10-TM/198548/02/2009-20/49	October 22, 2009	October 21, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at First Floor, Devika Towers, Nehru place, New Delhi, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No. 10-TM/730620*/13/2007-9/116	December 5, 2007	December 4, 2017
Certificate of registration as a telemarketer for setting up a telemarketing centre at First Floor, Devika Towers, Nehru place, New Delhi, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No. 10-TM/659059/03/2008-23/834	April 9, 2008	April 8, 2018
Certificate of registration as a telemarketer for setting up a telemarketing centre at First Floor, Devika Towers, Nehru place, New Delhi, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No. 10-TM/906883/04/2009-9/2866	June 17, 2009	June 16, 2019
Certificate of registration as a telemarketer for setting up a telemarketing centre at Unitech Wireless (South) Private Limited, Divyashree	No. 10-TM/575290/15/2010-5/707	July 27, 2010	July 26, 2020

Description	Reference	Date of Issue	Date of Expiry
Chambe, Bangalore, Karnataka granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.			
Certificate of registration as a telemarketer for setting up a telemarketing centre at #33, Ballammal Building, Burkit Road, Fourth Floor, T. Nagar, Chennai granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No. 10-TM/544713/15/2010-7/1733	June 25, 2010	June 24, 2020
Certificate of registration as a telemarketer for setting up a telemarketing centre at Hindustan Times House, 25 Ashok Marg, Lucknow, Uttar Pradesh, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No. 10-TM/520907/15/2010-20/104	September 17, 2010	September 16, 2020
Certificate of registration as a telemarketer for setting up a telemarketing centre at Sistema Shyam Teleservices Limited, Pune, Maharashtra, granted by the Department of Telecommunications, Ministry of Communications and Information Technology, GoI.	No. 10-TM/211414/11/2010-23/2821	July 29, 2010	July 28, 2020

d. Taxation related approvals

Description	Reference	Date of Issue	Date of Expiry
Certificate of registration under Delhi VAT Act, 2004 granted by the Department of Value Added Tax, Government of NCT of Delhi.	Registration no.- 07540327065	Date of liability and validity: March 29, 2007	Not applicable.
Certificate of registration as a dealer of IT products including computers and parts and accessories thereof, under Section 7(1) and 7(2) of the Central Sales Tax 1956, granted by the concerned Registering Authority, Government of Uttar Pradesh.	Registration no.- 07540327065	July 16, 2008	Certificate is valid till the business is discontinued.
Certificate of registration under Section 69 of the Finance Act, 1994, for registration of our Company with the Central Excise Department for payment of Service Tax on business auxiliary services, of immovable property services, granted by development and supply of content services and renting Office of Deputy Commissioner, Service Tax, Delhi.	Service Tax Code-AAACO4007AST001	November 20, 2008	Valid till the activity for which the certificate has been issued is completed or when the Central Excise Officer accepts surrender of the certificate.
Registration as a dealer of IT products including computers and parts and accessories thereof, under the Uttar Pradesh VAT Act, 2007 and allotment of Taxpayer's Identification Number (TIN) by the Registering Authority, Department of Commercial Taxes, Government of Uttar Pradesh.	TIN – 09165705494	July 16, 2008	Certificate is valid till the business is discontinued.

e. *Labour related approvals*

Description	Reference	Date of Issue	Date of Expiry
Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 granted by the Regional Provident Fund Commissioner, New Delhi.	Code no. DL/30815	February 1, 2005	Not applicable.
Registration under the Uttar Pradesh Shops and Commercial Establishments Act, 1962 granted by Inspector of Shops, Noida, Gautam Budh Nagar.	35/8932	August 21, 2008	Valid up to March, 2013.
Registration under the Employee State Insurance Act, 1948 granted by the Regional Office of the Employees State Insurance Corporation	No. D-11-10-100723-1001	May 31, 2007	Not applicable.

f. *Intellectual Property approvals*

Our Company has filed applications to the Registrar of Trade Marks, New Delhi, for the grant of certificates of registration of trade mark in respect of goods or services (other than a collective mark or a certification of trade mark). The following applications are pending registration:

- Application dated August 11, 2009 for the registration of trademark "one97" in the name of the Company in class 38;
- Application dated August 11, 2009 for the registration of the trademark "one97 | Let's get talking" in the name of the Company in class 38;
- Application dated August 11, 2009 for the registration of the trademark "one97 | Let's get talking ! (with logo)" in the name of the Company in class 38;
- Application dated August 11, 2009 for the registration of the trademark "197" in the name of the Company in class 38;
- Application dated August 11, 2009 for the registration of the trademark "Let's get talking!" in the name of the Company in class 38;
- Application dated August 11, 2009 for the registration of the trademark "one97" in the name of the Company in class 42;
- Application dated August 11, 2009 for the registration of the trademark "one97 | Let's get talking" in the name of the Company in class 42;
- Application dated August 11, 2009 for the registration of the trademark "one97 | Let's get talking! (with logo)" in the name of the Company in class 42;
- Application dated August 11, 2009 for the registration of the trademark "197" in the name of the Company in class 42; and
- Application dated August 11, 2009 for the registration of the trademark "Let's get talking!" in the name of the Company in class 42.

g. *Other approvals*

Description	Reference	Date of Issue	Date of Expiry
Certificate of Importer-Exporter Code, issued by the Foreign Trade Development Officer.	IEC- 0505069687	December 19, 2005	Not applicable.

IV. Pending Approvals

- The Company has filed an application dated September 8, 2010, with the Central Board of Excise and Customs, Ministry of Finance, Department of Revenue, for obtaining service tax registration under section 69 of the Finance Act, 1994 for the following taxable services i.e. development and supply of content services, goods transport operators, information technology software service and sponsorship service.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

Our Board has, pursuant to its resolution dated May 17, 2010, authorised this 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 authorised this Issue by their special resolution passed pursuant to Section 81(1A) of the Companies Act, at its EGM held on May 17, 2010, and authorised the Board to take decisions in relation to this Issue. Our Board has, pursuant to a resolution dated May 18, 2010 approved the Draft Red Herring Prospectus. Our Board has, pursuant to a resolution dated November 22, 2010, 2010 approved this Red Herring Prospectus.

We have received in-principle approvals from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated August 4, 2010 and June 30, 2010, respectively. BSE is the Designated Stock Exchange.

We have obtained all necessary governmental, regulatory consents and approvals and have received all necessary contractual consents required for this Issue. For further details, see the section titled “**Government and Other Approvals**” on page 285.

Prohibition by SEBI, RBI or governmental authorities

None of our Company, our Promoter, members of our Promoter Group, Group Companies or ventures with which our Promoter was associated in the past, have been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any them in the past and no such proceedings are currently pending against any of them.

Except as disclosed below, our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against the Directors or any entity with which our Directors are involved as promoters or directors.

SEBI had initiated adjudication proceedings against our Independent Director, Mr. P.N. Vijay for alleged violation of SEBI (Prohibition of Insider Trading) Regulations 1992, in the matter of Eicher Motor Limited. However, by its consent order dated February 11, 2010 (CO/IVD/1490/AO/AK/01/2010), SEBI disposed off the adjudications proceedings against Mr. P.N. Vijay, without admission or denial of guilt on part of Mr. P.N. Vijay to the finding of fact or conclusion of law. For associated risks, see section titled “**Risk Factors**” on page 2.

Moreover, SEBI had initiated enquiry proceedings against an entity named P.N. Vijay Financial Services Private Limited with which Mr. P.N. Vijay is associated as a promoter and a director. Such proceedings were initiated by SEBI for alleged violation of SEBI (Portfolio Managers) Rules 1993 by P.N. Vijay Financial Services Private Limited. However, by its consent order dated November 20, 2007 (CO/IMD/1001/05/2007), SEBI disposed off the said enquiry proceedings without admission or denial of guilt on part of P.N. Vijay Financial Services Private Limited to the finding of fact or conclusion of law. For associated risks, see section titled “**Risk Factors**” on page 2.

Eligibility for this Issue

Our Company has and shall continue to, be in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

- Our Company, our Directors, our Promoter, the members of our Promoter Group, the persons in control of our Company, and the companies with which our Directors, Promoter or persons in control were or are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;
- Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue, and has received the in-principle approvals from the NSE and the BSE pursuant to their letters dated August 4, 2010 and June 30, 2010, respectively. For the purposes of this Issue, the BSE shall be the Designated Stock Exchange;
- Our Company has entered into agreements dated October 29, 2010 and November 12, 2010, respectively, with the Depositories and the Registrar to the Issue for dematerialisation of the Equity Shares being offered in this Issue; and

- The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus.

We are an unlisted Company not complying with the conditions specified in Regulation 26 (1) and therefore we are required to meet the conditions detailed in Regulation 26(2) of the SEBI Regulations.

Regulation 26(2) of the SEBI Regulations states:

An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

- a.
 - (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent. 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; or
 - (ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;
- b.
 - (i) the minimum post-issue face value capital of the issuer is ten crore rupees; or
 - (ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:
 - (A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent;
 - (B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent. of the proposed issue.

We are eligible under Regulation 26 (2) of the SEBI Regulations in the following manner:

- (i) at least 60% of the issue is proposed to be Allotted to QIBs (in order to comply with the requirements of the first proviso to 19(2)(b)(ii) of the SCRR) and in the event we fail to do so, the full subscription monies will be refunded to the Bidders; and
- (ii) the post-issue face value capital of the Company shall be [●] million which is more than the minimum requirement of ₹ 100 million.

Further, in accordance with Regulation 26 (4) of the SEBI ICDR Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within 12 Working Days from the date of Bid/Issue Closing Date, then the Company shall, be liable to repay the money, with interest at the rate of 15% *per annum* on application money.

As required under first proviso to Rule 19(2)(b)(ii) of the SCRR, (a) a minimum of 2,000,000 Equity Shares shall be offered to the public, and (b) the Issue size shall be a minimum of ₹ 1,000 million. Further, in terms of first proviso to Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations, this being an Issue for less than 25% of the post-Issue equity share capital, is being made through a 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to QIBs. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith.

Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, 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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, 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, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the 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.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories at the discretion of our Company, in consultation with the Book Running Lead Managers.

For further details, see the section titled “*Issue Structure*” on page 303.

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 TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, IDFC CAPITAL LIMITED AND AVENDUS CAPITAL PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE 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 MANAGERS, IDFC CAPITAL LIMITED AND AVENDUS CAPITAL PRIVATE LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 19, 2010 WHICH READS AS FOLLOWS:

- 1. “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS (“DRHP”) 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 DRHP FILED WITH SEBI 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 SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

- (C) THE DISCLOSURES MADE IN THE DRHP 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 ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS- NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP.
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 PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP.
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 PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. 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 COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) 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 TO BE 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 DRHP THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRHP:
 - (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 OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S 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 DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND 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 MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTIONS 56, 60 AND 60B OF THE COMPANIES ACT.

Disclaimer from our Company, the Directors and the Book Running Lead Managers.

Our Company, the Directors, and the Book Running Lead Managers accept no responsibility for statements made otherwise than those contained in this Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, www.One97world.com, our Promoter, members of our Promoter Group, Group Company or of any affiliate or associate of our Company, would be doing so at his or her own risk.

Caution

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the agreement entered into amongst the Book Running Lead Managers and our Company on May 17, 2010, 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 Book Running Lead Managers to the public and investors at large and no selective or additional information would be made 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 any member of the Syndicate are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Group Companies and our respective affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our Group Companies, affiliates or associates for which they have received, and may in future receive, compensation.

Bidders will be required to confirm and will be deemed to have represented to our Company, and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. 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.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, 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, public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, VCFs, FVCIs, multilateral and bilateral development financial institutions, FIIs and their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion) and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to hold the Equity Shares. For further details in this regard, see the sections titled “*Regulations and Policies*”, “*Government and Other Approvals*” and “*Issue Procedure*” on pages 118, 285 and 307 respectively.

This Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity 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 Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi 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 Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this 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 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 from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the U.S. and may not be offered or sold within the United States (as defined in Regulation S). The Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S.

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.

Further, each Bidder where required must agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Disclaimer clause of the NSE

As required, a copy of this Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer clause of the BSE

As required, a copy of this Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Filing

A copy of this Red Herring Prospectus will be filed with SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC at the office of the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC situated at the address mentioned below.

Registrar of Companies, NCT of Delhi and Haryana

4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi 110 019,
India.

Listing

Applications have been made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The BSE 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 Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, (i.e. from the date of refusal by stock exchanges or within 12 Working Days from the Bid/Issue Closing Date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and 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, the Company Secretary and Compliance Officer, the lenders of our Company, the domestic legal counsel, international legal counsel the Bankers to the Company, the IPO Grading Agency; (b) the Syndicate Members, the Escrow Collection Banks, the Bankers to the Issue, and the Registrar to the Issue to act in their respective capacities; to be filed along with this Red Herring Prospectus 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 will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Our Auditors have consented for the inclusion of their names as the statutory auditors and of their examination report dated October 8, 2010, on the Restated Financial Information and the Statement of Tax Benefits in the form and context in which they appear in this Red Herring Prospectus.

Further to certain facility agreements entered between our Company and its lender, HDFC Bank Limited, HDFC Bank Limited has given their consent to this Issue. For details in relation to the facility agreements entered between our Company and its lenders, see the section titled “**Financial Indebtedness**” on page 277.

CRISIL Limited, the agency engaged by our Company for the purpose of obtaining IPO grading in respect of this Issue, has give its written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Expert Opinion

Except for the report provided by the IPO Grading Agency i.e. CRISIL Limited (a copy of which is annexed to this Red Herring Prospectus), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange and updated at the time of filing of this Red Herring Prospectus with this RoC, pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, underwriting and management fees, selling commissions, SCSBs’ commissions/fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. The listing fee and all expenses with respect to the Issue will be borne by our Company.

The estimated Issue expenses are as under:

Activity	Amount (₹ million)	% of the Issue Expenses	% of total Issue Size
Lead management fees*	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission (including ASBA commission)*	[●]	[●]	[●]
Registrar’s fees*	[●]	[●]	[●]
Advertisement and marketing expenses*	[●]	[●]	[●]
Printing and distribution expenses*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Advisors*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]

Activity	Amount (₹ million)	% of the Issue Expenses	% of total Issue Size
Others (SEBI filing fees, fee payable to the monitoring agency, bidding software expenses, depository charges, listing fees, etc.)*	[•]	[•]	[•]
Total	[•]	[•]	[•]

*Will be incorporated at the time of filing of the Prospectus.

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers, and the Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letter among our Company and the Book Running Lead Managers, a copy of which will be made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue 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 agreement dated May 17, 2010, signed with our Company, a copy of which will be made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

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 them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

IPO Grading

This Issue has been graded by CRISIL Limited and has been assigned the “3/5” indicating average fundamentals, through its letter dated September 7, 2010 which was later revalidated by its letter dated October 27, 2010 which is valid for a period of 60 days. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and an “IPO Grade 1” indicates poor fundamentals. A copy of the report provided by CRISIL Limited, furnishing the rationale for its grading is annexed to this Red Herring Prospectus and will be made available for inspection at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Summary of rationale for grading by the IPO Grading Agency

For details in relation to the rationale furnished by CRISIL, please see Annexure to this Red Herring Prospectus.

Disclaimer of IPO Grading Agency

Please see the disclaimer appearing on page 14 of the Annexure to this Red Herring Prospectus.

Particulars regarding Public or Rights Issues since incorporation

Our Company has not made any previous public issues (including any rights issues to the public) since incorporation.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled “*Capital Structure*” on page 63, our Company has not issued any Equity Shares for consideration other than cash.

Public issues in the last three years by our Company, associates or Group Companies

Neither our Company, our associates or any Group Company have made any public issue in the last three years.

Performance vis-à-vis Objects in previous issue by our Promoter and Group Companies or associate companies

None of our Promoter, Group Companies or the associate companies have made any public issues in the past.

Underwriting commission, brokerage and selling commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, 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 Company's inception.

Outstanding Convertible Instruments

As on the date of this Red Herring Prospectus there are no outstanding convertible instruments.

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.

Other Disclosures

Except for the sale of 600,000 Equity Shares by our Promoter and Director, Mr. Vijay Shekhar Sharma to SAIF, our Promoter, Directors, Promoter Group, or the Group Companies have not purchased or sold any securities of our Company during a period of six months preceeding the date on which this Red Herring Prospectus is filed with SEBI.

Except as disclosed in the section titled "*Risk Factors*" beginning on page 2 and this section, SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this 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 Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Akhil Chadha as the Company Secretary and 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. Akhil Chadha

One97 Communications Limited
B -121, Sector 5
Noida 201 301
Uttar Pradesh, India
Tel: 91 120 477 0770
Fax: 91 120 477 0771
Email: complianceofficer@one97.net

No investor complaints have been received during the immediately preceding three years prior to filing of this Red Herring Prospectus with SEBI.

Change in Auditors

The following are the changes in our auditors in the last three years:

Name of Auditor	Date of Appointment	Date of Cessation	Reasons for change
D. G. & Company	March 31, 2004	September 30, 2008	D. G. & Co. was replaced with PricewaterhouseCoopers by shareholders resolution dated September 30, 2008. Resignation
PricewaterhouseCoopers Private Limited	September 30, 2008	May 14, 2009	
S.R. Batliboi & Co.	June 29, 2009	-	Appointment
S.R. Batliboi & Co.	December 31, 2009	-	Re-appointment

Capitalisation of Reserves or Profits

We have not capitalized our reserves or profits in the last five years, except in relation to the bonus issuances as stated in section titled “*Capital Structure*” on page 63.

Tax Implications

Successful Bidders will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For further details, see the section titled “*Statement of Tax Benefits*” on page 84.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SCRR, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the ASBA Bid cum Application Form, the ASBA Revision Form, the CAN, Allotment advices and the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the 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 GoI, the Stock Exchanges, the RoC, the FIPB, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled “**Main Provisions of Articles of Association**” on page 350.

The listing fee and all other Issue related expenses will be borne by our Company.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act, Articles of Association and provisions of the Listing Agreement.

Face Value and Issue Price

The face value of each Equity Share is ₹ 10. The Floor Price of the 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 of Equity Shares, subject to applicable law.

The Price Band and the minimum bid lot as decided by our Company in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in English and Hindi national newspapers, (i.e., all editions of Financial Express and all editions of Jansatta) and one regional newspaper (i.e., all editions of Jansatta, being the regional newspaper), each with wide circulation.

Rights of the shareholder

Subject to applicable laws, the shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association.

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 Articles of Association**” on page 350.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall be in dematerialised form only. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be 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 this Issue is with the competent courts in New Delhi.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the U.S. and may not be offered or sold within the United States (as defined in Regulation S). The Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S.

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.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, the 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 benefits such person 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 the 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 only be made on the prescribed form available on request at the Registered Office or with the Registrar and transfer agents of our Company.

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

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

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the

number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Application by Eligible NRIs, FIIs and Sub-Accounts

It is to be distinctly understood that there is no reservation for NRIs, FIIs and Sub-Accounts. For further details regarding the requirement for the said approval and other ancillary matters in this regard, see the sections titled “*Regulations and Policies*”, “*Government and Other Approvals*” and “*Issue Procedure – Who Can Bid*” on pages 118, 285 and 308, respectively.

Arrangement for disposal of odd lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of Equity Shares

There are no restrictions on transfers and transmission of Equity Share and on their consolidation/ splitting except as provided in our Articles. For further details, see the section titled “*History and Certain Corporate Matters*” on page 124.

Withdrawal of the Issue

Our Company, in consultation with the Book Running Lead Managers, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, we will give the reason thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-issue advertisement had appeared. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the bank account of the ASBA Bidders within one day from the day of receipt of such notification. The Stock Exchanges shall also be informed promptly. 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. Further, in the event of withdrawal of the Issue and subsequently, if there are plans of an IPO by our Company, a draft red herring prospectus will be submitted again for observations of SEBI.

In terms of the ICDR Regulations, QIBs will not be permitted to withdraw Bids after Bid/Issue Closing Date.

ISSUE STRUCTURE

The present Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share aggregating ₹ 1,200 million. The Issue will constitute [●]% of the post Issue paid-up capital of our Company.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [●] Equity Shares.	Not less than [●] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Issue available for Allotment/Allocation	At least 60% of the Issue shall be Allotted to QIB Bidders. However, atleast 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be added to the Net QIB Portion.	Not less than 10% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 30% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.***	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000. ^^	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Who can Apply**	Public financial institutions as in Section 4A of the Companies Act, FIIs and their sub-accounts registered with SEBI, other than a sub-account which are foreign corporates or foreign individuals, scheduled commercial banks, Mutual Funds, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, NIF, provident funds with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, Insurance Funds set up and managed by Army, Navy and Airforce of the Union of India and insurance funds set up and managed by the Department of Posts, India in accordance with applicable law.	Eligible NRIs, Resident Indian individuals, HUF (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs, which are foreign corporates or foreign individuals.	Resident Indian individuals (including ASBA Bidders and HUFs in the name of the Karta) and Eligible NRIs.
Terms of Payment	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 such funds in the bank accounts of the ASBA Bidders that are specified in the ASBA Bid cum Application Form.		

* Subject to valid Bids being received at or above the Issue Price. In terms of the first proviso to Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations, this being an Issue for less than 25% of the post-Issue share capital, is being made through the 100% Book Building Process wherein at least 60% of the 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 at the Anchor Investor Issue Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only. In the event of under-subscription 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 shall be available for allocation on a proportionate basis to QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be Allotted to QIB Bidders, then the entire application money will be refunded forthwith. In addition, in accordance with the first proviso to Rule 19(2)(b)(ii) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate to at least ₹ 1,000 million. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories at the discretion of our Company, in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form by all the Bidders including the Anchor Investors.

** In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form, as the case may be.

*** Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors.

^^ The minimum bid for Anchor Investors shall be such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

Letters of Allotment, Refund Orders or Instructions to SCSBs

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within two Working Days from the date of the Allotment to all successful Allottees including ASBA Bidders which in any event shall not exceed 12 Working Days of the Bid/Issue Closing Date.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the NECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 12 Working Days of the Bidding/Issue Closing Date “Under Certificate of Posting” for refund orders less than or equal to ₹ 1,500 and through speed post/registered post for refund orders exceeding ₹ 1,500.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs within 12 Working Days of the Bid/Issue Closing Date.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, 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.
- It shall pay interest at 15% p.a. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 12 Working Days of the Bid/Issue Closing Date.

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 any one or more of the Escrow Collection Banks/ Refund Banker(s) 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.

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 Programme

BID/ISSUE OPENS ON*	DECEMBER 1, 2010
BID/ISSUE CLOSING DATE FOR QIB BIDDERS	DECEMBER 3, 2010
BID/ISSUE CLOSING DATE FOR ALL OTHER BIDDERS	DECEMBER 6, 2010

* Our Company may consider participation by Anchor Investors. The Bid/Issue Period for Anchor Investors shall be one Working Day day prior to the Bid/Issue Opening Date.

Except in relation to the Bids received from the Anchor Investors, 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 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 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 Managers 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 Working 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. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

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 Forms as stated herein and reported by the Book Running Lead Managers to the Stock Exchange within half an hour of such closure.

Our Company in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations. The cap shall not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bid/Issue Period shall be extended for three additional Working Days after such revision, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of the first proviso to Rule 19(2)(b)(ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations, this being an Issue for less than 25% of the post-Issue share capital, is being made through the 100% Book Building Process wherein at least 60% of the 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 at the Anchor Investor Issue Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only. In the event of under-subscription 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 shall be available for allocation on a proportionate basis to QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be Allotted to QIB Bidders, then the entire application money will be refunded forthwith. In addition, in accordance with the first proviso to Rule 19(2)(b)(ii) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate to at least ₹ 1,000 million. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs. In case of QIBs, our Company may, in consultation with BRLMs, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Any Bidder may participate in this Issue though the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010, the SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Further, pursuant to the notification (no. LAD-NRO/GN/2010-11/03/1104) dated April 13, 2010, the SEBI has provided that Anchor Investors shall pay, on application, the same margin amount, as is payable by other Bidders, and the balance, if any, within two days of the Bid Closing Date. Furthermore, the margin amount collected shall be uniform across all categories of investors.

Investors should note that Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. 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 determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB to authorise the blocking of funds that are available in the bank account specified in the ASBA Bid cum

Application Form used by ASBA Bidders. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis, excluding Anchor Investors	White
Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), on a repatriation basis, excluding Anchor Investors	Blue
ASBA Bidders bidding in physical form	White
Anchor Investors	Yellow

* The Bid cum Application Form for Anchor Investors is available at the registered office of the Company and the BRLMs

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors or in the name of their minor children as natural/ legal guardians in single or joint names (not more than three);
- Hindu Undivided Families 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;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
- FIIs registered with SEBI and their sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual, in the QIB Portion;
- Sub-accounts of FIIs, which are foreign corporates or foreign individuals, in the Non-Institutional Portion;
- State industrial development corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority, India;
- NIF;
- Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;
- Pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to invest in equity shares;
- Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
- VCFs registered with SEBI;
- Mutual Funds registered with SEBI;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Regulations and regulations, as applicable);
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations in India authorised to invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and Bilateral Development Financial Institutions;
- Insurance Funds set up and managed by Army, Navy and Airforce of the Union of India;
- insurance funds set up and managed by the Department of Posts, India; and
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing regulations, OCBs cannot Bid in the Issue. For further details, see section titled "*Terms of the Issue*" on page 300.

Anchor Investor Portion

Our Company may consider participation by Anchor Investors in the Issue for up to [●] Equity Shares in accordance with the applicable SEBI Regulations. The Anchor Investor Bid/Issue period shall be one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. The QIB Portion shall be reduced to the extent of allocation under the Anchor Investor Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

- (a) Anchor Investors shall be QIBs as defined in the SEBI Regulations.
- (b) The Anchor Investor Bid must be for a minimum of such number of Equity Shares so that the Anchor Investor Bid Amount exceeds ₹ 100 million and in multiples of [●] Equity Shares thereafter. An Anchor Investor Bid cannot be submitted for more than the Anchor Investor Portion.
- (c) One third of the Anchor Investor Portion or [●] Equity Shares out of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
- (d) The bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.
- (e) Our Company, in consultation with the Book Running Lead Managers, shall finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allottees.
- (f) The number of Equity Shares allocated to the Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the Book Running Lead Managers before the Bid/Issue Opening Date.
- (g) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid.
- (h) In case the Issue Price is greater than the Anchor Investor Price, the additional amount being the difference between the Issue Price and Anchor Investor Price shall be paid by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- (i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- (j) The Book Running Lead Managers or any person related to the Book Running Lead Managers /Promoter/Promoter Group shall not participate in the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- (l) The minimum number of Allottees in the Anchor Investor Portion shall not be less than:
 - (a) Two, where the allocation under Anchor Investor Portion is up to ₹ 2,500 million; and
 - (b) Five, where the allocation under Anchor Investor Portion is more than ₹ 2,500 million.
- (m) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “Escrow Account – One97 – Public Issue – Anchor Investor – R”
 - In case of Non-Resident Anchor Investor: “Escrow Account – One97 – Public Issue – Anchor Investor – NR”

Bids by Mutual Funds

Under the SEBI Regulations, at least one-third of the Anchor Investor Portion, will be available for allocation to Mutual Funds only on a discretionary basis and 5% of the Net QIB Portion have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand in the Mutual Funds Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In the 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.

In accordance with 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 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 Bid cum Application Form made by asset management companies or custodians of Mutual Fund should clearly indicate the name of the scheme for which the Bid cum Application is being made.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the Registered Office of the Company and with members of the Syndicate.

Eligible NRI Bidders should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the NRO Account shall use the Bid cum Application form meant for Resident Indians (white form).

In accordance with the SEBI Regulations, NRIs can subscribe to this Issue under the ASBA process.

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 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors, respectively, registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/foreign venture capital investor. However, venture capital funds and foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers. Further, FVCIs investing in the Issue should confirm that no approvals from the appropriate regulatory authorities are required to be obtained by the concerned FVCI.

Pursuant to the SEBI Regulations, the shareholding of a SEBI registered VCF held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the equity shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI. In case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period.

Bids by FIIs

In accordance with 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 issued capital (i.e. 10% of [●] Equity Shares subject to the same not exceeding the QIB Portion). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. The aggregate FII holding in our Company was increased from 24% to 49% pursuant to a Board resolution and shareholders resolution, both dated May 11, 2010. It can be further increased to 100% by a resolution passed by the shareholders to that effect.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, off shore derivative instruments such as “Participatory Notes”, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on 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 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.

Associates and affiliates of the Underwriters, including the Book Running Lead Managers, that are FIIs may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

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

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹ 250 million and pension funds 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, in either case, without assigning any reason thereof.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

Bids under Power of Attorney

By limited companies, corporate bodies, registered societies

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form as applicable. Failing this, our Company reserves the right to reject such Bids in whole or in part without assigning reasons thereof.

By FIIs, VCFs, Mutual Funds and FVCIs

In case of the Bids made pursuant to a power of attorney by FIIs, VCFs and Mutual Funds and FVCIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part without assigning reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company/the Book Running Lead Managers may deem fit without assigning reasons thereof.

By Insurance Companies

With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

By Provident Funds

With respect to Bids made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) 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.

Participation by associates and affiliates of the Book Running Lead Managers and Syndicate Members

Associates and affiliates of the Book Running Lead Managers and Syndicate Members may Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates and affiliates of the Book Running Lead Managers and Syndicate Members shall be on a proportionate basis.

However, the Book Running Lead Managers and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Further, the BRLMs and any persons related to the BRLMs, the Promoter and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits/restrictions applicable to them. Our Company, its Directors and officers, affiliates, associates and their respective directors and officers and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, its Directors and officers, affiliates, associates and their respective directors and officers, the Book Running Lead Managers 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 this 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.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount 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. Where the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders where the Bid Amount does not exceed ₹ 200,000 indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- b) **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 is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under applicable laws. **Under the SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.**
- c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Bid Lots such that the Bid Amount is atleast ₹ 100 million and in multiples of one Bid Lot thereafter. Bids by

Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Applications. Bid cannot be submitted for more than 30% of the QIB Portion.

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 allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

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 Red Herring Prospectus.

Refund amounts following a permitted withdrawal or rejection of a Bid shall be paid in the manner described under paragraph “*Issue Procedure-Payment of Refund*” on page 332.

Information for the Bidder:

1. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. Our Company, in consultation with the Book Running Lead Managers will declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation. Further, the Price Band and the minimum bid lot as decided by our Company in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in English and Hindi national newspapers, (i.e., all editions of Financial Express and all editions of Jansatta) and one regional newspaper (i.e., all editions of Jansatta, being the regional newspaper), each with wide circulation.
3. The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the Book Running Lead Managers, Syndicate Members or their authorised agent(s), as applicable to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids.
5. The Bids should only be submitted on the prescribed Bid cum Application Form. 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 are liable to be rejected.
6. The Price Band has been fixed at ₹ [•] to ₹ [•] per Equity Share. The Bidders can Bid at any price within the Price Band, in multiples of [•] Equity Shares. In accordance with the SEBI Regulations, our Company in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bid/Issue period. The cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
7. Our Company in consultation with the Book Running Lead Managers, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of Bidding

1. Our Company and the Book Running Lead Managers shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in two national

daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosure requirements as specified under Schedule XIII of the SEBI Regulations. The Book Running Lead Managers and Syndicate Members shall accept Bids from the Bidders during the Bid/Issue period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the Book Running Lead Managers and advertised at least two working days prior to the Bid/Issue Opening Date.

2. The Book Running Lead Managers shall accept Bids from the Anchor Investors on the Anchor Investor Bid Date, i.e. one Working Day prior to the Bid/ Issue Opening Date. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The Members of the Syndicate shall accept Bids from the all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.
3. The Bid/Issue period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bid/Issue period shall be extended, by an additional three days, subject to the total Bid/Issue period not exceeding 10 Working Days. The revised Price Band and Bid/Issue period shall be published in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the members of the Syndicate.
4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the 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 Price, will become automatically invalid.
5. 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 or a SCSB, respectively. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB 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. However, the Bidder, can revise the Bid through the Revision Form, the procedure for which is detailed section titled ***“Issue Procedure -Build up of the Book and Revision of Bids”*** on page 319. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.
6. 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 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.
7. Along with the Bid cum Application Form, as applicable, all Bidders will make payment in the manner described under the section titled ***“Issue Procedure -Terms of Payment and Payment into the Escrow Accounts”*** on page 321.
8. The identity of QIB Bidders shall not be made public except those of Anchor Investor(s) which shall be published on the websites of the Stock Exchanges.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules and regulations;
- (b) Ensure that you Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid cum Application Form;

- (d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;
- (e) Ensure that you have collected a TRS for all your Bid options;
- (f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (g) Each of the Bidders, should mention their PAN allotted under the IT Act;
- (h) 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. Where 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; and
- (i) Ensure that the demographic details (as defined in the section titled “*Issue Procedure – Bidder’s Depository Account and Bank Account Details*” on page 315) are updated, true and correct in all respects.
- (j) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of a member of the syndicate.

Don’ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash, postal order, or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;
- (f) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not Bid such that the number of Equity Shares Bid for exceeds the Issue size and/or the investment limit or the maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
- (h) Do not Bid at Bid Amount exceeding ₹ 200,000 in case of a Bid by a Retail Individual Bidder;
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;and
- (j) Do not submit the Bids without the full Bid Amount.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate, Registered Office of the Company or Registrar to the Issue.

Bidder’s Depository Account and Bank Account Details

Bidders should note that on the basis of the PAN of the sole/ First Bidder, Depository Participant’s name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository Participant, the demographic details of the Bidders such as their address, occupation and bank account details (hereinafter referred to as “Demographic Details”) for printing on refund orders or giving credit through NECS, RTGS or Direct Credit. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit

of refunds to Bidders at the Bidders' sole risk and neither the Book Running Lead Managers, our Company, its Directors and officers, affiliates, associates and their respective directors and officers shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID CUM APPLICATION FORM.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/NECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the 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, the Bidder will be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, its Directors and officers, affiliates, associates and their respective directors and officers, Escrow Collection Banks, the Book Running Lead Managers nor the Registrar to the Issue 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 through electronic modes as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the PAN of the sole/First Bidder, the Depository Participant's identity and the beneficiary's identity, then such Bids are liable to be rejected.

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 will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. The PAN of the first/sole Bidder as furnished in the Bid cum Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

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.

Our Company, in consultation with the Book Running Lead Managers, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (“PAN”)

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number (“UIN”)

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

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”.

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 centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.
2. The NSE and the BSE 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 authorised agents during the Bid/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 and SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on electronic facilities of the NSE and the BSE will be uploaded on a regular basis, consolidated and displayed on-line at all Bidding Centres as well as on the NSE's website at www.nseindia.com and on the BSE's website at www.bseindia.com. A graphical representation of consolidated demand and price will be made available at the Bidding Centres during the Bid/Issue period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the Bidder(s). Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form;
 - Investor category—Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid Price;
 - Bid cum Application Form number;
 - Bid Amount;
 - Depository Participant identification number and client identification number of the demat account of the Bidder;
 - PAN; and
 - Cheque details.
5. A system-generated TRS will be given to the Bidder as 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 or SCSBs as applicable. The registration of the Bid by the member of the Syndicate or SCSB does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate, SCSBs, or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In the case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in this Red Herring Prospectus.
8. The permission given by the NSE and the BSE 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 Book Running Lead Managers are cleared or approved by the NSE and the BSE; 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 Promoter, the management or any scheme or project of our Company.

It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE or the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

Revision of Bids in case of Revision of Price Band

1. The Bidder can Bid at any price within the Price Band in multiples of Rupee One (₹ 1). The Bidder has to Bid for the desired number of Equity Shares at a specific price.

Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to ₹ 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 where the Bid Amount is in excess of ₹ 200,000 and such Bids from QIB Bidders and Non-Institutional Bidders shall be rejected.

2. Retail Individual Bidders 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 bidding at the Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Accounts. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-Off Price, such Bidder shall receive the refund of the excess amounts from the Escrow Accounts in the manner described under the section titled “*Issue Procedure -Payment of Refund*” on page 332.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their ASBA Bid or (ii) instruct to block the additional amount based on the higher 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 for the Retail Individual Bidders, if the Bidder wants to continue to Bid at the Cut-off Price), with the Designated Branch of the SCSBs to whom the original ASBA Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block the additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required to be blocked by the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.
4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares Bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size and the Bid lot 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.

Build up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate or SCSBs shall be electronically transmitted to the NSE or the BSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available from the Book Running Lead Managers on a regular basis.
3. During the Bid/Issue period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate. The Bidder can make this revision any number of times during the Bid/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.
5. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus.

7. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.
8. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Managers and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Bids and Revisions of Bids for all Bidders

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable (white, blue or green).
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 or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
4. Bids from the Retail Individual Bidders 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.

Bids by FVCIs, Eligible NRIs and FIIs on repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other eligible Non-Resident Bidders must Bid for a minimum of such number of Equity Shares and in multiples of [●] that the Bid Amount exceeds ₹ 200,000. For further details, see the section titled “*Issue Procedure - Maximum and Minimum Bid Size*” on page 336.
4. In the names of individuals, or in the names of FIIs, etc. but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the rate of exchange prevailing at the time of remittance, 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 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 or if the Bidders so desire, will be credited to their NRE Accounts, details of which are received from the Depositories as part of the demographic details of the First Bidder/ sole Bidder. The Company, its Directors and officers, affiliates, associates and their respective directors and officers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in the Issue.

PAYMENT INSTRUCTIONS

Escrow Accounts shall be opened with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Escrow Mechanism

Escrow Accounts shall be opened with one or more Escrow Collection Banks for collection of application money. The Bidders shall draw the cheque or demand draft in respect of his or her Bid and/or revision of the Bid in favour of the payee detailed under the section titled “***Issue Procedure – Terms of Payment and Payment into the Escrow Accounts***” on page 321. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the 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 to facilitate collections from the Bidders and shall be governed by the terms of the Red Herring Prospectus and the Escrow Agreement.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall pay the entire Bid Amount with the submission of the Bid cum Application Form, draw a cheque or demand draft in favour of the Escrow Accounts of the Escrow Collection Bank(s) (see the section titled “***Issue Procedure - Payment Instructions***” on page 321) and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their Bid Amount only to a Book Running Lead Manager. **Bid cum Application Forms accompanied by cash/stockinvest/money order shall not be accepted.**

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, 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 Accounts, as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account on the Designated Date.

The entire Bid Amount is required to be paid at the time of submission of the Bid cum Application Form. If the payment is not made favouring the Escrow Account(s) along with the Bid cum Application Form, the Bid is liable to be rejected.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid/Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

Payment into Escrow Accounts

1. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:
 - (a) In the case of Resident QIB Bidders: “Escrow Account— One97—Public Issue—QIB-R”.
 - (b) In the case of Non-Resident QIB Bidders: “Escrow Account— One97—Public Issue—QIB-NR”.
 - (c) In the case of Resident Retail and Non-Institutional Bidders: “Escrow Account— One97—Public Issue—R”.
 - (d) In the case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account— One97 — Public Issue—NR”.
 - (e) In case of Resident Anchor Investors: “Escrow Account – One97 – Public Issue – Anchor Investor – R”.
 - (f) In case of Non-Resident Anchor Investors: “Escrow Account – One97 – Public Issue – Anchor Investor – NR”.
2. 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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of 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.
3. 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 authorised 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 or a FCNR or an NRO Account.
4. In case of Bids by FIIs or FVCIs 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.
5. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within two Working Days of the Bid/ Issue Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
6. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.
7. Bidders are advised to mention the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
8. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

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 stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations, in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation.

Declaration of Price Band

The Price Band and the minimum bid lot as decided by our Company in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in English and Hindi national newspapers, (i.e., all editions of Financial Express and all editions of Jansatta) and one regional newspaper (i.e., all editions of Jansatta, being the regional newspaper), each with wide circulation.

Advertisement regarding Issue Price and 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 information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Right to reject Bids by our Company

In case of QIB Bidders bidding in the Net QIB Portion, our Company, in consultation with the Book Running Lead Managers, may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. Provided further that, our Company in consultation with the Book Running Lead Managers, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons therefor. 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 this Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid is less than the amount payable for the highest value of Equity Shares Bid for;
2. 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;
3. Age of the first Bidder not given;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
5. PAN not stated, or GIR Number furnished 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 lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;

10. Bids for a number of Equity Shares, which are not in multiples of [●];
11. Category not ticked;
12. Multiple Bids as described in this Red Herring Prospectus;
13. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
14. Bids accompanied by money order/postal order/cash;
15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Form does not have the stamp of the Book Running Lead Managers or the Syndicate Members;
17. Bid cum Application Form does not have the Bidder's depository account details;
18. Bid is not registered within the time prescribed and as per the instructions in the Bid cum Application Form;
19. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;
20. In case the details of DP ID and Client ID and the PAN mentioned in the application form and entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the details of the DP ID and Client ID and PAN available in the depository database;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through members of the Syndicate;
23. Bids by OCBs;
24. Bids by U.S. residents;
25. Bids by persons who are not eligible to acquire Equity Shares under any applicable law, rule, regulation, guideline or approval, inside India or outside India;
26. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
27. Bids by any person outside India if not in compliance with applicable foreign and Indian Law;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids not uploaded in the Book;
30. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ₹ 200,000, uploaded after 4.00 p.m. or any such time as prescribed by Stock Exchange on the Bid/Issue Closing Date;
31. Bids which do not comply with securities laws at their specific jurisdictions;

Price Discovery and Allocation

1. After the Bid Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with our Company. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the BRLMs.
2. Our Company, in consultation with BRLMs, shall finalise the Issue Price. The Anchor Investor Price shall also be finalised by our Company in consultation with the BRLMs.
3. If at least 60% of the Issue cannot be Allotted to QIBs then the entire application money will be refunded. Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least onethird 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 in the Anchor Investor Portion shall be added to the Net QIB Portion.
4. 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. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, 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.
5. Not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, in a manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
6. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill-over from any other category, at the sole discretion of our Company, in consultation with BRLMs and the Designated Stock Exchange. In the event that the aggregate demand in the Net QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.
7. In the event of an oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price in the QIB Portion shall be allocated Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion. In the event of an oversubscription in the Non-Institutional Portion and Retail Portion, allocation shall be made on a proportionate basis.
8. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'.
9. Allocation to Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, Mutual Funds or FVCIs will be subject to applicable law, rules, regulations, guidelines and the terms and conditions stipulated in approvals, if any, obtained from regulatory authorities such as the SEBI and the RBI.
10. Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid Closing Date, the reason thereof shall be provided within two days of the Bid Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges shall also be informed promptly.
11. In terms of the SEBI Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bidding Date.
12. Our Company, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIBs. Rejection of Bids made by QIBs, if any, will be made at the time of acceptance of Bids provided that the reasons for such rejection shall be provided to such Bidder in writing.

13. The Allotment details shall be put on the website of the Registrar to the Issue.
14. Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders and Non-Institutional Bidders. No preference shall be given to ASBA Bidders vis-à-vis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allotment' to such valid ASBA and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the Book Running Lead Managers and the Syndicate Members shall enter into the Underwriting Agreement upon finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects, subject to finalisation of Basis of Allotment.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Book Running Lead Managers or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders in the Net QIB Portion may be done simultaneously with or before the approval of the Basis of Allotment for the Retail Individual Bidders and Non-Institutional Bidders. However, the Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date as the date of Allotment. For Anchor Investors, see "Notice to Anchor Investors- Allotment Reconciliation and Revised CANs".
- (b) The Book Running Lead Managers, the members of the Syndicate or the Registrar to the Issue, as the case may be, will then send a CAN to Bidders who have been allocated Equity Shares in the Issue.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Accounts at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts.
- (d) In case of QIB Bidders, the dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. The issuance of a CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, and Book Running Lead Managers, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price, and (c) allotment by the Board of Directors. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, among other things, and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock

Exchange. In such instances or in the event the Issue Price is fixed higher than the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors, price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation or price of Equity Shares, which shall in no event be later than two days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the NSE/BSE system. Based on the electronic book, QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject *inter alia* to the approval of the basis of Allotment by the Designated Stock Exchange. Subject to the SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs bidding in the Net QIB Portion and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB bidding in the Net QIB Portion to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment

- (a) Our Company will ensure that the Allotment is done within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund Account, our Company will ensure the credit to the successful Bidder(s) depository account. The Company will issue instructions for credit to the beneficiary account of the Allottees within two Working Days from the date of Allotment which in any event shall not exceed 12 Working Days of the Bid/Issue Closing Date.
- (b) As per Section 68B of the Companies Act, Allotment of the Equity Shares will be only in dematerialised form to the allottees.
- (c) Successful Bidders will have the option to re-materialise 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 allocated to them pursuant to this Issue.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised 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 signed among our Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated November 12, 2010 among NSDL, our Company and the Registrar to the Issue; and
- (b) an agreement dated October 29, 2010 among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised 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 and Revision Form.
3. Allotment 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, Bid Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Bid Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form or vis-à-vis those recorded with his or her Depository Participant.
7. 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.
8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- 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 Issue Price.
- The 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.
- 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.
- 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 of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- 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.
- 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.
- 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.
- 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 of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

C. For QIB Bidders in the Net QIB Portion

- Bids received from QIB Bidders bidding in the Net QIB Portion 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.
- The Net 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.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the Net 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 of not less than [●] Equity Shares and in multiples of one Equity Share thereafter up to 5% of the Net 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 (b) below.
 - (b) In the second instance allocation to QIBs bidding in the Net QIB Portion shall be determined as follows:
 - (i) In the event of an oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter for up to 95% of the Net QIB Portion.
 - (ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the Mutual Fund Portion, if any, from Mutual Funds, would be included in the Net QIB Portion for allocation to QIBs (including mutual funds) on a proportionate basis.

D. For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the Book Running Lead Managers, subject to compliance with the following requirements:

- (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors.
- (b) [●] Equity Shares out of the Anchor Investor Portion shall be available for allocation to Mutual Funds only.
- (c) Allocation to a minimum number of two Anchor Investors.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the Book Running Lead Managers before the Bid Opening Date

The Book Running Lead Managers, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

Procedure and Schedule for Allotment and demat Credit of Equity Shares

The Issue will be conducted through a “100% Book Building Process” pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bid/Issue period. The Bid/Issue period will commence on December 1, 2010 and expire on December 6, 2010. Following the expiration of the Bid/Issue period, our Company in consultation with the Book Running Lead Managers, will determine the Issue Price. Our Company in consultation with the Book Running Lead Managers will determine the basis of allocation and entitlement to Allotment based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful bidders will be provided with a CAN(subject to a revised CAN) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Regulations require our Company to complete the Allotment to successful bidders within 12 Working Days of the expiration of the Bid/Issue period. The Equity Shares will then be credited and Allotted to the investors’ demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of proportionate Basis of Allotment

Except in relation to Anchor Investors, in the event the Issue is oversubscribed, the Allotment shall be as per the basis of Allotment approved by the Designated Stock Exchange. The executive director or managing director of the Designated Stock Exchange along with the Book Running Lead Managers and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner. Except in relation to Anchor Investors, Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

- (a) Bidders will be categorised 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 oversubscription 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 oversubscription 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.
- (g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the Book Running Lead Managers.

Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the Net QIB Portion

Issue details

Particulars	Issue details
Issue size	200 million equity shares
Allocation to QIB (at least 60% of the Issue)	120 million equity shares
Of which:	
a. Reservation For Mutual Funds, (5%)	6 million equity shares
b. Balance for all QIBs including Mutual Funds	114 million equity shares
Number of QIB applicants	10
Number of equity shares applied for	500 million equity shares

Details of QIB Bids

S. No.	Type of QIBs	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
11.	Total	500

* A1-A5: (QIBs other than Mutual Funds), MF1-MF5 (QIBs which are Mutual Funds) Details of Allotment to QIBs Applicants

Type of QIB	Shares bid for	Allocation of 5% Equity Shares	Allocation of 95% Equity Shares	Aggregate allocation to Mutual Funds
(I)	(II)	(III)	(IV)	(V)
	<i>(Number of equity shares in million)</i>			
A1	50	0	11.52	0
A2	20	0	4.60	0
A3	130	0	29.94	0
A4	50	0	11.52	0
A5	50	0	11.52	0
MF1	40	1.2	8.97	9.68
MF2	40	1.2	8.97	9.68
MF3	80	2.4	17.96	20.36
MF4	20	0.6	4.49	5.09
MF5	20	0.6	4.49	5.09
	500	6	114	49.99

Notes:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “**Issue Structure**” on page 303.
2. Out of 120 million equity shares allocated to QIBs, 6 million (i.e., 5%) will be Allotted on a proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in the QIB Portion.
3. The balance 114 million equity shares i.e., 120 - 6 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 500 million equity shares (including 5 Mutual Fund applicants who applied for 200 million equity shares).
4. The figures in the fourth column entitled “Allocation of balance 114 million equity shares to QIBs proportionately” in the above illustration are arrived at as explained below:

For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for × 114/494

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) $\times$ 114/494

The numerator and denominator for arriving at the allocation of 114 million equity shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders should note that on the basis of the names of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine digit 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, as the case may be, at the Bidder's sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers the Syndicate Members, the Escrow Collection Banks, the Book Running Lead Managers nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Mode of making refunds

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

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the locations where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.
2. NEFT - Payment of refund may be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code, which can be linked to a MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR code of the Bidder's bank. Wherever the applicants have registered the nine digit MICR code of the branch of the bank where they are having their account and their bank account number while opening and operating the demat account, the same will be duly mapped with the Indian Financial System Code (IFSC) of that particular bank branch and the payment of refund will be made to the applicants through this method.
3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.
4. RTGS—Where the refund amount exceeds ₹ 0.2 million, the same shall be remitted through RTGS provided the Bidder has given details of the IFSC, type of account and account number of the branch where the account is maintained, in the Bid cum Application Form in the space provided for the same. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
5. For all the other applicants, including applicants 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 refund orders of value up to ₹ 1,500 and through speed post/ registered post for refund orders of ₹ 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) which shall be payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% p.a. on the excess Bid Amount received if refund orders are not dispatched or if instructions to SCSBs are not issued for unblocking ASBA Accounts within 12 Working Days of the Bid/Issue Closing Date for any delay beyond such 12 Working Days time period.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number or ASBA number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof.

Bidders 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 credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

Our Company shall ensure dispatch of Allotment advice/ refund orders (except for Bidders who have indicated their intention to receive refunds through electronic transfer of funds) and issue instructions for credit to the beneficiary account of the Allottees with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges, within two Working Days of the date of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for Allotment and trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertake that:

- Allotment and transfer only in dematerialised form shall be made within 12 Working Days of the Bid/Issue Closing Date;
- Dispatch refund orders, except for Bidders who are eligible to receive refunds through the NECS facility, shall be made within 12 Working Days of the Bid/Issue Closing Date;
- Instructions to SCSBs for unblocking ASBA Accounts shall be issued within 12 Working Days of the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% p.a. for any delay beyond the 12 Working Days time period as mentioned above, if Allotment is not made or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner, and/or demat credits are not made to investors within the 12 Working Days time period prescribed above or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 12 Working Days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Save and except for 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 us, as a Refund Banker which shall be 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.

Undertakings by our Company

Our Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily;
- that it shall be ensured that dispatch of share certificates/refund orders and demat credit is completed and the allotment and listing documents shall be submitted to the Stock Exchanges within 12 Working Days of the Bid/ Issue Closing Date;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of

the Bid/ Issue Closing Date;

- that our Company shall apply in advance for the listing of Equity Shares;
- that the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- 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 to the Non-Resident Bidders shall be dispatched within the specified time;
- that except as disclosed in the section titled “*Capital Structure*” on page 63, 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.; and
- that adequate arrangements shall be made to collect all ASBA Forms and all ASBA shall be considered similar to other applications while finalizing the basis of Allotment.

Utilisation of Issue proceeds

Our Board 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;
- details of all monies utilised out of the Issue shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remain unutilised, under an appropriate heading in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested;
- our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
- our Company shall not have recourse to the proceeds of the Issue until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

The Book Running Lead Managers undertake that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

ISSUE PROCEDURE FOR ASBA BIDDERS

SEBI, by its circular dated July 30, 2008, introduced a new mode of payment in public issues i.e., application supported by blocked amount wherein the application money remains in the ASBA Account until allotment in the public issue. Mode of payment through ASBA became effective on September 1, 2008. Since this is a new mode of payment, set forth below is the procedure for bidding under the ASBA procedure, for the benefit of the Bidders.

This section is only to facilitate better understanding of aspects of the procedure for bidding which is specific to ASBA Bidders. ASBA Bidders should nonetheless read this document in entirety

Our Company, its Directors and officers, affiliates, associates and their respective directors and officers and the Book Running Lead Managers are not liable for any amendments, modifications, or changes in

applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA are provided at <http://www.sebi.gov.in/pmd/scsb.pdf> or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

ASBA Process

Any Bidder can submit his bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder is maintained. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the ASBA Bid. The ASBA Bid data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the basis of Allotment and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders within one day from the day of receipt of such notification.

Who can Bid?

In accordance with the SEBI Regulations, any Bidder can submit their application through ASBA process to bid for equity shares of our Company.

ASBA Bid cum Application Form

An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making an ASBA Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their bids under the Issue, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. For further information on how to complete ASBA Forms, see the section titled “**Issue Procedure- Instructions for Completing the ASBA Form**” on page 115.

- After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidders will be considered for allocation.
- In the ASBA Form, the ASBA Bidder shall, *inter alia*, give the following confirmations/declarations:
 - a. That he/she is an ASBA Bidder as per the SEBI Regulations;
 - b. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her Bid, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the Public Issue Account after finalization of the basis of Allotment entitling the ASBA Bidder to receive Equity Shares in the Issue etc.; and
 - c. That he/she has authorized the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the bank account specified in the ASBA Bid cum Application form upon finalization of the basis of Allotment and to transfer the requisite money to the Public Issue Account.
- An ASBA Bidder cannot bid under the Issue, either in physical or electronic mode, on another ASBA Form or Bid cum Application Form after bidding on one ASBA Form either in physical or electronic mode. Submission of a second ASBA Form to either the same or another Designated Branch or a Bid cum

Application Form to the Members of Syndicate will be treated as multiple Bid 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 Allotment of Equity Shares in the Issue.

- Upon completing and submitting the ASBA Form to the Designated Branch, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. ASBA Bidders who are Resident Individual Bidders (including HUFs) who have bid for Equity Shares for an amount not 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.

Information for the ASBA Bidders:

1. We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.
2. Our Company and the Book Running Lead Managers shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper with wide circulation. Further, the Price Band and the minimum bid lot as decided by our Company in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in English and Hindi national newspapers, (i.e., all editions of Financial Express and all editions of Jansatta) and one regional newspaper (i.e., all editions of Jansatta, being the regional newspaper), each with wide circulation.
3. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.
4. The ASBA Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account. For further information on how to complete ASBA Forms, see the section titled “*Issue Procedure - Instructions for Completing the ASBA Form*” on page 340.
5. The Price Band has been fixed at ₹ [●] to ₹ [●] per Equity Share. In accordance with the SEBI Regulations, our Company in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bid/Issue period. In case of revision, the cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
6. Our Company in consultation with the Book Running Lead Managers, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the ASBA Bidders.
7. Our Company and the Book Running Lead Managers shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosure requirements as specified under Schedule XIII of the SEBI Regulations. The SCSBs shall accept ASBA Bids from the ASBA Bidders during the Bid/Issue period. Further, the Price Band and the minimum bid lot as decided by our Company in consultation with the Book Running Lead Managers, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the

Bid/Issue Opening Date in English and Hindi national newspapers, (i.e., all editions of Financial Express and all editions of Jansatta) and one regional newspaper (i.e., all editions of Jansatta, being the regional newspaper), each with wide circulation.

8. The Bid/Issue period shall be for a minimum of three Working Days and shall not exceed seven Working Days. In case the Price Band is revised, the revised Price Band and Bid/Issue period will be published in two national daily newspapers (one each in English and Hindi) and one regional daily language newspaper, each with wide circulation and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the members of the Syndicate. The Bid/Issue period shall be extended by an additional three Working Days, subject to the total Bid/Issue period not exceeding 10 Working Days.

Mode of Payment

Upon submission of an ASBA 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 to block the Bid Amount in the ASBA Account.

ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

SCSBs shall block the Bid Amount in the ASBA Account. The Bid Amount shall remain blocked in the ASBA Account until finalization of the basis of Allotment or withdrawal/failure of the Issue or withdrawal/failure of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the ASBA Bid shall be rejected by the SCSB and no funds shall be blocked in the that ASBA Account.

On the Designated Date, the SCSBs shall unblock and transfer the Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked.

Electronic Registration of Bids

Upon receipt of the ASBA Form, the Designated Branch shall register and upload the Bid. **The Book Running Lead Managers, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. 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.**

At the time of registering each Bid, the Designated Branches shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application number;
- PAN;
- Investor Category and sub category:

Retail	Non-Institutional	QIB
(No sub category)	1. Individual; 2. Corporate; and 3. Others.	1. Mutual funds; 2. Financial Institutions; 3. Insurance companies; 4. Foreign institutional investors; 5. Other than corporate and individual sub accounts others.

- Number of Equity Shares Bid for;
- Bank account number;
- Depository participant identification No.; and
- Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA Form, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchanges.

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches.** The registration of the Bid by the Designated Branch does not guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges.

Build up of the book and revision of Bids

- (a) Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
- (c) During the Bid/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.
- (d) The ASBA Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
- (e) Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.
- (f) When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (g) The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
- (h) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

GENERAL INSTRUCTIONS

DO's:

1. Ensure that you use the ASBA Form specified for the purposes of ASBA.
2. Read all the instructions carefully and complete the ASBA Form.
3. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
4. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the Book Running Lead Managers.
5. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. Ensure that you have funds equal to the Bid Amount available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.
8. 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 equivalent to the Bid Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
10. Ensure that you have mentioned your PAN.
11. 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.
12. Ensure that the Demographic Details are updated, true and correct, in all respects.

DON'Ts:

1. Do not bid for lower than the minimum Bid size.
2. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.
3. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA.
4. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.
5. Do not submit more than five ASBA Bid cum Application Forms per bank account for the Issue.
6. Do not submit the GIR Number instead of the PAN Number.

Impersonation

For details, see section titled “*Issue Procedure- Impersonation*” on page 317.

INSTRUCTIONS FOR COMPLETING THE ASBA FORM

1. Bids through ASBA must be made only in the prescribed ASBA Form (if submitted in physical mode) or electronic mode.
2. The ASBA Bid may be made in 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 and in the ASBA Form.
4. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid such that the Bid Amount does not exceed the maximum investment limits prescribed under law.
5. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
6. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Form and should ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective 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 application.
7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form. No more than five ASBA Bid cum Application Forms can be submitted per bank account in the Issue.
8. ASBA Bidders should correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

ASBA Bidder's Depository Account and Bank Details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM.

ASBA Bidders should note that on the basis of PAN of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address. Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these demographic details would be used for all correspondence with the ASBA Bidders they are advised to update their demographic details as provided to their Depository Participants.

By signing the ASBA Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches, the

members of the Syndicate, our Company or the Registrar to the Issue shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, PAN of the ASBA Bidders, the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

ASBA Bids under Power of Attorney

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the Book Running Lead Managers, reserve the right to reject such Bids. Our Company, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the Book Running Lead Managers may deem fit.

OTHER INSTRUCTIONS

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one ASBA Bid cum Application Form. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same.

Permanent Account Number

The ASBA Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs.** It is to be specifically noted that ASBA Bidders should not submit the GIR Number instead of the PAN, as the Bid is liable to be rejected on this ground.

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including ensure deletion of details of the withdrawn ASBA Bid from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue. 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 on finalization of the Basis of Allotment.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on this Red Herring Prospectus from the SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations, in two national daily newspapers (one each in English and Hindi) and one regional language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC in a widely circulated in an English national newspaper, a Hindi national newspaper and one regional newspaper after filing of the prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

RIGHT TO REJECT ASBA BIDS

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

ASBA Bidders are advised to note that Bids under the ASBA Process are liable to be rejected on, *inter alia*, the following technical grounds:

1. 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;
2. Age of the first Bidder not given;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
4. Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares Bid for;
5. Submission of more than five ASBA Bid cum Application Forms per account;
6. PAN not stated, or GIR Number furnished instead of PAN;
7. In case the details of DP ID and Client ID and the PAN mentioned in the application form and entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the details of the DP ID and Client ID and PAN available in the depository database;
8. Bids for number of Equity Shares, which are not in multiples of [●];
9. Authorisation for blocking funds in the ASBA Account not ticked or provided;
10. Multiple Bids as described in this Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;
13. ASBA Form does not have the Bidder's depository account details;
14. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;
15. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;

16. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number;
17. ASBA Bid cum Application Forms not being signed by the account holder, if the account holder is different from the Bidder; and.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA along with the demand generated by other Bidders to determine the demand generated.
2. Our Company in consultation with the Book Running Lead Managers, shall finalise the Issue Price.
3. The Allotment to QIBs will be at least 50% of the Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders (including ASBA Bidders) will be not less than 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Our Company, in consultation with the Book Running Lead Managers, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, we will give the reason thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges shall also be informed promptly

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Basis of Allocation and Method of Proportionate Basis of Allocation in the Issue

ASBA Bidders who are Residential Individual Bidders (including HUFs) 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, along with non-ASBA Bidders, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over ₹ 200,000 will be categorised as Non-Institutional Bidders. No preference shall be given vis-à-vis ASBA and non- ASBA Bidders.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:
 - The number of Equity Shares to be allotted against each successful ASBA;
 - The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
 - The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
 - The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective ASBA Accounts.
 - Investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date.
- (b) The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Undertaking by our Company

With respect to the ASBA Bidders, our Company undertakes that adequate arrangements shall be made to

collect all ASBA Forms and ASBA Bidders shall be considered similar to other Bidders while finalizing the basis of allocation.

Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is done within 12 Working Days of the Bid/Issue Closing Date.

- As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Unblocking of ASBA Account

Once the basis of Allotment is finalized, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to block the relevant bank accounts and transfer of requisite amount to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (a) 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 the funds referred to in sub-paragraph (ii) above, shall be transferred to the Public Issue Account, (iv) details of the rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for, (a) the transfer of the relevant money to the Public Issue Account against each valid ASBA, (b) the withdrawn, rejected/unsuccessful ASBA Bids, (c) the excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch regarding finalisation of the basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid/Issue Closing Date;
- Instructions to the SCSBs to unblock 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.
- It shall pay interest at 15% p.a. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 12 Working Days of the Bid/Issue Closing Date.

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 any one or more of the Escrow Collection Banks/Refund Bankers 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.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Our Company shall not have recourse to the Issue proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. 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.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 12 Working Days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made; and
- Our Company shall pay interest at 15% p.a. for any delay beyond the 12 Working Days period mentioned above, if Allotment is not made and/or demat credits are not made to investors within the time period prescribed above or if instructions to SCSBs to unblock ASBA Accounts are not issued within 12 Working Days of the Bid/Issue Closing Date.

Our Company has obtained all the necessary approvals from the concerned governmental authorities for the Issue. For further details, see the section titled "***Government and Other Approvals***" on page 285.

The above information is given for the benefit of the Bidders. Our Company, and the Book Running Lead Managers are not liable for any amendments or modification 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 laws or regulations.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the 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. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Under the automatic route, no prior approval of the GoI is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. If the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the “same field” in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB/RBI is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the GoI as its members.

Subscription by foreign investors - Investment by FIIs

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, by a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the 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.

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

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

- i. Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations (“**FDI Route**”).
- ii. Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations (“**PIS Route**”).

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form

FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the 'automatic route' or 'government approval route' falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route.

Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued and paid-up capital. The aggregate FII holding in a company cannot exceed 24% of its total paid-up capital. The said 24% limit can be increased up to 100% by passing a resolution by the board of directors followed by passing a special resolution to that effect by the shareholders of the company. Accordingly our Company has increased the said limit to 49% pursuant to a Board resolution and shareholders resolution, both dated May 11, 2010.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the FII Regulations, an FII 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 on 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 their 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. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying as derivatives.

Calculation of total foreign investment in Indian companies

Foreign investment in Indian securities is regulated by the industrial policy of the Government consolidated under circular (D/o IPP F. No. 5(14)/2009-FC) dated October 1, 2010 ("**Consolidated FDI Policy**") released by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry and notifications issued by RBI from time to time. Under the Industrial Policy of the Government, 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 and reporting requirements for making such investment.

The chapter 4 of the Consolidated FDI Policy provides the method of calculating foreign investment in an Indian company.

Foreign investment is defined broadly and includes investment by FIIs and NRIs, and foreign investment in the form of American depositary receipts, global depositary receipts, foreign currency convertible bonds, convertible preference shares and convertible currency debentures.

The Consolidated FDI Policy specifies that all investments made directly by a non-resident entity in an Indian company would be considered as foreign investment. Further, in relation to an investment by an Indian company in another Indian company, if (i) the investing Indian company is owned and controlled by resident Indian citizens, and (ii) foreign entities do not own or control the investing Indian company, then the foreign investment in the investing Indian company will not be considered for calculation of the foreign investment in the second Indian company. However, if the requirements under (i) and (ii) above are not satisfied, then the

entire investment of the investing Indian company in the second Indian company being invested in will be considered foreign investment.

Pursuant to the Consolidated FDI Policy, an investing company shall be considered (i) “owned” by resident Indian citizens or foreign entities if more than 50% of its equity interest is beneficially owned by resident Indian citizens or foreign entities, as the case may be, and (ii) “controlled” by resident Indian citizens or foreign entities if the resident Indian citizens or foreign entities, as the case may be, have the power to appoint a majority of its directors.

The Consolidated FDI Policy provides guidelines relating to downstream investments by Indian companies that have foreign investment. These guidelines are based on the principle that downstream investments by Indian companies owned or controlled by foreign entities should follow the same rules as those applicable to direct foreign investment. In respect of downstream investments by Indian companies that are not owned or controlled by foreign entities, there would not be any restrictions.

For the purpose of downstream investments, the Consolidated FDI Policy classifies Indian companies into one of three groups: (i) operating companies, (ii) operating-and-investing companies and (iii) investing companies. In connection with foreign investment in these categories of Indian companies, the Consolidated FDI Policy provides that:

- (a) foreign investment in an operating company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates;
- (b) foreign investment in an operating-and-investing company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates. Further, the Indian company into which downstream investments are made will need to comply with the terms and conditions for foreign investment in the relevant sectors in which such Indian company operates; and
- (c) foreign investment in investing company (i.e. an Indian company holding only direct or indirect investments in other Indian companies other than for trading of such holdings) will require the prior approval of the FIPB.

The Consolidated FDI Policy further provides that foreign investment in an Indian company that does not have (i) any operations, and (ii) any downstream investments, will require the prior approval of the FIPB.

Subscription by a person resident outside India

A person residing outside India (other than a citizen of Pakistan or Bangladesh) or any entity incorporated outside India (other than an entity incorporated in Pakistan or Bangladesh) may purchase shares, convertible debentures or preference shares of an Indian company, subject to certain terms and conditions.

As per existing regulations promulgated under the FEMA, only Eligible NRIs on a repatriation basis or a non- repatriation basis subject to applicable laws are allowed to participate in the Issue. NRIs, other than Eligible NRIs are not permitted to participate in this Issue. Further, OCBs cannot participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and FVCIs and multi-lateral and bilateral development financial institutions. All Eligible NRIs, FVCIs and multi-lateral and bilateral development financial institutions FIIs will be treated on the same basis with other categories for the purpose of allocation.

Representation from the Bidders

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of the Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters, and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters, and their respective directors, officers, agents,

affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

There is no reservation for Non Residents, Eligible NRIs, FIIs, FVCIs, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, Eligible NRIs, FIIs and FVCIs, multilateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

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

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States (as defined in Regulation S). The Equity Shares are only being offered outside the United States to certain persons in offshore transactions in compliance with Regulation S.

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 above information is given for the benefit of the Bidders. Our Company, and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The articles of association of our Company comprise of two (2) parts. Part II of the articles of association comprises of special rights available to certain investors. Further, Part II shall cease to exist from the date of filing of the Prospectus with RoC.

Part I of the Articles of Association

SHARE CAPITAL

Capital	4	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of Memorandum of Association. The Company will have the power to increase or reduce or modify the said capital and to divide the shares for the time being of the Company into several classes and attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and the requirements of law and to vary, modify or abrogate any such rights, privileges or condition in such manner as may for the time being, be provided by the regulations of the Company. Any class of shares may be issued on such terms and conditions as may be determined by the Directors in accordance with the regulations of the Company. The shares or any of them may be consolidated into shares of larger or subdivided into shares of smaller value as and when considered between the amount paid and the amount, if any, unpaid on such shares, shall remain' the same as it was before the consolidation or sub division. 5. The Minimum Paid up Capital of the Company shall not be less than ₹ 5 Lacs. The rights for the time being attached to the said class of shares respectively, may be varied or dealt within the manner mentioned in the Articles and subject to the provisions of the Act or any mediation thereof.
Fraction of shares	5a	If as a result of the issue of new shares, any members become entitled to fractions of a share the Board may, subject to any directions given by the Company in general meeting sell the shares representing such fraction and pay the net proceeds thereof to among the person entitled thereto. For the purpose of any such sale the Board may authorise any person to transfer the said shares the purchaser thereof and such person shall not be bound to see to the application of the purchase money nor shall his entitlement to shares be affected by any irregularity in the proceedings with reference to the sale.
Power to issue redeemable preference shares	5b.(i)	Subject to the provisions of Section 80 of the Act, the Company may issue preference shares which are or at the option of the Company are to be liable to be redeemed, (ii) Subject to the provisions of the said Section 80, the redemption of preference shares may be affected on the terms and conditions of their issue and subject thereto in such manner as the directions may think fit. (iii) The redemption of preference shares under this provision by the Company shall not be taken as reducing the amount of its authorised share capital. (iv) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue upto the nominal amount of the shares redeemed or to be redeemed a if these shares had never been issued and accordingly the share capital of the Company shall not, for the purpose of calculating the fees payable under Section 601 of the Act be deemed to be increased by the issue of shares in pursuance of this sub-clause.

	(v)	The capital redemption reserve fund, may notwithstanding anything in this Article, be applied by the Company in paying up unissued shares of the Company as fully paid bonus shares.
Restrictions on allotment etc.	6	The Board shall observe the restrictions as to allotment of shares contained in Sections 69 and 70 of the Act, as the case maybe, and shall cause to be made the returns as to allotment according to Section 75 of the Act.
Power of General Meeting to offer shares to such persons as the Company may resolve	8	In addition to and without derogating from the power for the purpose conferred on the Directors under Article 7, the Company in general meeting may by special resolution determine to issue further shares out of the authorised but unissued capital of the Company and may determine that any shares (whether forming part of the original capital or of any increased capital of Company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportion and on such terms and condition and either at a premium or at par or, (subject to compliance with the provisions of Section 79 of Act at a discount as such general meeting shall determine and with full power to give any person (whether a member or holder of debentures of the Company or not) the option to be allotted shares of any class of the Company either at a premium, or at par or (subject to compliance with the provisions of Section 79 of Act) at a discount, such option being exercisable at such times and for such considerations as may be directed by such general meeting or the Company in general meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares, subject to any direction given by the Company in general meeting as aforesaid and the provisions of the Article 68 hereof shall apply to any issue of new shares.
Directors may allot shares as fully paid up	9	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company in the payment or part payment of any property or assets of any kind whatsoever (including the goodwill of any business) sold or transferred, or goods or machinery or know-how supplied, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be. so allotted may be issued as fully paid up or partly paid up in cash or otherwise than in cash and if so issued shall be deemed to be fully paid up or partly paid up shares as aforesaid. The Directors shall cause returns to be filed of any such allotment as provided by Section 75 of the Act.
Shares to be numbered progressively	10.	The shares in the Capital of the Company shall be numbered progressively according to their denomination and except in the manner hereinafter mentioned, no share shall be subdivided.
Acceptance of shares	11.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus, or otherwise accepts any shares and whose name is entered in the Register shall for the purpose of these Articles be a member.
Deposit & calls etc. to be debt payable immediately	12	The money (if any) which the Directors shall, on the allotment of any shares being made by them require or direct to be paid by way of deposit at call or otherwise, in respect of any shares allotted by them, shall, immediately on the insertion of the name of the allottee in the Register as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Installments on shares to be duly paid	13	If by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by instalments, every such

instalment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

Company not bound to recognize any interest in shares other than that of the registered holders.	14	Except when required by law or ordered by a court of competent jurisdiction, the Company shall not be bound to recognise any person holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share, or (except only as by these Articles or as ordered by a court of competent jurisdiction or by law otherwise provided) any order of the rights in respect of any share except an absolute right to the entity thereof in the registered holder.

UNDERWRITING AND BROKERAGE

Commission for placing shares, debentures	15	The Company may, subject to the provisions of Section 76 and other applicable provisions (if any) of the Act, at the time of public issue pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procure subscription whether absolutely or conditionally for any shares in or debentures of the Company but so that the amount or rate of commission does not exceed in the case of shares 5% of the price at which the shares are issued and in the case of debentures 2.5% of the price at which the debentures are issued. The commission may be satisfied by the payment in cash or the allotment of fully or partly paid up shares or debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

CERTIFICATES

Certificates	16	The certificates of title to the shares and duplicates thereof when necessary shall be issued under the Seal of the Company which shall be affixed in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, as the same may be in forces from time to time or of any Rules issued in substitution therefore.

Member's rights to certificates	17	Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Board so approve (upon paying such fee as the Board may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three (3) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of applications of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Board may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue and deliver more than one (1) certificate and delivery of a certificate of shares to one (1) of several joint holders shall be sufficient delivery to all such holders.

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

Nothing contained herein shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

As to issue of new
Certificates in place of
the defaced, lost or
destroyed

- 18(a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Board shall prescribe.

Provided that no fee shall be charged for issue of a new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement or transfer. Provided further that no fee shall be charged for sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotments and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading

Provided further that notwithstanding anything contained in this Article, the Board 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 the Securities Contracts (Regulation) Act, 1956 or any other legislation or rules applicable in this behalf.

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

- (b) The Company shall not charge any fee for registration of transfer of shares and debentures:
- (i) for subdivision and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipt into denomination corresponding to the market units of trading;
 - (ii) for sub-division of renounceable Letters of Right;
 - (iii) for issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized;
 - (iv) for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
- (c) When a new share certificate has been issued in pursuance of clause (a) or (b) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of Share Certificate No". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.
- (d) All blank forms of share certificates shall be printed and the printing shall be done only in the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks engravings, facsimiles and hues relating to the printing of such form and the blocks be kept in the custody of the secretary or such other person as the Board may appoint for the purpose, and the secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (e) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and the safe custody of all,

books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in clause (d).

- (f) All the books referred to in sub-article (e) shall be preserved in good order permanently.

CALLS

Board may make calls	19	The Board of Directors may from time to time subject to the condition hereinafter mentioned, make such calls as they think fit, upon the members in respect of all monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and which are not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times appointed by the Directors. A call may be made payable by installments.
“Rider”	20	The call shall not exceed one fourth (1/4) of the nominal value of the share, or be made payable within one (1) month after the last preceeding call was payable. Not less than thirty (30) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
Calls on shares of the same class to be made on uniform basis	21	Where any calls are made on the shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.
Notice of Call	22	At least thirty (30) days’ notice of every call otherwise than on allotment shall be given specifying the time of payment, and if payable to any person other than the Company the name of the person to whom the call shall be provided that before the time for payment of such call the Directors may by notice in writing to the members revoke the same.
Call to date from Resolution	23	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such calls was passed and may be made payable by those members whose names appear in the Register on such date, or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.
Directors may extend time	24	The Directors may from time to time, at their discretion extend the time for the payment of any call, and may extend such time as to all or any of the members who on account of their residences being at a distance or other cause, the Directors may deem entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.
Amount payable at fixed time or by installments deemed as calls	25	If by the terms of issue of any share, any amount is made payable at any fixed time or by installments at fixed times (whether on account of the nominal amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
When interest on call or installment payable	26	If the sum payable in respect of any allotment, call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share in respect of which an allotment call shall have been made or the installment shall be due shall pay interest on the same at such rate as the Directors may determine from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Judgement decree or partial payment not to preclude forfeiture	27	Neither a judgement nor a decree in favour of the Company for calls or other monies due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as hereinafter provided.
Proof on trial of suit for money due on shares	28	Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose share money is sought to be recovered appears/entered on the Register as the holder of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the Minutes Book of the Company and that the notice of such call was duly posted to the member or his representative in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call and nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	29	The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying the 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 moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to the calls on debentures of the Company.
Revocation of call	29(a)	A call may be revoked or postponed at the discretion of the Board.

FORFEITURES SURRENDER AND LIEN

If call of instalment not paid notice may be given.	30	If any member fails to pay the whole or any part of any call or instalment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment or any part thereof, and other monies remain unpaid or a judgement or decree in respect thereof remains unsatisfied, in whole or in part, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys remaining unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.
Terms of notice	31	The notice shall name a day (not being less than 30 days from the date of service of notice) on or before which and the place or places on or at which such allotment call or installment or such part thereof and other monies as aforesaid and such interest and expenses as aforesaid are to be paid, and if payable to any person other than the Company, the person to whom such

payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the Company) at the place appointed the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

In default of payment shares be forfeited	32	If the requirement of any such notice as aforesaid shall not be complied with, any of the shares in respect of which such notice has been given, may at any time thereafter but before payment of all allotment money, calls or instalments, interest and expenses and other monies due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
Entry of forfeiture in Register	33	When any share shall have been so forfeited, an entry of the forfeiture with the date thereof, shall be made in the Register and notice of forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture but no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any entry as aforesaid.
Forfeited shares to be property of the Company and may be sold etc.	34	Any share so forfeited shall be deemed to be the property of the Company and may be sold re-allotted and or otherwise disposed of either to the original holder thereof, or to any other person upon such terms and in such manner as the Board shall think fit.
Directors may annul forfeiture	35	The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture upon such conditions as they think fit.
Shareholders still liable to pay money owing at the time of forfeiture and interest	36	Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest expenses and other money 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 such rate as the Directors may determine and the Directors may enforce the payment of the whole or a portion thereof as it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.
Effect of forfeiture	37	The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.
Surrender of shares	38	The Directors may subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering the share on such terms as they think fit.
Company's lien on shares/ debentures	39	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except on the condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the "registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

As to enforcement of lien by sale	40	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manners as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell such shares shall have been served on such member or the person (if any) entitled by transmission to the shares and default have been made by him in payment, fulfillment or discharge of such debts, liabilities or engagements for 7 days after such notice.
Application of proceeds of sale	41	The net proceeds of any such sale after payment of the costs of the such sale shall applied in or towards the satisfaction of such debts, liabilities or engagements of such member and the residue (if any), shall subject to a like lien for not presently payable as existed upon the shares before the sales be paid to such member or the person (if any) entitled by transmission to the shares so sold.
Certificate of forfeiture	42	A certificate in writing under the hand of two Directors that the call in respect of a share was made, and notice thereof given, and that default in payment of the call was made by a resolution of the Directors to that effect, shall be conclusive evidence of the facts stated therein as against all persons entitled to such share.
Title of purchaser and allottee of forfeited shares sold to exercise lien	43	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore ore given, the Board may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition, thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in proceeding with reference to the forfeiture ale re-allotment or other disposal of the share and after his name has been entered in the Register in respect of such share, the validity of the sale shall not be impeached by any person,
Cancellation of share certificate in respect of the share sold to exercise lien	44	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 relevant 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 new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers	45	The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
Register of renewed and Duplicate certificates	46	The Company shall keep a book to be called the "Register of Renewed and Duplicate Certificates and therein shall be fairly and distinctly entered the particulars of the issue of renewed and duplicate certificate 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 rendered useless.
Instrument of Transfer	47	The instrument of transfer of any share shall be in writing, a common form of transfer shall be used and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

Application for transfer	48(1)	An application for registration of transfer of the shares in the Company may be made either by transferor or the transferee.
	(2)	Where the application is made by the transferor and related to partly paid shares' the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two (2) weeks from the receipt of the notice.
	(3)	For the purpose of clause (2) above the notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course off post.
Transfer to be executed by the transferor and transferee	49	Every such instrument of transfer shall be signed by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof,
Transfer not to be registered except on production of instrument of transfer	50	The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company within the prescribed period alongwith the certificate relating to the shares or if no such share certificate is in existence alongwith the letter of allotment of the shares. Provided that whereon an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to Indemnity as the Board may think fit. Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
Transfer not to be registered except on production of instrument of transfer	50A	Before registering any transfer tendered for registration, the Company may, if it so thinks fit give, notice by letter in the ordinary course to the registered holder that such transfer deed has been lodged and that unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within four (4) weeks from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer.
Directors may refuse to register transfer	51	Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The Company shall within one (1) month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
Notice of refusal to be given to transferor and	52	If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on

transferee		which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and transferor or the person giving intimation of the transmission as the case maybe, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.
Transfer by legal representative	53	A transfer of a share in the Company of deceased member thereof made by his legal representative shall although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.
Custody of instrument of transfer	54	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the person depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company for the period of eight years or more.
Closure of transfer books	55	The Directors shall have power, on giving not less than seven days previous notice by advertisement as required by Section 154 of the Act to close the transfer books of the Company, the Register or the Register of Debenture-holders at such time or times and for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as may seem expedient to the Board.
Title of shares of deceased holder	56	The executors or administrators or the holder of a Succession Certificate in respect of the estate of a deceased member (not being one or two or more joint holders) shall be the only persons recognised by the Company having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a Competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of Probate or Letter of Administration or Succession Certificate and under the Provisions of Article 57, 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.
Transmission clause	57	Subject to the provisions contained in Article 51 and 52 hereof, any person becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, upon producing proper evidence of the grant of Probate or Letters of Administration or Succession Certificate or such other evidence that he sustains the character in respect of which he proposes to act, with the consent of the Board (which it shall not be under any obligation to give), be registered as a member in respect of such shares, or may subject to the regulations as to transfer hereinbefore contained, transfer such shares. This article is herein referred to as the transmission clause.
Power to refuse registration	58	Subject to provisions of the Act and these Articles, the Directors shall have the same right to refuse to register as a member a person entitled by transmission to any shares or his nominees as if he were the transferee named in an ordinary transfer presented for registration.
Persons entitled may receive dividend without being registered as a member	59	A person entitled to a share by transmission shall, be subject to the right of the Directors to retain such dividends 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.
Board may require evidence of	60	Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such

transmission		transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
Fee on transfer	61	There shall be no charge for: (a) Registration of transfer or transmission of shares or debentures; (b) Sub-division and/or consolidation of shares debentures certificates and subdivision of Letters of Allotment and split, consolidation, renewal and pucca transfer receipts Into denominations corresponding to the market unit of trading. (c) issue of new certificates in replacement of those which are dereceipt or worn out or where the cages on the reverse for recording transfers have been fully utilized. (d) Sub-division of renounceable Letters of Rights, (e) registration of any Powers of Attorney, Letter of Administration and similar other documents

Company not liable for disregard of a notice prohibiting registration of transfer	62	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or, appearing in the Register) to the prejudice of persons having or claiming any equitable rights, title or Interest to or in the said share notwithstanding that the Company may have had notice of such equitable right, title or interest or may have received a notice prohibiting registration of such transfer and. may have entered such notice or referred such notice thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or 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 Directors shall so think fit.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Increase of Capital	67	The Company may from time to time by special resolution in general meeting increase its share capital by the creation and issue of new shares of such amount as it thinks expedient. Subject to the provisions of the Act, the shares shall be issued upon such terms and on conditions and with such rights an privilege annexed thereto as the general meeting creating the same shall direct and if no direction be given, as the Directors shall determine. Such shares may be issued with a preferential or qualified right as to dividends, and in the distribution of assets of the Company, and with a right of voting at a general meeting of the Company in conformity with Sections 87 and 88 of the Act, Whenever the capital of the Company has been increased under the provision of this Article, the Directors shall comply with the provisions of Section 97 of the Act.
Further issue of shares	68(1)	Where at any time after the expiry of two (2) years from the formation of the Company or at any time after the expiry of one (1) year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then: (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at

that date;

- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen (15) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

68(2) Notwithstanding anything contained in Article 68(1) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of Article 68(1) hereof) in any manner whatsoever.

- (a) If a special resolution to that affect is passed by the Company in a general meeting, or
- (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board in this behalf that the proposal is most beneficial to the Company.

68(3) Nothing in these Article 68(1) hereof shall be deemed:

- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

68(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or conversion of loans into equity by the Company.

- (a) To convert such debentures or loans into shares in the Company; or
- (b) To subscribe for shares in the Company.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in a general meeting before the issue of the debentures or raising of the loans.

Increased capital to be considered same as original capital

69(1) Except so far as otherwise provided by the conditions of issue of shares or by presents, any capital raised by the creation of new shares or by presents, shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien surrender, voting and

otherwise.

Redeemable Preference shares	(2)	Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are, or, at the option of the Company, liable to be redeemed, and the redemption may, subject to the provisions of Article 5 thereof, be effected in the manner and subject to the terms and provision of its issue.
Provisions to apply on issue of redeemable Preference Shares	(3)	On the issue of redeemable preference shares under the provisions of clause (2) hereof, the following provisions shall take effect:- (a) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption; (b) no such shares shall be redeemed unless they are fully paid; (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed; (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend by transfer to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply, as if the Capital Redemption Reserve Account were part of the paid up share capital of the Company.
Restriction on purchase by the Company by the Company of its own shares	70(a)	The Company shall not have the power to buy its own shares unless the consequent reduction of capital is effected and sanctioned in pursuance of Article 71 or in pursuance of Section 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.
	(b)	Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee provision of security or otherwise any financial assistance for the purpose of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.
	(c)	Subject to the provisions of section 77A, 77AA & 77B of the Act, the Company may purchase its own shares or other specified securities referred to as buy back out of its free reserves or securities premium account or the proceeds of any share or other specified securities. No buy-back of any kind of share or other specified securities will be made out of the proceeds of an earlier issue of same kind of shares or same kind of other specified securities
Reduction of Capital	71	The Company may, subject to the provisions of Section 78, 80, 100 to 105 inclusive, of the Act, from time to time by special resolution reduce its share capital and any Capital Redemption Reserve Account of Share Premium Account in any way authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.
Consolidation, division and subdivision	72	The Company may in a general meeting alter the conditions of its Memorandum as follows: (a) consolidate and divide all or any of the share capital into share of large

amounts than its existing share,

- (b) sub-divide its share or any of them in shares of smaller amounts than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amounts, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
- (c) cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of its share capital by the amount of the shares so cancelled.

Issue of further Pari Passu shares not to effect the rights of shares already issued

- 73 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless, otherwise expressly provided by the terms of issue of shares of that class be deemed to be varied by the creation of issue of further shares ranking pari passu therewith.

MODIFICATION OF RIGHTS

Issue of further Pari Passu shares not to effect the rights of shares already issued

- 73 (A) If at any time the share capital is divided into different classes, the rights 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, abridged, commuted, affected, abrogated or varied (whether or not the Company is being wound up) with the consent in writing of the holders of not less than three fourths (3/4) of the issued shares of that class or with the sanction of special resolution passed at a separate meeting of the holders of the class of shares, and all the provisions herein-after contained as to general meeting shall mutatis mutandis apply to every such meetings.

JOINT HOLDERS

Joint holders

- 74 Where two (2) or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained the Articles:

(a) The Company shall not be bound to register more than three (3) persons as the joint holder as of any share

Joint and several liability for all payments in respect of shares

(b) The Joint-holders of any shares shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

Title of Survivor

(c) On the death of any such joint-holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability in respect of the shares held by him jointly with any other person.

Receipt of first sufficient

(d) Only the person whose name stands first in the Register as one of the joint holders of any share may give effectual receipts for any dividends or other moneys payable in respect of such share,

Delivery of certificate and giving notice to first named holders

(e) Only the person whose name stands first in the Register as one of joint-holders of any share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in Article-211) from the Company, and any documents served on or sent to such person shall be deemed service on all the joint-holders.

Votes of Joint holders	(f)	Any one of two or more joint-holders may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and it more than one of such joint-holders be present at any meeting personally or by proxy then one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holder shall be holder present at any meeting shall be entitled to vote in preference to a joint holder present by proxy although the name of such joint holder present by proxy stands first or higher in the register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased members) sole name any share stands shall for the purpose of this sub-clause be deemed joint-holders.

BORROWING POWERS

Powers to borrow	75	Subject to the provisions of Section 292 and 293 of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have the powers, from time to time at their discretion, by a resolution passed at a meeting of the Board and not by resolution by circulation, to accept deposits from members, either in advance calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums moneys for the purposes of the Company provided that the total amount borrowed at any time 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) shall not, without the consent of the Company, in a general meeting, 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. Such consent shall be obtained by an ordinary resolution which shall provide for the total amount up to which moneys may be borrowed by the Board. The expression "Temporary Loans" in this article means loans repayable on demand or within six (6) months from the date of the loan, such as short term cash credit arrangements, discounting of bills and the issue of other short term loans of seasonal character but does not include loans raised for the purpose of financing expenditure of a capital nature.
Conditions on which money may be borrowed	76	Subject to the provisions of the Act and these Articles, the Directors may, by resolution passed at the meeting of the Board and not by resolution by circulation, raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable bonds, debentures or debenture-stock, or other securities issued or to be issued by the Company shall be under control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Bonds, debentures etc. to be subject to control of Directors	77	Any bonds, debentures, debenture-stock, or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Transfer of debentures, bonds etc.	77A.	Save as provided in Section 108 of the Act, no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of debenture, bonds. If the Board refuses to register the transfer was lodged with the Company, send to the transferee and to transfer notice of the refusal.
Indemnity to be given	81	Subject to the provisions of the Act and these Articles, it the Directors or any

or them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Director may execute or cause to be executed any mortgage, charge or security of, on, over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors, or any other person so becoming liable as aforesaid from any loss in respect of such liability.

Register of mortgage etc. to be kept	82	The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company including all floating charges on the undertaking or any property of the Company, and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act. In that behalf to be duly complied with (within the time prescribed by the said sections or such extensions thereof as may be permitted by the court or the Registrar of Companies) so far as they are to be complied with by the Company. The Company shall, if at any time, it issues debentures, keep a register and index of debentures holders in accordance with Section 152 of the Act.

GENERAL MEETING

Annual General Meetings	83	The Company shall in addition to any other meetings, hold a general meeting (herein called an "Annual General Meeting") at the intervals and in accordance with the provisions herein specified. The Company shall hold its first Annual General Meeting within eighteen (18) months from the date of incorporation of the Company and if such general meeting is held within such period it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following years, but subject to the aforesaid provisions Annual Meeting shall be so held at least once in every calendar year and within six (6) months after the expiry of each financial year and that not more than fifteen (15) months shall elapse between the date of one Annual General Meeting and the next provided, however, that if the Registrar of the Companies shall have for any special reason extended the time within which any Annual General Meeting shall be held by a further period not exceeding three (3) months, the Annual General Meeting may be held within the additional time allowed by the Registrar of Companies.
Time & place for holding Annual General Meeting.	84	Every Annual General Meeting shall be called for at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated. The Company may by a resolution passed at one Annual General Meeting, fix the time for its subsequent Annual General Meeting. The notice calling the meeting shall specify it as the Annual General Meeting.
Extraordinary General Meeting	85	All general meetings other than Annual General Meeting shall be called 'Extraordinary General Meetings'.
Directors may call Extraordinary General Meeting	86	The Board of Directors may call an Extraordinary General Meeting whenever they think fit.
Calling of Extraordinary General Meeting on requisition	87(1)	The Board of Directors shall, on a requisition of such number of members of the Company as hold, in regard to any matter at the date of deposit of the requisition, not less than one-tenth (1/10) of such of the paid up capital of the Company upon which all calls or other monies than due shall have been paid, as at the date carries the right of voting in regard to the matter, forthwith proceed duly to call an Extraordinary General Meeting and the

provisions of Section 169 of the Act (including the provisions below) shall be applicable.

- (2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the registered office of the Company.
- (3) The requisition may consist of several documents of like form, each signed by one (1) or more requisitionists.
- (4) Where two (2) or more distinct matters are specified in the requisition, the provisions of clause (1) above shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (5) If the Board of Directors does not, within twenty one (21) days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than forty five (45) days from the date of the deposit of the requisitions the meeting may be called by the requisitioned themselves or by such of the requisitionists as represent either a majority in value of paid up share capital held by all of them or not less than one-tenth (1/10) of such of the paid-up share capital of the Company as is referred to in Clause (1) above, whichever is less.
- (6) A meeting called under Clause (5) above by the requisitionists or any of them shall be called in the manner similar to that in which meeting are to be called by the Board, but shall not be held after the expiration of three (3) months from the date of the deposit of the requisition.
- (7) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Notice of meeting	88(1) A general meeting of the Company may be called by giving not less than twenty one (21) day's notice in writing. (2) However a general meeting may be called after giving shorter notice than twenty one (21) days, if the consent is accorded thereto: (i) in the case of an Annual General Meeting by all the members entitled to vote thereat, and (ii) in case of any other meeting by Members of the Company holding not less than ninety five (95) percent or such part of the paid up share capital of the Company as gives a right to vote at that meeting.
Contents of Notice	89(1) Every notice of a meeting of the Company shall specify the place, date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. (2) In every notice there shall appear within reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member of the Company.
Special Business	90(1) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to: (i) the consideration of the Accounts, Balance Sheet and Profit and Loss Account and Reports of the Board of Directors and the Auditors;

- (ii) the declaration of a dividend;
- (iii) the appointment of Directors in the place of those retiring; and
- (iv) the appointment of and the fixing of the remuneration of the Auditors,

- (2) In the case of any other meeting, all business shall be deemed special.
- (3) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, 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. Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other Company, the extent of the share-holding interest, in that other Company of every Director and the Manager if any of the Company shall also be set out in the, explanatory statement, if the extent of such shareholding interest is not less than twenty (20) per cent of paid-up share capital of that other Company.
- (4) Where any item of business to be transacted at the meeting of the Company consists of according to the approval the meeting of any documents, the time and place where the document can be inspected shall be specified in the explanatory statement.

Service of Notice	91	Notice of every meeting shall be given to every member of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act and by these Articles. It shall be given to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a pre-paid letter addressed to them by name, or by the title of the representatives of the deceased or assignees 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 so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred. Provided that where notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company as provided in sub-section (3) of Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company,
As to omission to give notice	93	The accidental omission to give notice of any meeting to or the non-receipt of any notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting or the Resolution passed thereat,
Resolution requiring Special Notice	94(1)	Where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen (14) days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
	(2)	The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as is given notice of the meeting, or if that is not practicable, shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these Articles, not less than seven (7) days before the meeting.

PROCEEDINGS AT GENERAL MEETINGS

Quorum at General Meeting	95	Minimum five (5) members entitled to vote and present in person shall be a quorum for general meeting and no business shall be transacted at any general meeting unless the quorum requisite be present at the commencement of the business.
Proceeding when quorum not present	96	If with in half an hour after the time appointed for the holding of a general meeting a quorum be not present, the meeting, if convened on the requisition of shareholders, shall stand dissolved and in every other case shall stand dissolved 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, time and place as the Directors may by notice to the shareholders determine if at such adjourned meeting a quorum be not present within 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.
Business at adjourned meeting	97	No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
Chairman	98	The Chairman of the Board of Directors shall be entitled to take the Chair at every general meeting. If there be no Chairman, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding such meeting or he has notified to the Company of his absence, or is unwilling to act as Chairman of the meeting, the Directors present may elect one of their members to be the Chairman of the meeting and in default of their doing so, the members present shall forthwith choose one of their members to be the Chairman of the meeting.
Business confined to election of Chairman whilst Chair vacant	99 (1)	No business shall be discussed at any general meeting except the election of Chairman whilst the Chair is vacant.
	(2)	If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles. The Chairman so elected on the show of hands will exercise all the powers of the Chairman under the Act, and these Articles.
	(3)	If some other person is elected Chairman, chairman for the rest of the meeting.
Chairman with consent may adjourn meeting	100	The Chairman with the consent of any meeting at which a quorum is present, any meeting from time to time and from place to place in the city or the town or village in which the registered office of the Company is situated.
Notice to be given where a meeting adjourned for thirty days or more	101	When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to given any notice of an adjournment or the business to be transacted at an adjourned meeting.
What would be the evidence of the passing of resolution where poll not demanded	102	At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is (before or on the declaration of the result of the voting on show of hands) demanded by decided on a show of hands and unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried, either unanimously or by a particular majority and an entry to that affect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll	103	Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy or by a duly constituted attorney in case the member is a company or a corporation either registered in India or abroad or by any member present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not less than one-tenth (1/10) 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 of not less than fifty thousand rupees (₹ 50,000) has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
Time and manner of taking poll	104	A poll demanded on any question (other than the election of the Chairman or on a question of adjournment, which shall be taken forthwith) shall be taken at such place in the city, town or village in which the registered office of the Company is situated and at such time, not being later than forty-eight (48) hours from the time when the demand was made, as the Chairman may direct, subject in the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken, including the power to take the poll by open voting or by secret ballot and either at once or after the interval of adjournment or otherwise and the result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was taken.
Scrutineers at poll	105	When a poll is to be taken, the Chairman of the meeting shall appoint two (2) scrutineers to scrutinise votes given on the poll and to report thereon to him. The Chairman shall have the power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause. Of the two (2) scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.
Demand for poll not to prevent or transaction of other business	106	The demand for a poll shall not prevent the continuance of meeting for transaction of any business other than the question on which poll has been demanded,
Resolution how decided in case of equality of votes	107	In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands take place, or at which the poll is demanded shall be entitled to a casting vote, in addition to his own vote or votes which he may be entitled as a member.
Reports, Statements and Registers to be laid on the table	108.	At every Annual General Meeting of the Company there shall be laid on the table Director's Report and audited Statement of Accounts, Auditor's Report (if not already incorporated in the audited accounts), the Proxy Register with proxies and the Register of Directors and Managing Director's or Manager's holdings maintained under Section 307 of the Act. The Auditor's Report shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.
Registration of certain Resolutions and Agreements	109.	A copy each of the following resolutions (together with a copy of the statement of material facts annexed under Section 173 to the notice of the meeting in which such resolution has been passed) or agreement shall, within thirty (30) days after the passing or making thereof, be printed or type-written and duly certified under the signature of an officer of the Company and filed with the Registrar. (a) all special resolutions;

- (b) resolutions which have been agreed to by all the members of the Company but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolutions;
- (c) resolutions of the Board or agreements relating to the appointment, reappointment or renewal of the appointment or variation of the terms of appointment of a Managing Director;
- (d) resolutions or agreements which have been agreed to by all the members or any class of shareholders but which if not so agreed to would not have been effective for their purpose unless they had been passed by some particular majority or otherwise in some particular manner and all resolutions or agreements which effectively bind all the members or any class or shareholders though not agreed to by all those members.
- (e) resolutions requiring the Company to be wound up voluntarily passed in pursuance of sub-section (1) Section 484 of the Act;
- (f) resolutions passed by the Company according consent to the exercise by the Board of Directors of the powers under clauses (a), (d) and (e) of sub-section (1) of section 293 of the Act; and
- (g) resolutions passed by the Company approving the appointment of sole selling agents under Section 294 of the Act.

A copy of every resolution which has the effect of altering the Articles of Association of the Company and a copy of every Agreement referred to the above sub-clauses (c) and (d) shall be embodied in and annexed to every copy of the Articles issued after the passing of the resolution of the making of the Agreement.

Inspection of minutes books of General Meetings	111.	The books containing the aforesaid minutes shall be kept at the registered office and be open during business hours for the inspection of any member without charge subject to such reasonable restrictions as the Company may by these Articles or in general meeting impose in accordance with Section 196 of the Act. Any member shall be entitled to be furnished within seven (7) days after he has made a request in that behalf to the Company with a copy of the minutes on payment of Rupee One (₹ 1) of every one hundred words or fractional part thereof required to be copied.
Publication of report of proceedings of General Meeting	112.	No report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the minutes of the proceedings of such meetings.

VOTES OF MEMBERS

Votes may be given by proxy or attorney	113.	Subject to the provisions of the Act and these Articles, votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act and Article 115 hereof.
Votes	114.	Subject to the provisions of the Act and particularly of Sections 87, 88 and 92(2) thereof and of these articles: (1) upon a show of hands every member holding equity shares and entitled to vote and present in person including proxy of a corporation or a representative of a Company as mentioned in Article (115), shall have one vote; (2) upon a poll the voting right of every member holding equity shares entitled to vote and present in person (including a proxy of a corporation or a representative of a Company present as aforesaid) or by proxy shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid or partly paid) held by him bears to the total paid-up equity capital of the Company;

		(3) upon a show of hands or upon a poll, the voting right of every member holding, preference share shall be subject to the provisions, limitations and restriction laid down in Section 87 of the Act.
No voting by proxy on show of hands	115.	No member not personally present shall be entitled to vote on a show of hands unless such member is a corporation present by proxy or unless such member is body corporate present by a representative duly authorized under Section 187 of the Act or by a proxy by such body corporate in which case such proxy or representative may vote on show hands as if he were a member of the Company.
Votes in respect of shares of deceased and insolvent members	116.	Any person entitled under the transmission Article (Article 57 hereof) to transfer any shares may vote at any general meeting in respect thereof as if he were the registered holder of such shares; provided that atleast forty-eight (48) hours before the time of holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity, if any, as the Directors may require, unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Voting by members of unsound mind and minors	117.	A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian; and any such committee or guardian may, on a 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 guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.
No member to vote unless call are paid	118.	Subject to the provisions of the Act no member shall be entitled to exercise any voting right at any general meeting either personally or by proxy or be reckoned in a quorum whilst any call or other sum is due and presently payable to the Company in respect of any of the shares of such member or in regard to which the Company has exercised right or lien.
Right of member to use his votes differently	119.	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.
Proxies.	120.	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting.
Appointment of proxy	121.	Every proxy shall be appointed by an instrument in writing signed by the appointee or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
Deposit and validity of instrument of appointment	122 (1)	The instrument of proxy shall be deposited at the office of the Company not less than forty-eight (48) hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
Inspection of proxy	(2)	Every member entitled to vote at a meeting of Company according to the provisions of these Articles on any resolution to be moved there at shall be entitled, during the period beginning twenty four (24)) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company

provided not less than three (3) day's notice in writing of the intention so to inspect is given to the Company.

Form of proxy

123. An instrument appointing a proxy shall be in the following form, or shall contain words to the following effect:

I/we of of in the district of being a member/members of the above named Company hereby appoint in the district of or failing him in the district of as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting/Extraordinary General Meeting of the Company to be held on the day of and at any adjournment thereof.

Signed this Day of

Custody of the instrument of proxy notwithstanding death of member etc.

124. Where the power to act as proxy is given by any member by executing special or general power attorney, such power of attorney shall be delivered to the Company along with an extra copy thereof and the Company on comparing the copy with the original, shall return the original.

Validity of Votes given by proxy notwithstanding death of member etc.

125. A vote given in accordance with the terms of an instrument of proxy shall be valid not with-standing the previous death of the principal or revocation of the proxy under which such proxy was signed provided that no intimation in writing of the death or revocation shall have been received before the commencement of the meeting.

Validity of Votes given by proxy notwithstanding death of member etc.

126. Subject to the provisions of the Act and these Articles, no objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy or by any means hereby authorised and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of validity of any votes

127. Subject to the provisions of the Act and these Articles, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting and subject as aforesaid, the Chairmen present at the time of poll shall be the sole judge of the validity of every vote tendered at such poll.

DIRECTORS

Appointment of Alternate Directors

130. The Board of Directors of the Company or the collaborator as the case may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") Directors during his absence for a period of not less than three (3) months from the State in which the meeting of the Board of Directors are ordinarily held and such appointment shall have effect and such appointee, whilst he hold office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns. If the term of office of Original Director is determined before he so returns to the said State of any provisions in the Act or in these Articles for the Automatic re-appointment of the retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Casual Vacancy

131. Subject to the provisions of Section 262(2) and 283(1) and other applicable provisions (if any) of the Act any casual vacancy occurring in the office of a Director whose period of office is liable to determination by retirement by

rotation may be filled up by the Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date on which the Director in whose place he is appointed would have hold office only upto the date on which the Director in whose place he is appointed would have held office if the vacancy had not occurred.

Appointment of Additional Directors	132.	Subject to the provision of Section 260 and other applicable provisions (if any) of the Act the Directors shall have power at any time and from time to time to appoint a person or persons as Additional Director or Directors. The Additional Director shall hold office till the date of the next following Annual general meeting but shall be eligible for re-appointment.
Qualification of Directors	133.	A Director of the Company shall not be required to hold any qualification shares.
Remuneration of Director	134 (1)	Subject to the provisions of the Act and rules framed there under, each Director may receive out of the funds of the Company by way of sitting fees for his services a sum not exceeding the sum prescribed under the Act, for every meeting of the Board of Director or Committee thereof attended by him, as decided by the Board from time to time.
		(2) A director who is either in whole time employment of the company or a managing director may be paid remuneration by way of a monthly payment or at a specified percentage of the net profit of the company or partly by monthly payment and partly by specified percentage of profit. The remuneration payable to the director shall be determined subject to section 198 and section 309 of the Act by ordinary resolution passed in the general meeting.
Directors not bonafide residents of the place where meetings of the Board of Committee are held may receive their expenses	(3)	The Directors may, subject as aforesaid, allow and pay to any Director who is not a bona - fide resident of the place where a meeting is held and who shall come to such place or the purpose of attending a meeting, travelling, boarding, lodging and other expenses. In addition to his fees for attending such meeting as above specified.
Special remuneration to Director going out of the place where he normally resides on the Company business of otherwise performing extra services	(3)	Subject to the provisions of Sections 309 and 310 of the Act, if any Director, being willing, shall be called upto to perform extra services or to make any special exertion in going or residing out of the place where he normally resides or otherwise for any of the purposes of the Company, the Company shall, subject as aforesaid, remunerate such Director or where there is more than one such Director to all of them together either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.
Directors may act notwithstanding vacancy	135.	The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum number above fixed and notwithstanding the absence of a quorum, the Directors shall not act except for the purposes of filling up vacancy or for summoning a general meeting of the Company.
Interested Director not to participate or vote in Board's proceedings	137 (5)	An interested Director shall not take any part in the discussions of or vote on any contract or arrangement entered into, or to be entered into by or on behalf of the Company if he is in any way, directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote, shall be void;

Provided that this prohibition shall not apply:

- (i) to any contract of indemnity against any loss which the Directors or any one or more of them suffer by reason of becoming or being a surety or sureties for the Company,
- (ii) to any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely in his being a Director of such Company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as Director thereof he having been nominated as such Director by the Company or in his being a member holding not more than two (2) percent of the paid up share capital of such company whichever is greater;
- (iii) in case a notification is issued under sub-section (3) of Section 300 of the Act to the extent specified in the notification.

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by Rotation	145 (1) Not less than two-third (2/3) of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation, and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in a general meeting. (2) The remaining Directors shall be appointed in accordance the provision of these Articles and particularly in accordance with the provisions of Articles 129, 130 and 173.
Director to retire annually how determined	(3) At the first Annual General Meeting of the Company and at every subsequent Annual General Meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three (3) or a multiple of three (3), then number nearest to one-third (1/3) shall retire from office. 146. Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Articles at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lots. Subject to the provisions of the Act a retiring Director shall remain in office until the conclusion of the meeting at which his reappointment is decided or his successor is appointed.

DIVIDENDS

Division of Profits	181. The profit of the Company, subject to the provision of these Articles, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively. Provided always that capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid up, during such period on such share,
Capital paid up in advance at interest not to earn dividend	182. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.
Dividends in proportion to amount paid up	183. The Company may pay dividends in proportion to the amount paid up or credited as paid up or credited as paid on each share, where a larger amount is paid up or a credited as paid up on shares than no others.

The Company in General Meeting may declare a dividend	184.	The Company in a general meeting may, subject to the provisions of Section 205 of the Act, declare a dividend to be paid to the members according to their respective rights and interests, in the profit and subject to the provisions of the Act may fix the time for its payment. When a dividend has been so declared either the dividend shall be paid or the warrant in respect thereof shall be posted within forty two (42) days of the date of the declaration to the shareholders entitled to the payment of the same.
Reserves	185.	Subject to the provision of the Act the Board shall in accordance with Section 205 (2A) of the Act before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and such application may at the discretion, either be employed in the business of the Company or be Invested in such Investments. The Board may also carry forward any profit which it may think prudent not to divide without settle the aside as a reserves.
Power of Company to limit dividend		(i) No larger dividend shall be declared than is recommended by the Directors but the Company, in a general meeting, may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of section 205, 206 and 207 of the Act and no dividend shall car' interest as against the Company. The declaration of the Directors as to the amount of the net profits of Company shall be conclusive. (ii) No unclaimed or unpaid dividend shall be forfeited by the Company and the same shall be dealt with in accordance with Section 205 A and 205 B of the Act.
Interim Dividend	186.	Subject to the provisions of the Act, the Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.
Retention of dividends until completion of transfer under Article 57	187.	Subject to the provisions of the Act, the Directors may retain the dividends payable upon any shares in respect of which any person under Article 57 hereof, is 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 of shall duly transfer the same. The provisions of this Article shall apply to any interest created in a share either by reason of transmission or by operation of law or otherwise.
No member to receive dividend whilst indebted to the Company and Company's right of reimbursement thereabout.	188.	Subject to the provisions of the Act no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons, and the Directors may deduct from the interest or dividend payable to any member all sums of money due from him to the Company.
Transfer of shares must be registered	189.	A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.
Dividends how remitted	190.	Unless otherwise directed any dividend may be paid by cheque or warrant sent through post to the Registered address of the members or person entitled to the shares or in the case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transaction or for any dividend lost to the member or other person entitled

thereof by the forged endorsement of any cheques of warrant or the fraudulent or improper recovery thereto by any other means.

- Unclaimed dividends 191. Where the Company has declared a dividend which has not been paid or claimed or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank called “Unpaid Dividend of One97 Communications 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 (7) years from the date of such transfer, shall be transferred by the Company to the fund known as the Investor Education and Protection Fund, established under Section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board

- Dividend and call together 192. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixed, but so that the call to each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend may, if so arranged between the Company and the members be set off against the call.

CAPITALISATION

- Capitalisation 193.(1) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation) and where permitted by law from the appreciation in value of any capital assets of the Company standing to the credit of the General Reserve or any Reserve Fund or any other fund of the Company or in the hands of the dividend be capitalized:
- (a) By the issue and distribution as fully paid up shares of the Company; or
 - (b) by crediting shares of the Company which may have been issued and are credited as partly paid up with the whole or any part of the sum remaining unpaid thereon.

Provided that any amount standing to the credit of the Share Premium Account or the capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.

- (2) Such issues and distribution under (1) (a) above and such payment to the credit of unpaid share capital under (1) (b) above shall be made to, amongst and in favour of the members or any class of them or any of them entitled thereto in accordance with their respective rights and interest and in proportion to the amount of the capital paid up on the shares held by them respectively in respect of which such distribution under (1) (a) or payment under (1) (b) above shall be made on the footing that such members become entitled thereto as capital.
- (3) The Directors shall give effect to any such resolution and apply such portion of the profit, General Reserve or Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares of the Company so distributed under (1) (a) above or (as the case may be) for the purpose of paying in whole or in part the amount

remaining unpaid on the shares which may have been issued and are not fully paid under 1 (b) above, provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution or payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.

- (4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash or shares in trustees upon such trusts for the persons entitled thereto as may deem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares and fractional certificates or otherwise as they may think fit.
- (5) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid-up and others are partly paid-up only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting partly paid shares with the whole or part of the unpaid liability thereof but so that as between the holders of the fully paid shares and the partly paid shares the sum so applied on the payment of such further shares, and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied prorata in proportion to the amount then already paid or credited as paid on the existing fully paid shares respectively.
- (6) When deemed requisite a proper contract shall be made in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective

INDEMNITY AND RESPONSIBILITY

Directors and others right to indemnity	223.(a) Subject to the provision of Section 201 of the Act, every Director of the Company or the Managing Director, manager, secretary and other officer or employee of the Company and all trustees (if any) for the time being acting in co-relation to any of the affairs of the Company and every one of them shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including traveling expenses) which any such Director, Managing Director, officer or employee and the trustees (if any) for the time being acting in co-relation to any of the affairs of the Company may incur or become liable to by reason of any contract entered into any act or deed done by him as such Director, officer or servant or in any way in the discharge of his duties. (b) Subject to as aforesaid every Director, Managing Director, manager, secretary or other officer or employee of the Company or the trustees (if any) for the time being acting in relation to any at the affairs of the Company and every one of them shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any applications under section 633 of the Act, in which relief is given to him by court
Not responsible for acts of others	224 Subject to the provision of Section 201 of the Act, no Director or the Managing Director or other officer of the Company shall be liable for the acts, omissions, neglects, defaults of any other Director or officer or for joining in any omission or other act for conformity, or for any loss or

expenses suffered by the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company or corporation with whom any moneys, securities or effects shall be invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, company or corporation with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damages or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty, willful neglect or default.

DEMATERIALISATION OF SECURITIES

225. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.
- (a) The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
 - (b) Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates for the securities. If a person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the securities.
 - (c) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C of the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owners.
 - (d) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the Beneficial Owner.
(ii) Save as required by applicable law, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
(iii) Every person holding securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a member of the Company.
 - (e) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a Depository, the records of the Beneficiary Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
 - (f) Nothing contained in Section 108 of the Act shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - (g) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such

securities.

- (h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

The Register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the register and index of members and security holders for the purposes of these Articles.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts in relation to this Issue

1. Letter dated January 1, 2010 and January 2, 2010 for appointment of IDFC Capital and Aventus respectively, as the Book Running Lead Managers.
2. Issue Agreement among our Company and the Book Running Lead Managers dated May 17, 2010.
3. Agreement between our Company and Registrar to the Issue dated May 17, 2010.
4. Escrow Agreement dated [●] among our Company, the Book Running Lead Managers and the Syndicate Members.
5. Syndicate Agreement dated [●] among our Company, the Book Running Lead Managers and the Syndicate Members.
6. Underwriting Agreement dated [●] among our Company, the Book Running Lead Managers and the Syndicate Members.
7. Agreement dated November 12, 2010, among NSDL, our Company and the Registrar to the Issue.
8. Agreement dated October 29, 2010 among CDSL, our Company and the Registrar to the Issue.

Material Documents

1. Our Memorandum of Association and Articles of Association, as amended from time to time.
2. Our certification of incorporation.
3. Resolution passed by our Board dated May 17, 2010 approving this Issue.
4. Resolution passed by our shareholders dated May 17, 2010 approving this Issue.
5. Resolution of the Board dated May 18, 2010 approving the Draft Red Herring Prospectus.
6. Resolution of the Board dated November 22, 2010 approving the Red Herring Prospectus.
7. Resolution dated May 11, 2010 passed by our Board appointing the Company Secretary of our Company as the Compliance Officer.
8. Service contract dated November 1, 2008, between the Company and the Managing Director governing the terms of service of the Managing Director, Mr. Vijay Shekhar Sharma.
9. The Examination Report of the Auditor, S.R. Batliboi & Co., dated October 8, 2010, on our Restated Financial Information, and included in this Red Herring Prospectus.
10. Copies of annual reports of our Company for the last five Fiscals.

11. Consent of the Auditor, S.R. Batliboi & Co., for inclusion of their Examination Report dated October 8, 2010 on the Restated Financial Information in the form and context in which it appears in this Red Herring Prospectus.
12. Statement of Tax Benefits available to our Company and its shareholders, from S.R. Batliboi & Co. dated October 8, 2010.
13. Report of the IPO Grading Agency, CRISIL Limited, furnishing the rationale for its grading, to be disclosed in the Red Herring Prospectus.
14. Consent of the IPO Grading Agency, CRISIL Limited, for inclusion of their IPO grading report furnishing the rationale for its grading, in the form and context in which they will appear in the Red Herring Prospectus.
15. Consents of Bankers to our Company, Book Running Lead Managers, members of the Syndicate, Registrar to the Issue, Escrow Collection Bank(s), lenders of the Company viz. HDFC Bank Limited, domestic legal counsel, international legal counsel, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
16. Separate applications, both dated June 11, 2010 filed with the NSE and the BSE, for obtaining their in-principle listing approval.
17. In-principle listing approvals dated August 4, 2010 and June 30, 2010, received from the NSE and the BSE, respectively.
18. Due diligence certificate dated May 19, 2010 provided to SEBI by the Book Running Lead Managers.
19. SEBI observation letter No. CFD/DIL/ISSUES/SK/PM/24519/2010 dated October 25, 2010 and letter No. CFD/DIL/SK/PM/26779/2010 dated November 16, 2010.
20. Share subscription agreement and shareholders agreement, both dated March 26, 2007 entered between our Company, SAIF, SVB Financial Group, Mr. Vijay Shekhar Sharma and Mr. Peeyush Aggarwal.
21. Share subscription agreement dated December 20, 2007 entered between our Company, SICP, SAIF and Mr. Vijay Shekhar Sharma.
22. Share subscription agreement dated December 12, 2008 entered between our Company, Intel, SICP and Vijay Shekhar Sharma.
23. Shareholders agreement dated December 12, 2008 entered between our Company, Intel, SICP, SAIF, Mr. Vijay Shekhar Sharma, Mr. Peeyush Aggarwal and Mr. Rajiv Madhok.
24. Share subscription agreement dated December 1, 2009 and shareholders agreement dated December 10, 2009 entered between TenCube, our Company and certain other parties.
25. Share purchase agreement dated February 18, 2010 entered between SAIF, Mr. Vijay Shekhar Sharma and our Company.
26. Share purchase agreement dated March 2, 2010 entered between SAIF, Mr. Peeyush Aggarwal and our Company.
27. Letter dated September 15, 2010 issued by the Company to IIAL.
28. A stock purchase agreement dated July 29, 2010 entered by the Company and others with a third party, for sale of their shares in TenCube to the third party.
29. Suspension Agreement dated May 11, 2010, between the Company, our Promoter, Intel, Mr. Peeyush Aggarwal, Mr. Rajiv Madhok, SAIF and SICP.
30. A memorandum of understanding dated June 24, 2010 entered between the Company and SAIF Partners.

31. Board minute dated April 7, 2010 and Form 2 filed with the RoC evidencing the allotment of Equity Shares under the ESOP Scheme 2008.

Any of the contracts or documents mentioned in the 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 of the provisions contained in the Companies Act and other relevant statutes.

In accordance with Section 61 of the Companies Act, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of the Prospectus with the RoC, reference shall be made to the shareholders of our Company for the same.

DECLARATION

We, the Directors, certify that all relevant provisions of the Companies Act and the guidelines issued by the GoI or SEBI, as applicable, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or the rules made or regulations issued thereunder, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct. Please see section titled “*Other Regulatory and Statutory Disclosures – Disclaimer from our Company, the Directors and the Book Running Lead Managers*” on page 293

SIGNED BY THE MANAGING DIRECTOR

Sd/-
Mr. Vijay Shekhar Sharma

SIGNED BY THE CHIEF FINANCIAL OFFICER

Sd/-
Mr. Vikas Thapar

SIGNED BY THE OTHER DIRECTORS OF OUR COMPANY

Sd/- Mr. Rajiv Madhok	Sd/- Mr. Vibhor Mehra
Sd/- Mr. Deep Kalra	Sd/- Mr. Kunal Bajaj
Sd/- Mr. Rajesh Ghonasgi	Sd/- Mr. P.N. Vijay

Date: November 22, 2010
Place: Noida, Uttar Pradesh.

One97 Communications Limited

CRISIL IPO Grade 3/5 (Average)

September 06, 2010

Grading summary

CRISIL Equities has assigned a CRISIL IPO grade of '3/5' (pronounced "three on five") to the proposed IPO of One97 Communications Ltd (One97). This grade indicates that the fundamentals of the IPO are average relative to the other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The offer price for the issue may be higher or lower than the level justified by its fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor. To arrive at the overall grade, amongst various other parameters, CRISIL has considered the company's business prospects, its financial performance, management capabilities and corporate governance practices.

The IPO grade assigned to One97 reflects its diversified presence in the domestic telecom value-added solutions (VAS) industry (other than peer-to-peer sms). CRISIL Research expects this industry to grow at a CAGR of 21% from Rs 40.8 bn in FY09 to Rs 135.3 bn in FY15. The growth will be driven by telecom service providers' (TSPs') efforts to increase the usage of VAS to enhance their ARPU, increasing availability of VAS-compatible affordable handsets, growing popularity of content on mobile and launch of 3G services. Over the years, One97 has emerged as an integrated VAS provider to TSPs. Unlike other VAS providers, One97's VAS services are also focused on the cost side of TSPs. These services include customer lifecycle management, target marketing, outbound dialing (OBD) services, and unstructured supplementary services data (USSD) gateways and SMS centers (SMSC).

CRISIL Equities believes that the implementation of mobile number portability and consolidation amongst TSPs will benefit established VAS providers like One97. The grade also takes into account the entry barriers created by One97 in the customer lifecycle management services space, where it is the only service provider to eight large TSPs in India.

The grade is constrained by the impact of the fragmented nature of the Indian VAS industry, low entry barriers and the dominance of TSPs, which are always on a cost-reduction spree while negotiating business contracts with VAS providers. It factors in stiff competition from much larger VAS providers of consumer and enterprise VAS. The grade also considers the capital intensive nature of the VAS industry where the VAS providers have to invest in IT hardware to get incremental business. As a result, there remains a risk in case of loss of clients.

The grade is further moderated by high debtor and loans/advance days of ~110 in 9MFY10 (based on annualised revenue for FY10) and by the risk of software write-offs in the future due to the technology intensive nature of the business.

One97's consolidated total income for the year ended March 31, 2009 was Rs 800 mn and for 9MFY10 it was Rs 841 mn. The consolidated net profit for the year ended March 31, 2009 was Rs 21.4 mn and for 9MFY10 it was Rs 124.2 mn. The profitability in FY09 was impacted by one-time impairment of software. There was no such impairment in 9MFY10.

Contacts:

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Client - servicing

Client servicing
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About the company

One97 was founded in 2000 by Mr Vijay Shekhar Sharma, Managing Director and Promoter. Mr Sharma is a first generation entrepreneur with more than 10 years of experience in the telecom and new media industries.

One97 is a leading provider of telecom VAS to TSPs (they use VAS internally and for their subscribers) and enterprise customers. It develops and procures content and applications to provide the relevant platform for delivery of VAS products and services. These platforms are integrated with the core network elements of TSPs. These applications can be deployed on any telecom network and accessed from most mobile handsets. One97 utilises interactive voice response (IVR) system, short message services (SMS), unstructured supplementary services data (USSD) and wireless application protocol (WAP) technology to deliver products and services. Its business segments include network, consumer and enterprise services, which contributed 53.5%, 35.7% and 10.8% to 9MFY10 revenues, respectively. In 9MFY10, the company's top client contributed 27% to total revenues.

The company has received funding from Intel Capital, Softbank Asia Infrastructure Fund (SAIF) Partners and Silicon Valley Bank (SVB).

Past acquisitions

Name of company	Date	Cost of Acquisition (Rs mn)	Equity stake	FY09 revenue (Rs mn)
Oorja Mobile Services Pvt. Ltd	February 2008	9.8	55.0%	4.0
TenCube Pte Ltd.	December 2009	33.7	21.3%	12.6

Source: DRHP

Issue details

Shares offered to public	Not available at the time of grading
As per cent of post issue equity	Not available at the time of grading
Object of the Issue	- Procuring telecom equipments and software – Rs 940 mn - General corporate purposes – not mentioned
Amount proposed to be raised	Rs 1,200 mn (approximate)
Price band	Not available at the time of grading
Lead managers	IDFC Capital Limited, Avendus Capital Private Limited

Detailed Grading Rationale

A. Business Prospects

- *Indian VAS industry is expected to grow at a five-year CAGR of 21% till FY15*

For the listed TSPs, non-voice revenue constitutes between 10% and 12% of the ARPU. Subscriber-to-subscriber or peer-to-peer (P2P) SMS contributes more than half of the non-voice revenue with the balance being contributed by other VAS segments. CRISIL Research expects the Indian VAS industry (other than P2P sms) to grow at a five-year CAGR of 21% from Rs 40.8 bn in FY09 to Rs 135.3 bn in FY15. The growth drivers for the same are:

- TSPs are aiming to increase the usage of VAS to improve ARPU
- Increasing availability of affordable handsets, which are VAS compatible
- Increasing popularity of bollywood, cricket, jokes and astrology-based content on mobiles
- Launch of 3G services, which will drive the demand for music, video and gaming-based VAS

- *Indian mobile VAS industry is fragmented and the bargaining power lies with TSPs*

The fragmented nature of the Indian mobile VAS industry and low entry barriers have resulted in a high degree of competition amongst VAS providers. TSPs, which are always in a cost-reduction spree, have an upper hand in negotiating the VAS service contracts. With increasing competition amongst TSPs and declining profitability at their end, there remains a risk of TSPs negotiating with VAS providers for discounts. This may impact the profitability of VAS providers like One97 going forward.

- *One97 is an integrated VAS provider present across domestic VAS services*

Over the past five years, One97 has built its presence across various VAS offerings from voice-based solutions to M-commerce and content development/aggregation. To avoid competing with much larger VAS providers, the company has cautiously decided not to aggressively build scale through the royalty-based content aggregation business; majority of its content is being developed in-house. Over the years, One97 has emerged as an integrated VAS provider to TSPs. These factors have enabled One97 to deliver higher profitability than other larger listed VAS providers in India.

- *One97's VAS services also target the cost side of telecom companies' business, thus relatively de-risked from downturns in the industry*

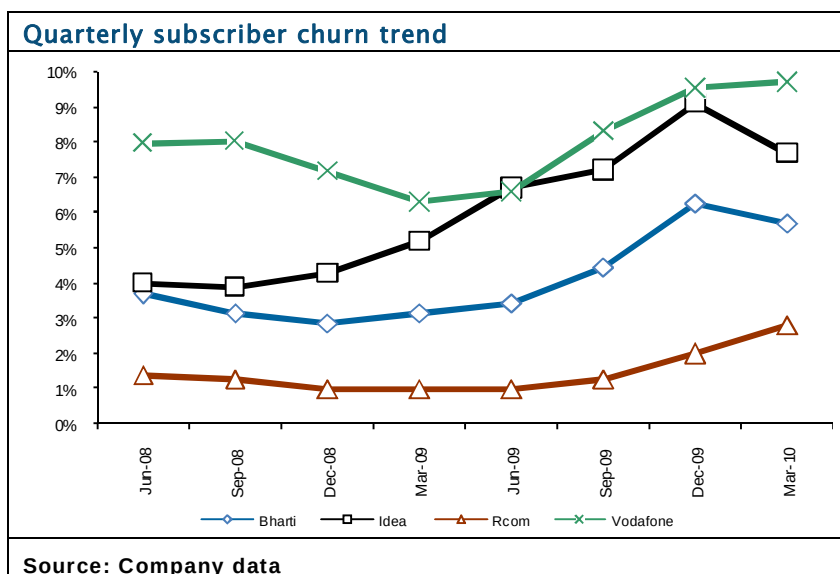
A large portion of the Indian telecom VAS market is driven by the consumers subscribing for various VAS services which translate into revenue for telecom companies, who in turn share a portion of their revenue with VAS providers. While One97's revenue is also based on this model, a large part of its network services (53% of 9MFY10 revenues) is targeted at the cost side of the telecom companies' business. These services include customer lifecycle management, target marketing, outbound dialing (OBD) services, and unstructured supplementary services data (USSD) gateways and SMS centers (SMSC). These services are targeted by telecom companies at retaining subscribers and increasing their usage of various services. The importance of these services is higher in markets like the Indian telecom market which has a strong subscriber addition, high proportion of pre-paid subscribers, high subscriber churn, low ARPU and 14 TSPs. Growth drivers for VAS services targeted at the cost side of TSPs are:

- Indian telecom market in a strong subscriber growth phase with high proportion of pre-paid subscribers

Mobile subscriber base composition						Mobile subscriber addition composition				
Wireless subscriber base composition						Wireless subscriber addition composition				
	FY06	FY07	FY08	FY09	FY10		FY07	FY08	FY09	FY10
Prepaid (mn)	72	145	237	367	558	Prepaid (mn)	73	93	130	190
YoY change		101%	64%	55%	52%	YoY change		27%	40%	47%
% of Total	80%	87%	91%	94%	95%	% of Total	95%	98%	99%	99%
Postpaid (mn)	17.8	21.4	23.6	24.5	26.7	Postpaid (mn)	3.6	2.3	0.8	2.3
YoY change		20%	11%	3%	9%	YoY change		-37%	-64%	182%
% of Total	20%	13%	9%	6%	5%	% of Total	5%	2%	1%	1%
Total	89.6	166.1	261.1	391.8	584.3	Total	76.4	95.0	130.7	192.6
Source: TRAI						Source: TRAI				

Higher automation of interaction with subscribers means higher demand for OBD, SMSC and USSD solutions, which are provided by One97 and other VAS providers. Higher analysis of usage by subscribers means more demand for customer lifecycle management services as provided by One97.

- Indian telecom market has 14 TSPs and a high level of subscriber churn



TSPs targeting to maximise subscriber retention and ARPU means higher demand for One97's solutions like customer lifecycle management, OBD and automated interactive solutions.

- Indian telecom market has low ARPU subscribers

While the past couple of years have seen strong subscriber growth in the Indian telecom market, majority of new subscribers are from the tier II/III cities and rural markets, which have low ARPU. As a result, in FY10 the quarterly ARPU has decline at an average rate of 28% to Rs 121 (in Q4FY10).

TSPs need to consistently introduce and communicate new tariffs and offers to increase the usage by the subscribers and to increase the ARPU. This demands deeper understanding of the usage profiles of the

subscribers. By directing the right tariffs and offers to the right subscribers, TSPs can increase the usage and APRU along with containing the cost of such communication. Thus, TSPs need to understand the usage of their subscribers and to maximise the same means higher demand for One97's customer lifecycle management services.

- *One97 has created strong entry barriers in customer lifecycle management services, where it is the only solutions provider...*

Over the years, One97 has created strong entry barriers in the network services segment by getting involved in partnerships with TSPs to increase subscriber retention and for increasing revenue from subscribers. As of May 2010, it provided network component services like SMS centers, USSD gateways and call management services to four telecom companies. It is the only company which provides customer lifecycle management services to eight giving it access to the usage profile of millions of subscribers which no other VAS provider probably has an access to. This client portfolio has been built on the back of continuous innovation and service delivery capabilities. Each of these service delivery experiences also provide a strong reference for providing new services to the existing clients and for acquiring new clients.

- *...but faces strong competition in consumer and enterprise services*

The VAS market for the consumer and enterprise services is extremely competitive in nature. Some VAS providers in this segment are larger in size than One97. As a result, One97 faces stiff competition in both the segments. Post the launch of 3G, which will increase the demand for music, video and gaming-based services, the competition amongst the VAS providers is expected to increase. We believe that One97 can leverage its customer lifecycle management services to provide tailor-made 3G-based VAS services; these services will be developed indigenously and sourced from external content providers.

- *Though it is relatively smaller in size, One97 has demonstrated more consistent growth than other listed Indian peers*

Focus on the domestic market, strong relationship with TSPs, consistent innovation of new solutions, and focus on combination of revenue-side and cost-side of TSPs have enabled One97 to grow at a more consistent rate compared to OnMobile Global and Tanla Solutions. One97's revenues have grown at a CAGR of almost ~100% from FY07 to FY10 compared to ~50% and 18% for OnMobile and Tanla, respectively. One97 has been able to maintain EBITDA margin at 37-38% over FY09-FY10 compared to a decline in peers' EBITDA margin.

Peer comparison

	Particulars (Rs mn)	2007	2008	2009	2010	CAGR
One 97	Revenue	148.8	401.1	800.4	1143.7	97.3%
	Ch (%)		169.6%	99.5%	42.9%	
	EBITDA	77.2	197.0	295.5	432.2	77.6%
	% of Revenue	51.9%	49.1%	36.9%	37.8%	
	Ch (%)		155.3%	50.0%	46.3%	
OnMobile Gopal	Revenue	1,366.8	2,618.2	4,063.6	4,544.0	49.2%
	Ch (%)		91.6%	55.2%	11.8%	
	EBITDA	625.7	1,087.3	1,320.0	830.9	9.9%
	% of Revenue	45.8%	41.5%	32.5%	18.3%	
	Ch (%)		73.8%	21.4%	-37.1%	
Tanla Solution	Revenue	2,218.5	4,597.5	6,871.3	3,664.4	18.2%
	Ch (%)		107.2%	49.5%	-46.7%	
	EBITDA	1,057.2	2,144.6	2,904.1	1,168.1	3.4%
	% of Revenue	47.7%	46.6%	42.3%	31.9%	
	Ch (%)		102.9%	35.4%	-59.8%	

Source: Company data, CRISIL Equities.

- *Mobile number portability and consolidation amongst TSPs will benefit established VAS providers like One97*

Mobile number portability (MNP) is likely to be introduced in India before the end of this year. MNP is expected to reduce the duplication of subscribers and use of dual SIMs. This is likely to impact the volumes in case of OBD but at the same time it will increase the demand for customer lifecycle services as the TSPs will try to maximise the ARPU till the subscribers are on their respective network.

Consolidation amongst TSPs is likely to result in consolidation amongst VAS providers and, thus, will increase competition amongst VAS providers. Those with integrated services and a strong track record will benefit from additional volumes due to consolidation amongst VAS vendors.

- *Entry into international market may impact profitability in near term*

One97 operates in India, Bangladesh, Afghanistan and Nigeria. It plans to expand its geographic presence by leveraging its expertise and track record in the Indian market. It initially intends to expand in markets that are similar to India such as South East Asia, Africa and a few pre-paid minutes-dominated European countries. It also intends to harness its relationship with Indian TSPs so as to sell its network and consumer services to their associated networks outside India. The company is also open to global acquisitions. While entry into the international market will open up new growth opportunities for the company, it may impact the profitability in the near term.

- *High debtors days*

The company had debtor of ~110 days in 9MFY10 (based on annualised revenue for FY10). While the same has declined from 157 days in FY09, it is still high. This is mainly on the back of a delay in the reconciliation in

revenue as per company's MIS and revenue as per TSPs. The company has aligned its internal processes with that of TSPs to further reduce the time taken for reconciliation. Also, the company had bad debts worth Rs 5.2 mn or 0.6% of its revenues in 9MFY10. The company has not had bad debts in the previous years.

- *Capital intensive business*

The VAS business, especially the OBD business, is capital intensive as the VAS providers have to invest in IT hardware for incremental volumes. Notably, there remains a risk if there is a loss of client. One97 plans to use the IPO proceed for capex of Rs 940 mn - of this, Rs 254 mn will be used in FY11 and Rs 686 mn in FY12.

- *Write-off of software*

In FY09, the company had written-off software worth Rs 112 mn. The company believes that there will be no further write-off of existing software in the near term. As the company is into the technology intensive business, software write-offs remain a risk.

B. Financial Performance

One97's revenues almost doubled from Rs 401 mn in FY08 to Rs 800 mn in FY09. In 9MFY10, reported revenues were higher than the full-year revenues of Rs 841.5 mn in FY09. Network, enterprise and consumer services contributed 53%, 36% and 11%, respectively, to 9MFY10 revenues.

In FY09, EBITDA margin declined to 36.9% from 49.1% in FY08 on the back of an increase in employee cost. In M9FY10, EBITDA margin remained steady at 37.7%.

The company reported a one-time impairment of software of Rs 111.2 mn in FY09, because of which PAT margin dipped to 2.5% in the same period from 11.1% in FY08. There was no such impairment in 9MFY10 due to which PAT margin increased to 14.7%. The company reported a PAT of Rs 124 mn in 9MFY10, much higher than Rs 20 mn reported in FY09. The growth in PAT resulted in RONW of 16.5% compared to 3.1% in FY09.

Financial performance snapshot

		FY08 Actual 12 months	FY09 Actual 12 months	9MFY10 Actual 9 months
Operating income	Rs mn	401	800	841
EBITDA	Rs mn	197	296	317
EBITDA margin	%	49.1	36.9	37.7
Net profit	Rs mn	44	20	124
Net margins	%	11.1	2.5	14.7
ROCE	%	27.1	1.5	14.4
RONW	%	14.1	3.1	16.5
Basic EPS	Rs	2.3	0.9	5.4
No. of equity shares	mn	18.9	22.8	22.8
Net worth	Rs mn	627	673	824
Book value(FV of Rs 10)	Rs	33.2	29.5	36.1
Current ratio	Times	4.5	3.0	2.1

* Note: Numbers have been re-classified as per CRISIL standards

Source: DRHP

C. Management Capabilities and Corporate Governance

One97 was incorporated in 2000 by Mr Vijay Shekar Sharma, who has more than 10 years of experience in the technology, media and telecom industries. In the past, he has been associated with companies focusing on design and development of products, and applications for the technology, media and telecom industries. He currently holds a 43.18% stake (pre-conversion of compulsory convertible preference shares).

A professional, senior and second line of management with good technical background leads the company. The company has a good organisation structure at place with heads for each business sub-segment and for each large client. This has been built on the culture of having intrapreneurs within the organisation. Mr Sanjay Singh, CTO, has more than a decade of experience in the technology industry. Previously, he was the MD of Dilithium Software Technologies India Private Limited, a global provider of mobile video infrastructure solutions. Mr Vikas Thapar, CFO, has about two decades of experience in the telecom industry and was earlier associated with Bharti Airtel Limited as Controller, Finance.

Independent directors have a fair understanding of the overall business of the company. The board includes Mr Deep Kalra, who is a member of the executive council of NASSCOM and chairs their internet working group. Mr Rajesh Ghonasgi, independent director, is the CFO of Persistent Systems and has been associated with a number of companies in the IT sector including Hexaware Technologies, Deutsche Software (India) Limited and Wipro Limited. Mr Kunal Bajaj, another independent director, is partner and Director, India, for Analysys Mason, a global strategic consultancy firm focusing on the telecom, technology and media industries. Mr Bajaj also holds the position of Founding Co-chair for the Mobile Marketing Association's India Local Council.

Annexure I

Business Profile

One97 is a leading provider of telecom value-added services. It develops and procures content and applications to provide the relevant platform for delivery of VAS products and services. These platforms are integrated with the core network elements of TSPs. These applications can be deployed on any telecom network and accessed from most mobile handsets. One97 utilises interactive voice response (IVR) system, SMS, USSD and WAP technology to deliver products and services. One97's business segments are:

Network Services

One97 provides network components such as Short Message Service Centers (SMSC), USSD gateways, call management systems such as pre-call announcements, call forwarding and call block services, and customer lifecycle management services. Its subsidiary, Oorja Mobile Services Private Limited (Oorja), provides focused marketing solutions to TSPs. The company provides network services to eight TSPs in India, one TSP in Afghanistan, one in Nigeria and one in Bangladesh. It offers such services on a one-time basis, per transaction basis, period fee basis, per subscriber management basis or a combination of these bases.

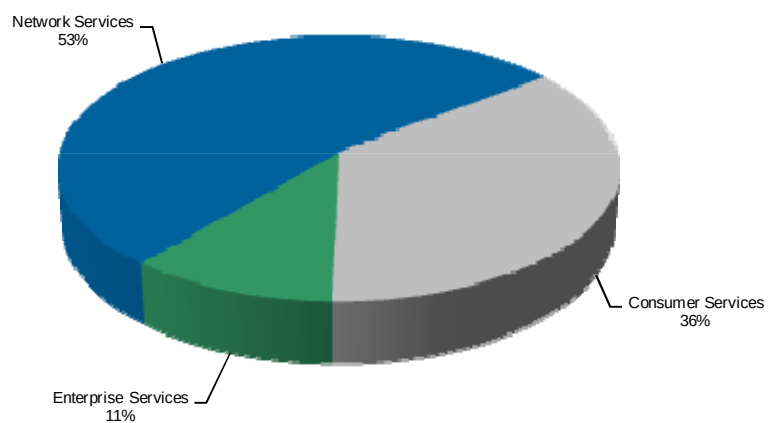
Consumer Services

One97 offers a broad range of mobile content, applications and commerce services. These services include: music, picture and text-based content, segmented content (text and voice based) contests, quizzes, puzzles, pay-through mobile, phone security / data back-up and social networking website. The mobile phone security and back-up services are provided by WaveSecure, in which One97 has a 21.28% ownership interest. Depending on the content or application, One97 sells consumer services on a subscription basis and/or a per transaction basis. "Pay through mobile" is a mobile commerce platform for consumers and enterprises, which enables mobile phone users to make payments through their mobile phones in a secure and easy manner. The revenues generated from providing PayTM services are on a per transaction basis. As on February 28, 2010, One97 had approximately 9.87 mn subscribers for its content and application. One97 develops majority of the content in-house, some is procured from content providers from whom it purchases distribution rights for the content.

Enterprise Services

One97 uses telecom networks as a media platform to assist enterprises with customer communication, self-care solutions and brand services. These enterprise services include: SMS pull service, voice portals, auto dialer, SMS outbound campaign, mobile payment services and developing WAP sites. One97 also combines different services into one product to satisfy the particular demands of an enterprise. It typically charges for enterprise services on a per transaction fee basis (sometimes with a minimum monthly commitment), project fee basis, rental basis, maintenance fee basis or a combination of these bases.

Revenue sources : 9MFY10



Source: DRHP

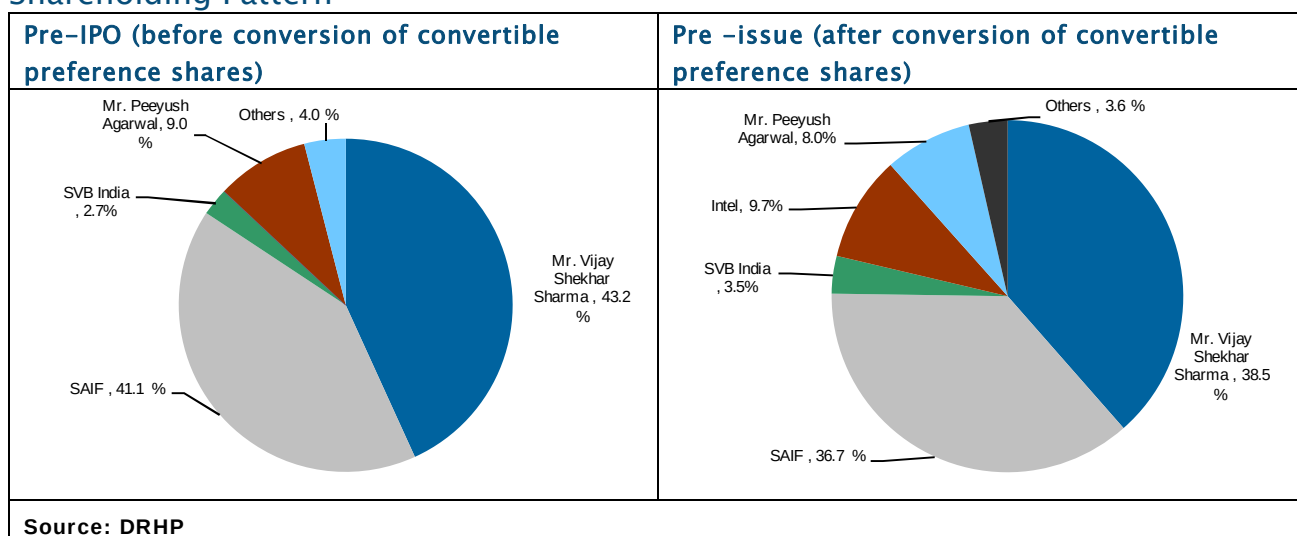
Management and Board Profile

One97 is run by a strong management. It was incorporated in 2000 by Mr Vijay Shekar Sharma, who has more than 10 years of experience in the technology, media and telecom industries. In the past he has been associated with companies focusing on design and development of products, and applications for the technology, media and telecom industries.

The senior management includes Mr Sanjay Singh, CTO, who has more than a decade of experience in the technology industry. Previously, he was the MD of Dilithium Software Technologies India Private Limited, a global provider of mobile video infrastructure solutions. Mr Vikas Thapar, CFO, has about two decades of experience in the telecom industry and was earlier associated with Bharti Airtel Limited as Controller, Finance. Mr Vineet Kaul, Senior VP, is responsible for the development of new products and applications. Prior to joining One97, he was associated with ACL Wireless Limited as Director (Business Development). In addition to the professional and technical background of the personnel, the intrapreneurial culture has been a key factor for the growth of the company.

The company's board comprises seven directors, of whom four are independent. The board includes Mr Deep Kalra, who is a member of the executive council of NASSCOM, and chairs the internet working group. He is also a board member of IndiaMart.com and TiE Delhi. Mr Rajesh Ghonasgi, independent director, is the CFO of Persistent Systems and been associated with a number of companies in the IT sector including Hexaware Technologies, Deutsche Software (India) Limited and Wipro. Mr P N Vijay, independent director, has had a long association with the capital market and is the promoter and MD of N. Vijay Financial Services Private Limited, a boutique merchant banking firm. In the past, he has been associated with banks such as Citibank, ANZ Grindlays Bank and State Bank of India. Mr Kunal Bajaj, independent director, is partner and Director - India, for Analysys Mason, a global strategic consultancy firm focusing on the telecom, technology and media industries. Mr Bajaj also holds the position of founding co-chair for the Mobile Marketing Association's India Local Council.

Shareholding Pattern



Annexure II: Profile of the Directors

Name	Designation	Age	Qualification	Previous Employment	Directorships / partnership in other entities
Mr Vijay Shekhar Sharma	Chairman & Managing Director	31	Bachelors degree in Engineering from Delhi College of Engineering	Riverrun Software Services Group Limited, Inter Solutions Software Private Limited, Startec Global Communications Limited	Oorja Mobile Services Private Limited; Pay TM Mobile Solutions Private Limited; and Aryan Ayurveda Private Limited
Mr Rajiv Madhok	Non-Executive Non-Independent Director	36	Bachelor's degree in Economics and MBA from Punjab University, Chandigarh	Aura W.A., West Africa, Bharti Group, OnMobile Singapore Pte Limited as Head.	Oorja Mobile Services Private Limited; and Pay TM Mobile Solutions Private Limited.
Mr Vibhor Mehra	Non-executive Non - Independent Director	34	Gold medalist from IIM Bangalore, engineering degree in computers from Delhi Institute of Technology	SAIF Partners, BCG as a consultant	MakeMyTrip.com Private Limited; Credence Portfolio Private Limited; Oorja Mobile Services Private Limited; ICA Infotech Private Limited; and Pay TM Mobile Solutions Private Limited.
Mr Deep Kalra	Non-executive Independent Director	40	MBA from IIM Ahmedabad, Bachelor's degree in Economics from St. Stephen's College, Delhi	Promoter of MakeMyTrip.com, ABN AMRO Bank, GE Capital	MakeMyTrip (India) Private Limited; MakeMyTrip.com Inc, U.S.A.; International Web Travel Private Limited, Mauritius; Travogue Electronic Travel Private Limited; IndiaMart Intermesh Limited; and Neemrana Knitfab Private Limited
Mr Kunal Bajaj	Non-executive Independent Director	32	Masters degree in Telecommunications and Networking and Bachelors degree in Computer Science Engineering from the University of Pennsylvania, and a Bachelors degree in Management and Finance from the Wharton School	Telecom Regulatory Authority of India as Consultant, Managing director of BDA Connect	BDA Connect Private Limited; Ameya Telecom Private Limited; and Ameyatel Computech Private Limited
Mr P.N. Vijay	Non Executive Independent Director	58	Graduation in Physics from the Presidency College, Chennai, and post graduation from IIT, Chennai specialising in electronics	Vice President and Country Head (Merchant Banking) at Citibank, ANZ Grindlays Bank and State Bank of India. Member of Investor Protection Fund Committee of the GOI	Dabur India Limited; Fem Care Pharma Limited; Reed Relays and Electronics Limited; Indiamart Intermesh Limited; and P.N. Vijay Financial Services Private Limited

Mr Rajesh Ghonasgi	Independent Director	48	Bachelor's degree in Commerce from Mumbai University, member of The Institute of Chartered Accountants of India, the Institute of Company Secretaries, qualified as a cost and works accountant	Hexaware Technologies Limited, Deutsche Software (India) Limited, Wipro Limited.	Persistent eBusiness Solutions Limited; Persistent Systems and Software Limited; and Persistent Systems Pte Limited

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