



Finance Limited

## FRANKLIN LEASING AND FINANCE LIMITED

Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, New Delhi. For further details regarding the changes in our name and registered office, please see the chapter titled "History and Certain Corporate Matters" beginning on page 109 of this Draft Prospectus. The Corporate Identification Number of our Company is U74899DL1992PLC048028.

**Registered Office:** Unit / Shop No. 205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034.

**Tel.:** +91 - 11 - 42351486; **Tele-Fax:** +91 - 11 - 42351486; **Website:** www.franklinleasing.in; **Email:** info.franklinleasing@gmail.com;

**Company Secretary and Compliance Officer:** Ms. Shanu Jain;

**Our Promoters:** Mr. Pawan Dalmia and M/s. Confident Financial Advisory Pvt. Ltd.

### THE ISSUE

**PUBLIC ISSUE OF 42,24,000 EQUITY SHARES OF ₹10 EACH ("EQUITY SHARES") OF FRANKLIN LEASING AND FINANCE LIMITED ("FLFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹15 PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹633.60 LACS ("THE ISSUE"), OF WHICH, 2,24,000 EQUITY SHARES OF ₹10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE CHAPTER "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 40,00,000 EQUITY SHARES OF ₹10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.76% AND 25.34%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.**

**THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 (as amended from time to time)**

For further details, please see the section titled "Issue Related Information" beginning on page 189 of this Draft Prospectus.

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" beginning on page 196 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH AND THE ISSUE PRICE IS 1.50 TIMES OF THE FACE VALUE.**

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹10 per Equity Share and the issue price is 1.50 times of the face value. The Issue Price (as determined by Company in consultation with the Lead Manager) as stated under the chapter titled "Basis for Issue Price" beginning on page 66 of this Draft Prospectus, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS

Investment 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 offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document 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 issued through this Draft Prospectus are proposed to be listed on the SME Platform of BSE. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being issued in this Issue. However, our company has received an approval letter dated [●] from BSE for using its name in this Offer Document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited ("BSE").

### LEAD MANAGER



**ARYAMAN**  
FINANCIAL SERVICES LTD

**ARYAMAN FINANCIAL SERVICES LIMITED**  
60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg,  
Fort, Mumbai - 400 001, Maharashtra, India  
Tel: +91 - 22 - 22618264;  
Fax: +91 - 22 - 22630434  
Email: ipo@afsl.co.in; or info@afsl.co.in  
Investor Grievance Email: feedback@afsl.co.in  
Website: www.afsl.co.in  
SEBI Registration No.: MB / INM000011344  
Contact Person: Mr. Krish Sanghvi / Mr. Manoj Agarwal

### REGISTRAR TO THE ISSUE



**Skyline Financial Services Private Limited**  
D-153A, 1st Floor, Okhla Industrial Area  
Phase-I, New Delhi - 110020  
Tel: +91 11 64732681-88  
Fax: +91 11 26812682  
Email: viren@skylinerta.com; or admin@skylinerta.com;  
Investor Grievance Email: info@skylinerta.com  
Website: www.skylinerta.com  
SEBI Registration No.: INE00003241  
Contact Person: Mr. Virender Rana

### ISSUE PROGRAMME

**ISSUE OPENS ON: [●]**

**ISSUE CLOSES ON: [●]**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires the following terms in this Draft Prospectus have the meaning given below:

#### General Terms

Term	Description
“We”, “us”, “our”, “the Issuer”, “the Company”, “our Company” or “FLFL”	Unless the context otherwise indicates or implies, refers to Franklin Leasing and Finance Limited.

#### Conventional / General Terms

Term	Description
AOA/Articles/ Articles of Association	Articles of Association of our Company.
Auditors	The statutory auditors of our Company being, M/s. Anil Hariram Gupta & Co.
Audit Committee	The audit committee constituted by our Board of Directors on January 20, 2015.
Board / Board of Directors	The collective body of Directors of our Company or a duly constituted committee thereof.
Companies Act	Unless Specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and / or Provisions of the Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act	The Companies Act, 1956, as amended from time to time
Companies Act, 2013	The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.
Competition Act	The Competition Act, 2002, as amended
Corporate and / or Registered Office	The Corporate / Registered Office situated at Unit/Shop No. 205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034
Directors	The Directors of our Company, unless otherwise specified
Group Companies	The companies, firms, ventures, etc. promoted by our Promoters, irrespective of whether such entities are covered under Section 370(1) (B) of the Companies Act and as described in chapter titled “ <i>Our Group Companies</i> ” beginning on page 130 of this Draft Prospectus.
Key Management Personnel	The personnel listed as Key Management Personnel in the chapter titled “ <i>Our Management</i> ” beginning on page 112 of this Draft Prospectus.
Memorandum/ Memorandum of Association/MOA	The Memorandum of Association of our Company, as amended
Promoter	Promoters of our Company being Confident Financial Advisory Pvt. Ltd. and Mr. Pawan Dalmia
Promoter Group	Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations as disclosed in the chapter titled “ <i>Our Promoters and Promoter Group</i> ” beginning on page 130 of this Draft Prospectus.



Shareholders'/Investors' Grievance Committee	The Shareholders' / Investors' Grievance committee constituted by our Board of Directors on January 20, 2015.
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### Issue Related Terms and Abbreviations

Term	Description
Allot/Allotment/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	A successful Applicant to whom the Equity Shares are Allotted
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicants to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011; Non- Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
ASBA Public Issue Account	An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are Clearing Members and registered with SEBI as Banker to an issue with whom the Escrow Account(s) will be opened and in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in the chapter titled "Issue Procedure" beginning on page 196 of this Draft Prospectus
Broker to the Issue	All recognized members of the stock exchange would be eligible to act as the Broker to the Issue
Business Day	Monday to Friday (except public holidays)
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Category III FPI	Investors including endowments, charitable societies, charitable trusts, foundations, corporate bodies, trust, individuals and family offices which are not eligible for registration under Category I and II under the SEBI (Foreign Portfolio Investors) Regulations
Controlling Branches	Such Branches of the SCSBs which co-ordinate Applications by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depositories	NSDL and CDSL
Depository Participant or	A Depository Participant as defined under the Depositories Act.



DP	
Designated Branches	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Draft Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Applicants in the Issue.
Designated Market Maker / Market Maker	MSB E-Trade Securities Limited having its registered office at C- 619, Ground Floor, Saraswati Vihar, Pitampura, New Delhi- 110034
Designated Stock Exchange	SME Exchange of BSE Limited
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants.
Equity Shares	Equity shares of our Company of ₹10/- each
Escrow Account(s)	An Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (excluding the ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	The agreement to be entered into among our Company, the Registrar to the Issue, the LM, the Escrow Collection Bank(s) and the Refund Bank for collection of the Application Amounts and where applicable, remitting refunds of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and conditions thereof.
FIIIs	Foreign Institutional Investors holding a valid certificate of registration under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as repealed, and who are deemed to be Foreign Portfolio Investors.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as repealed.
Foreign Portfolio Investor or FPI	Foreign portfolio investor under the SEBI (Foreign Portfolio Investors) Regulations.
Issue / Issue size	Public Issue of 42,24,000 Equity Shares of face value ₹10 each for cash at a price of ₹15 per Equity Share aggregating to ₹633.60 Lacs by Franklin Leasing and Finance Limited.
Issue Opening date	The date on which the Issue opens for subscription
Issue Closing date	The date on which the Issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹15



Issue Procedure	The procedure to be followed for issue of Equity Shares by our Company under this Draft Prospectus
Issue Proceeds	The proceeds of the Issue. For further information about use of the Issue Proceeds please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 61 of this Draft Prospectus
Lead Manager / LM	Lead Manager to the Issue being Aryaman Financial Services Ltd.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker Reservation Portion	The Reserved portion of 2,24,0000 Equity shares of ₹10 each at ₹15 per Equity Share aggregating to ₹33.60 lacs for Designated Market Maker in the Issue of Franklin Leasing and Finance Limited.
Marketing Making Agreement	The agreement dated February 13, 2015 entered into between the Lead Manager, Underwriter, Designated Market Maker and our Company.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only
Non-Institutional Applicant	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹2,00,000 (but not including NRIs other than Eligible NRIs)
Net Issue	The Issue (excluding the Market Maker Reservation Portion and Promoter Contribution Portion) of 40,00,000 Equity Shares of ₹10 each at ₹15 per Equity Share aggregating to ₹600.00 Lacs by Franklin Leasing and Finance Limited.
Non Residents	A person resident outside India, as defined under FEMA.
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date.
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet ‘know your client’ requirements prescribed by SEBI
Qualified Institutional Buyers / QIBs	As defined under Regulation 2(1)(zd) of the SEBI Regulations, and includes Public Financial Institutions as specified in Section 2(72) of the Companies Act, 2013, Scheduled Commercial Banks, Mutual Funds registered with SEBI, FIIs and Sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with IRDA, Provident Funds with minimum corpus of ₹250 million, Pension Funds with minimum corpus of ₹250 million, the National Investment Fund set up by the Government of India, Insurance Funds set up and managed by army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India
Refund Account(s)	The account opened with Refund Banker(s), from which refunds (excluding refunds to ASBA Applicants), if any, of the whole or part of the Application Amount shall be made
Refund Bank	[●] to be appointed later



Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Skyline Financial Services Private Limited
Retail Individual Applicants	Individual Applicants (including HUFs applying through their Karta and Eligible NRIs) who have not applied for Equity Shares for an amount of more than ₹ 2,00,000 in the Issue
RoC / Registrar of companies	The Registrar of companies located at 4 <sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019
SEBI Regulations / SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Self Certified Syndicate Bank(s) or SCSB(s)	A Bank registered with SEBI, which offers the facility of ASBA and a list of which is available on www.sebi.gov.in
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited.
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application
Underwriters	Aryaman Financial Services Limited and MSB E-Trade Securities Limited
Underwriting Agreement	The agreement dated February 13, 2015 entered into between the Lead Manager, Underwriter, Designated Market Maker and our Company.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Day	All days other than a Sunday or a public holiday on which Commercial Banks in Mumbai are open for business

#### Company Related / Industry Related / Technical Terms and Abbreviations

Term	Description
APAC	Asia-Pacific
AE(s)	Advanced Economies
AFC(s)	Asset Finance Companies
AIF(s)	Alternative Investment Funds
AUM	Assets Under Management
B.A.	Bachelor of Arts
B. Com.	Bachelor of Commerce
BG	Bank Guarantee
BIFR	Board for Industrial and Financial Reconstruction
Bps	Basis Points
BRICS	Brazil, Russia, India, China & South Africa
BSE	BSE Limited or Bombay Stock Exchange Limited
C.A.	Chartered Accountant
CAD	Current Account Deficit
CAGR	Compound Annual Growth Rate
C.S.	Company Secretary
CDSL	Central Depository Services (India) Limited
CENVAT Rules	CENVAT Credit Rules, 2004, as amended
CIC	Core Investment Companies
CEO	Chief Executing Officer
CGTMSE	Credit Guarantee Fund Scheme for Micro and Small Enterprise
CPI	Consumer Price Index



CRR	Cash Reserve Ratio
CV	Commercial Vehicle
CRISIL	Credit Rating Information Services of India Limited
DIPP	Department Of Industrial Policy and Promotion
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
ECB	External Commercial Borrowing
ECB	European Central Bank
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EMDE(s)	Emerging Market and Developing Economies
EL	Equipment Leasing
EPS	Earnings Per Share
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FDI Circular	Circular 1 of 2013 which consolidates the policy framework on FDI, with effect from April 05, 2013
FEMA	Foreign Exchange Management Act, 1999, as amended
FIPB	Foreign Investment Promotion Board of the Government of India
FII(s)	Foreign Institutional Investors
FICCI	Federation of Indian Chambers of Commerce
FPO	Follow On Public Offer, Further Public Offer
Fiscal / Financial Year / FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FVCI	Foreign venture capital investor registered under the FVCI Regulations
GDP	Gross Domestic Product
GAAP	Generally Accepted Accounting Principles
GM	General Manager
HUF	Hindu Undivided Family
ICA	Industrial Computer Accountant
ICAI	Institute of Chartered Accountants Of India
ICD	Inter Corporate Deposit
ICDR / SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
IDF-NBFC(s)	Infrastructure Debt Fund Non-Banking Financial Companies
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards
IFC(s)	Infrastructure Finance Companies
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India
INR	Indian Rupee
IPO	Initial Public Offer
IRDA	Insurance Regulatory & Development Authority
ISP	Integrated Steel Plant
IT Act	Income Tax Act, 1961, as amended
KYC Policy	Know Your Customer Policy
LAF	Liquidity Adjustment Facility
LAP	Loan Against Property
LLP	Limited Liability Partnership
LC(s)	Loan Companies

M.Com.	Masters of Commerce
MCX	Multi Commodity Exchange
MD	Managing Director
MFI(s)	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition
MNBC	Miscellaneous Non Banking Company
MoU	Memorandum of Understanding
MSME	Micro, Small & Medium Enterprises
MSF	Marginal Standing Facility
NA	Not Applicable
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NBFC-ND-NSI	Non Deposit taking Non-systemically Important Non Banking Finance Company
ND	Non Deposit
NDTL	Net Demand and Time Liability
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NI Act	Negotiable Instruments Act, 1881, as amended
NII's	National Institutional Investors
NPA	Non-Performing Asset
NPL	Non-Performing Loan
No.	Number
NoC	No Objection Certificate
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSI	Non Systemically Important
OCB(s)	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.
OMO	Open Market Operation
OTCEI	Over The Counter Exchange Of India
p.a.	Per Annum
P/E	Price/Earnings Ratio
PGDM	Post Graduate Diploma in Business Management.
PMI	Purchasing Managers' Index
PMLA	Prevention Of Money Laundering Act, 2002, as amended
RBI	Reserve Bank of India
R & D	Research and Development
Regulation S	Regulation S under the U.S. Securities Act, as amended
RM	Raw Material
RoC	Registrar Of Companies, New Delhi
RoNW	Return on Net Worth
Rs. / Rupees / ₹ / INR	Indian Rupees
RTGS	Real Time Gross Settlement



Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI	The Securitization & Reconstruction of Financial Assets & Enforcement of securities Act, 2002, as amended
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
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended
SIDBI	Small Industries Development Bank of India
SLR	Statutory Liquidity Ratio
SME Platform	The Small and Medium Enterprise platform of the Exchange is intended for small and medium sized companies with high growth potential
SMES	Small and Medium Enterprises
Sq. ft.	Square Feet
Sq. mt.	Square Meter
Sr.	Senior
Sr. No.	Serial Number
SSI	Small Scale Industries
STT	Securities Transaction Tax
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
TAN	Tax Deduction Account Number allotted under the Income Tax Act
TFT Segment	Trade For Trade Segment
U.S. / US / U.S.A / United States	The United States of America, together with its territories and possessions
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.K	United Kingdom
VAR	Value-At-Risk
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
VP	Vice President
WEO	World Economic Outlook
WPI	Wholesale Price Index
WTD	Whole Time Director

## CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references to “India” contained in this Draft Prospectus are to the Republic of India. In this Draft Prospectus, our Company has presented numerical information in “lacs” units. One lac represents 1,00,000.

### Financial Data

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements as on and for the Fiscal Years ended March 31, 2014, 2013, 2012, 2011 and 2010 and six months period ended September 30, 2014, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Draft Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Draft Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to explain the differences between Indian GAAP, U.S. GAAP and IFRS or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in the section titled “*Risk Factors*”, chapters titled “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 13, 87 and 154 of this Draft Prospectus, respectively, and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

### Currency, Units of Presentation and Exchange Rates

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Draft Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

### Definitions

For definitions, please see the Chapter titled “*Definitions and Abbreviations*” on page 1 of this Draft Prospectus. In the Section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 223 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

### Industry and Market Data



Unless stated otherwise, the industry and market data and forecasts used throughout this Draft Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government 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 and underlying assumptions are not guaranteed and their reliability cannot be assured.

Further, the extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Prospectus that are not statements of historical fact constitute 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 with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Draft Prospectus regarding matters that are not historical facts. Investors can generally identify forward-looking statements by the use of terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “contemplate”, “future”, “goal”, “propose”, “will likely result”, “will seek to” or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

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

- ✓ General economic and business conditions in the markets in which we operate and in the local, regional and national economies
- ✓ Increasing competition in or other factors affecting the industry segments in which our Company operates
- ✓ Changes in laws and regulations relating to the industries in which we operate;
- ✓ Recession in the NBFC Sector
- ✓ Volatility of general interest rates and inflation
- ✓ Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- ✓ Fluctuations in operating costs and impact on the financial results;
- ✓ Our inability to retain the services of our senior management, key managerial personnel and capable employees;
- ✓ Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices
- ✓ Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner

For further discussions of factors that could cause our actual results to differ, please see the section titled “*Risk Factors*” and the chapters titled “*Business Overview*” and “*Management’s Discussion and Analysis of*



*Financial Condition and Results of Operations*” beginning on pages 13, 87, and 154 of this Draft Prospectus, respectively.

By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements speak only as of this Draft Prospectus. Our Company, our Directors, the Lead Manager, and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading approvals by the Stock Exchange.

## **SECTION II: RISK FACTORS**

*An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this Draft Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Prospectus. In addition, the risks set out in this Draft Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.*

### **Materiality**

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.*

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

### **Note:**

*The risk factors are disclosed as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section. In this Draft Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors" and elsewhere in this Draft Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Financial Statements" prepared in accordance with the Indian Accounting Standards.*

### **INTERNAL RISK FACTORS**

- 1) *As an NBFC, we face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.***

Any lending or investment activity is exposed to credit risk arising from the risk of default and nonpayment by borrowers and other counterparties. Our loan book stood at ₹2346.49 lacs, ₹2394.87 lacs, and ₹1519.29 lacs as at six months period ended September 30, 2014, March 31, 2014 and 2013 respectively. As at September 30, 2014, all the loans granted are unsecured loans and without any collateral. Approximately 13.26% and 20.26 % of all of our loans in the portfolio are loans granted to Small Business Firms (Proprietors / Partnerships) and Individuals (Personal Loans) respectively.

There has not been any loan write-off in the last three years. However, the size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure.

In particular, our proposed business of “Loan against Shares” and “Loan against Property” may have relatively higher sensitivity to equity and real estate market conditions and also the targeted individual borrowers are generally less financially robust than larger corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and counterparties, we rely on published credit information relating to such parties and financial and other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers and counterparties. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, we may face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

**2) *All the loans granted are short term in nature.***

All of the loans we grant are due within one year of disbursement or are to be renewed within one year if need be. The relatively short-term nature of our loans means that our long-term interest income stream is less certain than if a portion of our loans were for a longer term. In addition, our borrowers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

**3) *Our Investments and Trading Business has reported gross losses in the past. Sustained losses in the future from this vertical would lead to weaker financial performance and affect our sustainability.***

Apart from our primary business of providing loans and services, we have been and will continue to be involved in the business of investing and trading in securities of all kinds. In the F.Y 2013 and 2014, we had reported gross loss of ₹70.84 lacs and ₹72.41 lacs from the investment and trading activities. For further details refer chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 154.

However, post the induction of Mr. Pawan Dalmia, a company secretary by qualification we propose to improve our internal systems including but not limited to Trading Strategies, Financial Discipline and better utilization of our fund based portfolio. But, there can be no assurance that we would not incur losses in the future especially considering the high volatile nature of capital markets in India in the recent past. Sustained losses in the future from this vertical would lead to weaker financial performance and affect our sustainability.

**4) *The proposed objects of the issue for which funds are being raised have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.***

The objects of the issue for which funds are being raised have not been appraised by any bank or financial institution. In the absence of such independent appraisal, the requirement of funds raised through this issue, as specified in the chapter titled “*Objects of the issue*” on page 61 are based on the Company’s estimates and

deployment of these funds is at the discretion of the management and the Board of Directors of the company. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

**5) *Failure on our part to adhere to RBI or other Regulatory norms may lead to penalties affecting our business and financial condition and / or cancellation of NBFC license.***

As a consequence of being regulated as an NBFC we will have to adhere to certain individual and borrower group exposure limits and periodic reporting and Compliances as specified under the RBI regulations and are subject to periodic RBI inspection and supervision. In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC as the case may be. Any such action may adversely affect our business, prospects, result of operations, financial condition and the trading price of our Equity Shares.

Our Company is regulated by the RBI as an NBFC-ND-NSI. Hence, majority of the regulatory filings and exposure norms are not yet applicable to our company. However, the same may become applicable once we cross a certain benchmark limit as specified by RBI from time to time after which, we would be a NBFC-ND-SI and hence would have to adhere to individual and group borrower exposure limits and periodic reporting and other such compliances and procedures.

Secondly, even though, till date RBI has not conducted any Inspection of our Company and its operations, the RBI has the right to conduct inspections of all NBFCs and notify its findings and observations to such NBFC, which is expected to respond to the RBI's observations and provide clarifications and additional information, as necessary.

In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC. For further details, please see the chapter titled "*Key Industry Regulations and Policies*" beginning on page 97 of this Draft Prospectus. We cannot assure you that we may not breach the exposure norms or other regulatory norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC by the RBI by the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, and result of operations, financial condition and the trading price of our Equity Shares.

**6) *We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.***

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits. For further details regarding our existing as well as pending approvals, please see the chapter titled "*Government and Other Statutory Approvals*" beginning on page 171 of this Draft Prospectus.

**7) *We have not entered into any definitive arrangements to monitor the utilization of the Issue Proceeds.***

As per the SEBI (ICDR) Regulations 2009, appointment of monitoring agency is required only for Issue size above ₹50,000 lacs. Hence, we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the chapter titled “Objects of the Issue” beginning on page 61 of this Draft Prospectus, is not subject to monitoring by any independent agency. Major portion of the funds being raised through this Issue will be utilized for augmenting our capital base and for providing for our fund requirements for increasing our operational scale with respect to our NBFC activities which are based on the management estimates.

- 8) ***We have applied for registration of our company logo and trademark the same has not been registered. Consequently, we may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.***

We have applied for registration of our company logo and trademark  under the provisions of the Trademarks Act, 1999. As such, we do not enjoy the statutory protections accorded to a registered trademark as on date. There can be no assurance that we will be able to register the trademark and the logo in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our trademark in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. 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. For further details, please see the chapter titled “Government and Other Statutory Approvals” beginning on page 171 of this Draft Prospectus.

- 9) ***We have experienced negative cash flows in previous years / periods. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial condition.***

We have experienced negative operating as well as investing cash flows in the past, details of which are given as follows:

(₹ in lacs)

Particulars	Sept 30, 2014	For the year ended March 31,				
		2014	2013	2012	2011	2010
Net Cash from/used in Operating Activities	29.86	(217.10)	(2,229.80)	383.86	5.45	0.03
Net Cash from/used in Investing Activities	(58.00)	253.00	2,277.25	378.44	(2,582.00)	(327.50)
Net Cash from/used in Financing Activities	0.00	0.00	0.00	0.00	2,582.00	327.50

If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company’s working capital, make new capital expenditure, pay dividends, repay loans, make new investments or fund other liquidity needs which could have a material adverse effect on our business and results of operations.

- 10) ***Our Company has issued equity shares at a price lower than the issue price within the past twelve months.***

On January 12, 2015 we have issued an aggregate of 1,08,36,000 bonus equity shares to our existing shareholders in proportion to their respective shareholdings. Since these shares are allotted for nil

consideration they would be hence allotted at a price lower than the issue price in the last one year prior to the date of this Draft Prospectus. For further details with respect to the said bonus issue, please see the chapter titled “*Capital Structure*” beginning on page 49 of this Draft Prospectus.

***11) Our Promoters and Directors may have interest in our Company, other than reimbursement of expenses incurred or remuneration.***

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please see the chapters titled “*Business Overview*” and “*Our Promoters and Promoter Group*”, and “*Annexure XIX – Statement of Related Party Transactions*” of the section “*Financial Information*” beginning on pages 87, 124, 136 and 136 respectively, of this Draft Prospectus.

***12) We are dependent on our Individual Promoter Mr. Pawan Dalmia for his expertise and market goodwill. Disassociation of our promoter from our company may adversely affect our business.***

We are dependent on our individual Promoters, *Mr. Pawan Dalmia* for their expertise and market goodwill and disassociation of our promoter from our company may adversely affect our business. We believe that our Promoter lends strength to the trust and reliability reposed in us and enables us to attract and retain fresh talent. Our separation, if any, with our Promoter for any reasons whatsoever shall adversely affect our business and results of operations.

***13) If we are unable to retain the services of our key managerial personnel, our business and our operating results could be adversely impacted.***

We are dependent on our key managerial personnel for managing our business. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

***14) Our Company has not entered into any long-term contracts with any of its customers and typically operate on the basis of contacts and enquiries, which could adversely impact our revenues and profitability.***

Our Company has not entered into any long-term contracts with any of its customers and any change in the customer preferences or customer satisfaction towards our services could adversely affect the business of our Company. Although our Company, through its Promoters has good business relations with the customers and has received continued business from many customers, there is no certainty that the same will continue in the years to come and as a result may affect our profitability.

***15) We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into transactions with our promoters and affiliates. For a list of related parties, please see the “*Annexure XXII – Statement of Related Party Transactions*” of the section titled “*Financial Information*” beginning on page 136 of this Draft Prospectus. While we believe that all such transactions have been conducted on an arm’s length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

**16) Certain of our Group Companies have incurred losses in the past.**

One of our Group Company – M/s. Netbuzz Entertainment Pvt. Ltd. has reported losses in some of the last three financial years as set forth below:

(₹ in lacs)

Particulars	As at March 31		
	2014	2013	2012
Profit / /(Loss) after Taxes	(12.36)	(11.14)	N.A.

Any adverse impact on the business and revenue of our Group Companies could adversely affect the financial condition and goodwill of our promoters and hence affect our ability to raise funds from our Promoters and also affect our goodwill in the market.

**17) Conflicts of interest with our Promoter and/or our Directors and our related entities**

There are no other RBI registered NBFC companies which are promoted by our promoters. However, the Memorandum of Associations of our corporate promoter as well as some of our Group Companies have certain Object Clauses which would allow them to undertake a similar business as us and also our promoter and directors may in their individual capacity carry out businesses which would be similar to our business. We have not entered into any non-compete agreements with our Promoters, Directors, and Group Companies and hence, to that extent there exists a potential conflict of interest between our Company and these entities. We shall endeavor to ensure that most of such conflicts are addressed in a mutually acceptable manner, however, we may not be able to resolve certain situations, for e.g. there can be no assurance that a good investment opportunity in which our promoters or directors may participate would be shared with our company or that some of our corporate promoter / group companies could offer Inter corporate Deposits to companies at better terms than we would. Potential conflicts of interests between our company and these entities could hence adversely affect our business prospects.

**18) We have not taken any insurance coverage that can protect us against certain operational risks and we may be subject to losses that might happen because of non – existence of insurance policies.**

We have not taken any insurance coverage for a number of the risks associated with our business, such as insurance cover against loss or damage by fire, explosion, burglary, theft and robbery. To the extent that we suffer any loss or damage that is not covered by insurance, our business and results of operations could be adversely affected.

**19) We face intense competition in our businesses, which may limit our growth and prospects.**

Our Company faces significant competition in the businesses that we are involved in. In particular, we compete with other finance companies, both in India and abroad; and public and private sector commercial banks operating in the markets in which we are present. In recent years, large international banks have also entered these markets. For further details, please see the paragraph titled “*Competition*”, as contained in the chapter titled “*Business Overview*”, beginning on page 87 of this Draft Prospectus. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation and price. Our competitors may have advantages over us, including, but not limited to:

- Substantially greater financial resources;
- Longer operating history than in certain of our businesses;
- Greater brand recognition among consumers;
- Larger customer bases in and outside India; or

- More diversified operations which allow profits from certain operations to support others with lower profitability.
- Better Credit Ratings etc.

In addition, it is possible that certain Indian commercial banks may decide to begin offering services that we currently provide, such as Loan against Shares/Property and IPO Funding, thereby further intensifying the competition. These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures.

**20) We do not own our Registered Office as well as Branch Office from which we operate and the same is on rental basis. Our inability to occupy the same on would adversely affect our operations and financial condition.**

We do not own the premises on which our Registered Office as well as our Branch Office is situated. The details of such office premises are as under:

Office	Location	Type of Property	Name of Lessor / Owner	Rent	Rent Period
Registered Office	Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44,Pitampura, Delhi - 110034	Rental	Mr. Vipin Mittal	₹ 20,000 p.m.	11 months beginning from October 01, 2014
Branch Office	18, Rabindra Sarani, Poddar Court, Gate No. 4, 4 <sup>th</sup> Floor, Room No. 4, Kolkata – 700001	Rental	Ridhi Sidhi Advisory Pvt. Ltd.	₹ 6,000 p.m.	11 months beginning from December 01, 2014

The tenure of these agreements is for 11 months renewable on mutual comfort. We cannot assure that we will have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of these properties, which may impair our operations and adversely affect our financial condition. For further details of our current lease arrangements please see the chapters titled “*Business Overview*” beginning on pages 87 of this Draft Prospectus.

**21) We are significantly dependent on a few major borrowers. Our inability to expand our loan book to include more number of borrowers and hence reduce dependence on certain borrowers could result in large write-offs or other financial instability.**

We earn interest income from our Loan Portfolio and our Investment in Debt Instruments (including Bank Fixed Deposits). Being a NBFC dealing primarily in unsecured short term finance our ability to grow our loan book is restricted to only those clients whom we either know through our networks or come from a good reference. The interest earned from our top 10 borrowers constituted approximately 43.15%, 69.22% and 79.16% for the period ended September 30, 2014, FY 2014 and FY 2013 respectively.

While our Company has done substantial business with these customers in the past, we do not have any legally binding long term agreements or commitments to supply capital / funds to them in the future and we cannot assure that we would receive any business at all from any of these customers in the future, or receive business from them on terms and conditions commercially acceptable to us.



Secondly, due to the major portion of loans being short term and not severely secured, we rely substantially on our promoters and key manager's judgment and long term relations with such clients to whom we lend money. We do not have a large retail loan portfolio i.e. to the public at large and are hence a niche loan provider to a specific class of customers, and we shall hence be more dependent on regular business from such customers. Loss of one or more of our major customers would have a material adverse effect on our business, results of operations and financial condition.

**22) *We depend on the accuracy and completeness of information provided by potential borrowers and our reliance on any misleading information given may affect our judgment of credit worthiness of potential borrowers, which may affect our business, results of operations and financial condition.***

In deciding whether to sanction loan to a particular customers, we rely on published credit information relating to such party and financial and other relevant information furnished to us by the customer, and our personal contacts and networks based on which we perform our credit assessment. Please see "*Business Overview*" beginning on page 87 of this Draft Prospectus for further details regarding our credit appraisal process. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, our business, future financial performance and results of operations may be materially and adversely affected.

**23) *We face risks associated with potential acquisitions, investments, strategic partnerships or other ventures that could adversely affect our results of operations.***

We may acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. The general trend towards consolidation in the financial services industry increases the importance of our ability to successfully complete such acquisitions and investments. We may not identify suitable acquisition, investment or strategic partnership, candidates, or if we do identify suitable candidates, we may not complete those transactions on commercially acceptable terms or at all. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

**24) *Our inability to effectively implement our growth strategies or manage our growth could have an adverse effect on our business, results of operations and financial condition.***

Our growth strategy envisages a very strong asset size and operational income growth. However, there could be a possibility that we may not grow at a comparable rate to our growth rate in the past or the required growth rate to effectively compete in the market either in terms of profit or income. Further, such growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

***25) Future issuances of Equity Shares or future sales of Equity Shares by our Promoters and certain shareholders, or the perception that such sales may occur, may result in a decrease of the market price of our Equity Shares.***

In the future, we may issue additional equity securities for financing and other general corporate purposes. In addition, our Promoters and certain shareholders may dispose of their interests in our Equity Shares directly, indirectly or may pledge or encumber their Equity Shares. Any such issuances or sales or the prospect of any such issuances or sales could result in a dilution of shareholders' holding or a negative market perception and potentially in a lower market price of our Equity Shares.

***26) Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be impaired.***

Certain of our agreements, including, but not limited to, the Loan Agreements and KYC Documents etc may not be adequately stamped or registered under Indian law. In the event of any such irregularity, we may not be able to enforce our rights under such agreements, businesses or properties in the event of a dispute with a third party unless we pay the applicable duty as well as a penalty of up to ten times the amount of the stamp duty.

***27) Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and there can be no assurance that we will be able to pay dividends in the future.***

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. So, there can be no assurance that we will be able to pay dividends in the future.

***28) Major fraud, lapses of internal control or system failures could adversely impact Company's business.***

Our Company is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and interception during transmission through external communication channels or networks. Failure to protect fraud or breach in security may adversely affect our Company's operations and financial performance. Our reputation could also be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

***29) We will be impacted by volatility in interest rates in our operations, which could cause our net interest margins to decline and adversely affect our profitability.***

We will be impacted by volatility in interest rates in our operations. We offer loans to borrowers on pre-determined / fixed rates. Interest rates are highly sensitive due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. If interest rates decline, we will face an Asset-Liability mismatch and our borrowers may take advantage of the attractive interest rate environment and seek to reduce their borrowing cost by asking us to re-price loans. Thus, we are subject to greater re-pricing and prepayment risks. If we are required to restructure loans, it could adversely affect our profitability. If borrowers prepay loans, the return on our capital may be impaired as any prepayment premium we receive may not fully compensate us for the costs of utilizing funds elsewhere. If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors, who may have access to lower cost funds.

***30) Our business requires substantial capital, and any disruption in funding sources would have a material and adverse effect on our liquidity and financial condition.***

The liquidity and ongoing profitability of our business are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of shareholder funding, secured and unsecured loan funds, with equity being a pre-dominant source. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. Further as we grow, we may have to finance our funding from debt also.

Any disruption in our primary funding sources at competitive costs would have a material adverse effect on our liquidity and financial condition.

## **EXTERNAL RISK FACTORS**

***31) The new Companies Act, 2013 is recently being implemented and any developments in the near future may be material with respect to the disclosures to be made in this Draft Prospectus as well as other rules and formalities for completing the Issue.***

A Majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the companies Act, 1956 ceasing to have effect. The new companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in draft prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or deposits a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibition on loans to directors and insider trading and restriction on directors and insider trading and restriction on directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. To ensure compliance with the requirement of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance cost and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncement or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial step. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have adverse effects on our business and results of operations.

***32) Tax rates applicable to Our Company may increase and may have an adverse impact on our business.***

The tax rates including surcharge and education cess applicable to us for fiscal 2014 are 32.45%. Any increase in the tax rates may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

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

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

**34) *The price of our Company's Equity Shares may be volatile, and investors may be unable to resell their Equity Shares at or above the Issue Price, or at all.***

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including, among other things, volatility in the Indian securities markets, the results of our operations and performance, the performance of our competitors, developments in the Indian retail and consumption-led sectors, changing perceptions in the market about participation in these sectors, adverse media reports on us or the Indian consumption-led sectors, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies and significant developments in India's fiscal regulations.

Indian financial markets have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian financial markets have experienced volatility, with the BSE Sensex from a high of 21,206.77 points on January 10, 2008 to a low of 7,697.39 points on October 27, 2008, a decline of almost 63.70% during the period. Similarly, the BSE Sensex increased from 8,047.17 points on March 6, 2009 to 17,486.05 points on December 29, 2009, a rise of 117.29% during the period. If similar volatility occurs in the future, the market price and liquidity of our Equity Shares could be adversely affected.

Prior to the Issue, there has been no public market for our Company's Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our Company's operating results, market conditions specific to the packaging sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world. The risk of loss associated with this characteristic may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue. For further details of the obligations and limitations of Market Makers please refer to the chapter titled "*General Information – Details of the Market Making Arrangement for this Issue*" beginning on page 42 of this Draft Prospectus.

**35) *All of our revenue is derived from business in India and a decrease in economic growth in India could cause our business to suffer.***

We derive all of our revenue from our operations in India and, consequently, our performance and the quality and growth of our business are dependent on the health of the economy of India. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the microfinance industry. Any such factor may contribute to a decrease in economic growth in India which could adversely impact our business and financial performance.

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

Following the Issue, we will be subject to a daily “circuit breaker” imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

***37) We are subject to fluctuations in interest rates and other market risks, which may materially and adversely affect our financial condition and results of operations.***

Our business substantially depends on interest income from operations. Market risk refers to the probability of variations in our interest income or in the market value of our assets and liabilities due to interest rate volatility. Changes in interest rates affect our interest income and the volume of loans we issue. Increases in short-term interest rates could increase our cost of borrowing and adversely affect our profitability. When interest rates rise, we must pay higher interest on our borrowings while interest earned on our assets does not rise as quickly because our loans are issued at fixed interest rates. Interest rate increases could result in adverse changes in our interest income, reducing our growth rate and the value of our financial assets.

The market value of a security with a fixed interest rate generally decreases when the prevailing interest rates rise, which may have an adverse effect on our earnings and financial condition. In addition, we may incur costs (which, in turn, will impact our results) as we implement strategies to reduce future interest rate exposure. The market value of an obligation with a floating interest rate can be adversely affected when interest rates increase. Increases in interest rates may reduce gains or require us to record losses on sales of our loans and, as a result, adversely affect our financial condition.

***38) Any changes made by RBI in the regulations governing NBFC could have an adverse effect on our business***

In terms of Section 45-IA of the RBI Act, 1934, it is mandatory that every NBFC should be registered with RBI to commence or carry on any business of non-banking financial institution as defined in clause (a) of Section 45 I of the RBI Act, 1934. NBFCs are governed under the rules laid down by RBI and any change in the laws including those recommended by the Working Group constituted to review the existing regulatory and supervisory framework of non-banking finance companies (NBFCs) and others, which may change the current regime of regulations governing NBFC’s and any such adverse change could affect our business operations and as a result, affect our financial conditions.

***39) Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.***

Foreign ownership of Indian securities is subject to Government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet the requirements of the RBI Circular dated October 4, 2004, as amended by the RBI Circular dated May 4, 2010. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price.



As provided in the foreign exchange controls currently in effect in India, the RBI has provided the price at which the Equity Shares are transferred based on a specified formula, and a higher (or lower, as applicable) price per share may not be permitted. There are also restrictions on sales between two non-residents if the acquirer is impacted by the prior joint venture or technical collaboration. The approval from the RBI or any other government agency may not be obtained on terms favorable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

***40) Our Company's transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.***

Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Government, through the press note dated January 22, 2010 ("Press Release") and the clarification thereto dated May 4, 2010 (together with the Press Release, the "IFRS Convergence Note"). Pursuant to the IFRS Convergence Note, which have a net worth of ₹5,000 million or less, as per the audited balance sheet as at March 31, 2011 or the first balance sheet for accounting periods which ends after that date, are required to convert their opening balance sheet as at April 1, 2014 in compliance with the notified accounting standards to be converged with IFRS. The Company has not yet determined with any degree of certainty what impact the adoption of IFRS will have on its financial reporting.

The Company's financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal Year/period.

In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements

***41) Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.***

Our financial statements, including the financial statements provided in this Draft Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Draft Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

***42) Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business, including those relating to consumer protection, Internet and privacy. Please see the chapter titled

“Key Industry Regulations and Policies” beginning on page 97 of this Draft Prospectus for details of the material laws currently applicable to us.

There can be no assurance that the Government may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government 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 may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our cash flows and in turn affect our results of operations.

***43) Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (STT) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. In addition, changes in the terms of tax treaties or in their interpretation, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares.

***44) Political, economic, environmental and social developments in India could adversely affect our Company’s business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our Company’s business and the market price and liquidity of our Company’s Equity Shares may be affected by changes in the Government’s policies, including taxation, social, political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization, including significantly relaxing restrictions on private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting banking, finance, foreign investment and other matters affecting investment in our securities could change as well. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which would affect the trading price of our Company’s Equity Shares.

***45) Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.***

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Terrorist attacks and other acts of violence may adversely affect the Indian stock markets, where our Equity Shares will trade, and the global equity markets generally.

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

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

**PROMINENT NOTES**

**1) Key Issue Particulars:**

<b>Pre Issue Net worth (Based on audited accounts as on September 30, 2014)</b>	₹ 2,994.12 lacs
<b>Post Issue Net worth (assuming full subscription)</b>	₹ 3,627.72 lacs
<b>Issue Size</b>	Issue of 42,24,000 shares of ₹ 10/- each at ₹ 15/- per shares aggregating to ₹ 633.60 lacs.
<b>Cost Per Share to the Promoters</b>	₹ 16.87
<b>Net Asset Value per share or Book Value (Based on Audited Accounts as on September 30, 2014) (Face Value of ₹10 per share)</b>	₹ 4144.68*

\* As on September 30, 2014, the company's shares had a face value of ₹ 100/- per share. However, subsequently, the company's shares have been split and the face value is now ₹ 10/- per share. Further, the company has issued bonus shares in the ratio of 23 shares for 1 share, and hence this pre-issue NAV should be read as ₹ 17.26/- per share after adjusting for these post fact events.

- 2) Our Company, its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, Group Companies and Associate Companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
- 3) Investors are advised to see the chapter titled "Basis for Issue Price" beginning on page 66 of this Draft prospectus.
- 4) The Lead Manager and our Company shall update this Draft Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.
- 5) Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available 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.

- 6) In the event of over-subscription, allotment shall be made as set out in paragraph titled “*Basis of Allotment*” beginning on page 217 of this Draft Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE Ltd. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) None of our Directors / Promoters of the Company have any interest in our Company except to the extent of compensation paid/ payable and reimbursement of expenses (if applicable) and to the extent of any equity shares) held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding. For further details please see the chapters titled “*Our Management*” and “*Our Promoters and Promoter Group*” beginning on pages 112 and 124 of this Draft Prospectus.
- 8) No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details please see the chapter titled “*Financial Statements*” beginning on page 136 of this Draft Prospectus.
- 9) The details of transaction by our Company with Group Companies during the last year are disclosed under the chapter titled “*Financial Statements – Annexure XIX– Statement of Related Party Transactions*” beginning on page 136 of this Draft Prospectus.
- 10) Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company pursuant to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, Delhi. The Company’s Corporate Identity Number is U74899DL1992PLC048028 and its Registered Office is situated at Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi – 110034.
- 11) Except as disclosed in the chapters titled “*Our Promoters, and Promoter Group*” and “*Our Group Companies*” beginning on pages 124 and 130, of this Draft Prospectus, respectively, none of our Group Companies have business interests or other interests or any other transaction with / in our Company.

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY OVERVIEW

*These may be various factors which pose a risk to our industry and hence may affect our company to that extent. This chapter should hence be read in conjunction with the chapter titled “Risk Factors” beginning on page 13 of this Draft Prospectus.*

#### **Significance of NBFCs in India**

The share of NBFCs’ assets in GDP (at current market prices) increased steadily from just 8.4 per cent as on March 31, 2006 to 12.5 per cent as on March 31, 2013; while the share of bank assets increased from 75.4 per cent to 95.5 per cent during the same period (Table4). In fact, if the assets of all the NBFCs below ₹ 100 crore are reckoned, the share of NBFCs’ assets to GDP would go further.

#### *Assets of NBFC and Banking (SCBs) Sectors as a % to GDP*

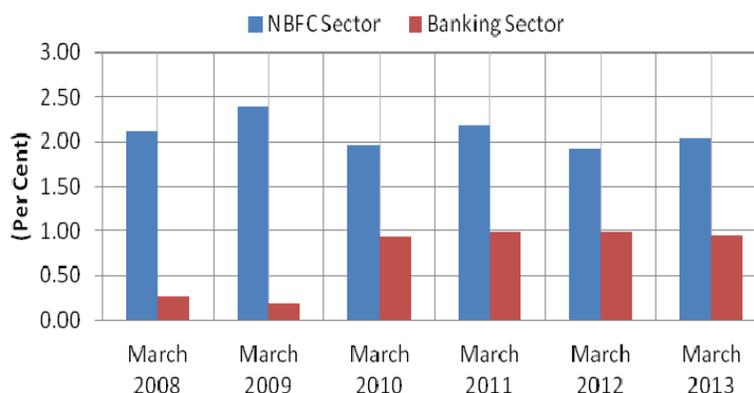
Year Ratio \	2006	2007	2008	2009	2010	2011	2012	2013
NBFC Assets to GDP (%)	8.4	9.1	10.1	10.3	10.8	10.9	11.9	12.5
Bank Assets to GDP (%)	75.4	80.6	86.8	93.0	93.0	92.2	92.7	95.5
Source: (i) Reports on Trend and Progress of Banking in India, 2006-2013; (ii) Hand Book of Statistics on Indian Economy, 2012-13 Note: Assets of NBFC sector include assets of all deposit taking NBFCs and Non-Deposit Taking NBFCs having assets size Rs. 100 crore and above (NBFCs-ND-SI)								

*(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)*

#### **Return on Assets (RoA) of NBFC Sector**

Trends in Return on Assets (RoA) of NBFC sector are furnished in Chart 8; comparative figures for banks are also indicated for banking sector. The RoA of NBFC sector is always found to be on the higher side as compared with that of the banking sector largely on account of lower operating costs and also, NBFCs do not have statutory pre-emotions like CRR and SLR.

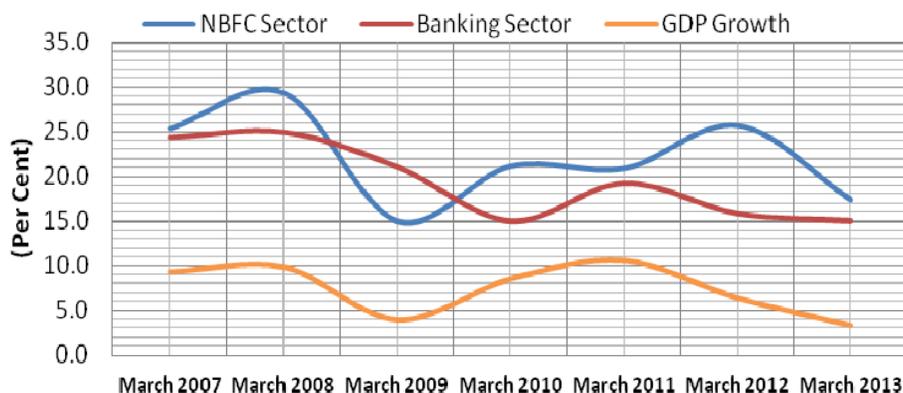
#### **Trends in Return on Assets (RoA) - NBFCs vis-à-vis Banks**



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Balance Sheet Growth in the NBFC Sector

The NBFC sector clocked phenomenal growth in the last ten years. The sector on an average, witnessed a Compound Annual Growth Rate (CAGR) of 22 per cent during the period between March 2006 and March 2013. The NBFC sector has grown faster than the banking sector, for many years, as can be seen below -

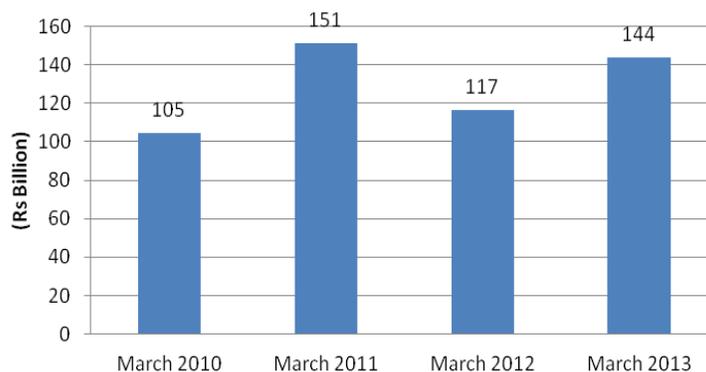


(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Micro Finance Institutions (MFI)

NBFC-MFIs provide access to basic financial services such as loans, savings, monetransfer services, micro-insurance etc. to poor people and attempt to fill the void left between the mainstream commercial banks and money lenders.

In March 2013, the outstanding credit disbursed by the MFIs increased to ₹ 144 billion due to partial resumption of MFI activities, owing to implementation of the Malegam Committee recommendations and certain Supreme Court orders favorable for MFIs. The trends in credit provided by the MFIs are furnished below -

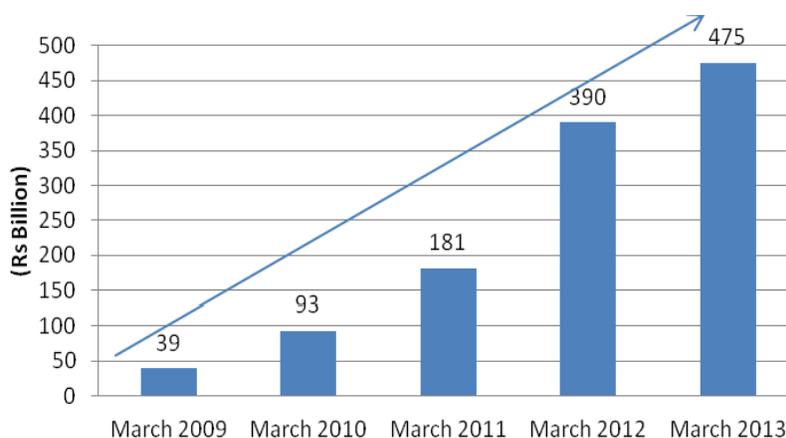


(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Monetization of Gold

Gold loan NBFCs provide loans against security of gold jewellery. Although banks are also involved in gold loan business, NBFCs' gold loans witnessed phenomenal growth due to their customer friendly approaches

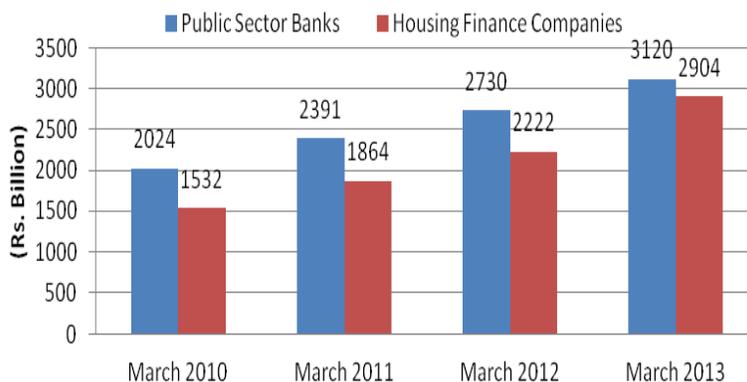
like simplified sanction procedures, quick loan disbursement etc. Branches of gold loan NBFCs increased significantly during the last couple of years mostly housed at semi-urban and rural centers of the country. Gold loan NBFCs help in monetization of idle gold stocks in the country and facilitate in creating productive resources. Credit extended by the gold loan NBFCs witnessed a CAGR of 86.7 per cent during the period March 2009 to March 2013. In absolute terms, NBFC gold loans increased from just ₹ 39 billion as on March 31, 2009 to ₹ 475 billion as of March 31, 2013. The trends in credit provided by the Gold Loan NBFCs are furnished below –



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January 23, 2014)

### **Affordable Housing**

Another area where NBFCs are participating in the inclusive growth agenda is affordable housing. Large NBFCs are setting up units to extend small-ticket loans to home buyers targeting low-income customers across the country. Firms are offering loans of ₹ 2-6 lacs to borrowers with monthly income of ₹ 6000 – 12000 who find it difficult to borrow from the commercial banks. Firms offer easier know-your customer (KYC) norms such as relaxation in documentation requirements to facilitate easy access to low-income borrowers. The trends in housing loans provided by the Housing Finance NBFCs are furnished below –

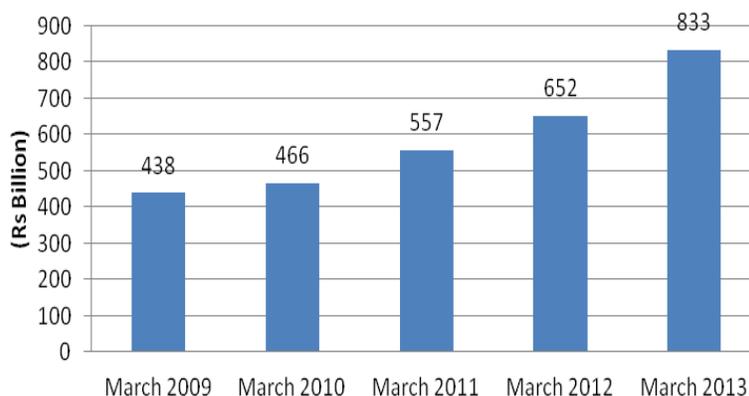


(Source: Reserve Bank of India- ASSOCHAM - Delhi on January 23, 2014)

### **Second Hand Vehicle Financing**

Apart from providing loan against property, NBFCs also engage in financing used / second hand vehicles, reconditioned vehicle, three-wheelers, construction equipment besides secured/unsecured working capital

financing etc. Incidentally, in India except NBFCs no other financial sector player finances second hand vehicles, which are popular with road transport operators essentially in the self-employed segment. The trends in Asset financing by Asset Financing Companies are furnished below –



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January 23, 2014)

### Future Prospects of the NBFC Sector

Going forward, high historical growth rates observed in the past may not be feasible since NBFCs would need to take up further capital raising exercise to be able to lend significant amounts. Hence, for the purpose of estimation the growth rate for FY11-17 is assumed at ~20 percent per annum which is at the same levels as commercial banks.

The future projections of yearly growth in NBFCs Sector are furnished below –

NBFCs- Projections (INR billion)								
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	
Credit (Infrastructure) –total outstanding	2,176	2,608	3,126	3,747	4,492	5,384	6,453	
Credit (Infrastructure) – yearly growth			518	620	744	892	1,069	3,844

Most Indian banks offer homogeneous services, which result in high competition in the industry on finer points, such as loan rates and interest rates. Many new entrants, especially non banking financial corporation's (NBFC), are expected to enter the industry in the coming years due to the new Banking License Guidelines of the RBI. High competition will benefit the industry in the long run by driving all banks (especially public sector banks) to improve their performance.

Recently, take-out financing arrangement has been permitted through ECB, under the approval route, for refinancing of Rupee loans availed from domestic banks by eligible borrowers in the port, airport, roads including bridges and power sectors for development of new projects. The impact of Suggested measures on availability of non- budgetary funds (INR billion) are furnished below -

Particulars	Funds Estimated	Additional Funds	Funds estimated (revised)
Commercial Banks	7,435	1,450	8,885
NBFCs	3,844	533	4,377
Insurance	1,507	4,522	6,030
ECBs	549	-	549
<b>Total</b>	<b>13,337</b>	<b>6,505</b>	<b>19,843</b>

*(Source: www.deloitte.com)*

To conclude, concrete policy and regulatory measures need to be undertaken. Some of the most important include measures taken to increase the breadth and the depth of the corporate bond markets in India.

## SUMMARY OF OUR BUSINESS OVERVIEW

*Our company has certain weaknesses and threats, which pose a risk to our future performance. This chapter should hence be read in conjunction with the chapter titled “Risk Factors” beginning on page 13 of this Draft Prospectus.*

### OVERVIEW

Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company pursuant to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, Delhi.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45-IA of the Reserve Bank of India Act, 1934 bearing Registration no. B-14.02383 dated May 22, 2001.

Our existing promoter i.e. Mr. Pawan Dalmia, and M/s. Confident Financial Advisory Pvt. Ltd. are not the original promoters of the company and have acquired controlling interest in the company in 2013. *For details regarding the share capital build-up of our company please see note 1(f) of the chapter titled “Capital Structure” beginning on page 49 of this Draft prospectus.*

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. We have been running on a modest operating scale till the mid of FY 2013-14, however, post the induction of Mr. Pawan Dalmia who is a company secretary by qualification, we have commenced a process of improving our internal systems including but not limited to Trading Strategies, Financial Discipline and better utilization of our fund based portfolio, through which we have posted a Net Profit before tax of ₹90.69 lacs for the period ended September 30, 2014 and ₹15.31 lacs for the year ended March 31, 2014. Our loan portfolio stood at ₹2346.49 lacs and ₹2394.87 lacs respectively in the above mentioned periods.

Our revenue from operations has increased from ₹5.37 lacs in F. Y. 2011-2012 to ₹104.39 lacs in F. Y. 2012-13 showing a substantial increase. However, our revenues witnessed a decline of 1.92% to ₹102.82 lacs in F. Y. 2013-2014. For the six months period ended on September 30, 2014 our revenue from operations was ₹115.05 lacs.

Our Profit before tax has increased from ₹ 0.53 lacs in FY 2011-12 to ₹ 9.68 lacs in FY 2012-13 and then further increased to ₹ 15.31 lacs in FY 2013-14. Our Total Loans and advances have increased from a modest ₹ 154.45 lacs in 2011-12 to ₹ 2346.49 lacs as on September 30, 2014. We propose to increase our operating efficiencies and scale and plan to become a notable player in the Finance and Investment Field in Northern India.

### Business Strengths:

- ***Well Qualified and Experienced Promoter***

Our management team is backed by a well qualified and experienced promoter. We believe that the past experience and industry networks of our senior management will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and promoter

please see the chapter titled “*Our Management*” and “*Our Promoters and Promoter Group*” beginning on pages 112 and 124 of this Draft Prospectus respectively.

- ***Long Standing Track-record and Established relationships***

Our company received its NBFC Registration in the year 2001. Hence, this company has been in the business of providing short term as well as longer duration loans and advances in the North Indian region for around a decade. Our newly inducted Promoter / Director – Mr. Pawan Dalmia along with our other directors proposes to utilise the readily available database of clients as well as long standing relationships with Capital Market Players to ensure effective utilisation of our assets and improve the overall operational and financial efficiencies of the company.

- ***Low Debt Balance Sheet***

As on September 30, 2014, our total net owned funds stood at ₹ 2994.12 lacs where as our total outstanding liabilities (including provisions) stood at ₹ 673.44 lacs. We believe that, this is a good balance sheet situation and makes our long term sustainability more strong. Further, this issue will help us improve this capitalisation situation further. We believe that having a low debt balance sheet helps us with the prospect of raising debt in the future, when we wish to expand our business opportunities and also acts a long term stability factor for our shareholders.

#### **Business Strategy:**

- ***Improve the investment process***

Our company has in the past made losses while investing and trading in securities. The Company will continue to trade and invest in Stock Markets and other avenues; however, we intend to improve our internal systems and processes in order to maximize the risk adjusted returns of the available assets. Further, we intend to assess better market opportunities for loans and advances and aim at diversifying the customer base in order to reduce per account risks. For details regarding our proposed Processes please see “*Key Business Processes*” and “*Summary of Key Policies*” beginning on pages 89 and 90 of this Draft Prospectus respectively.

- ***Increase our client database***

The Company believes that business is a by-product of relationship. Since, most of our loans are short term as well as unsecured in nature, this business model is heavily reliant on client relationships that are established over period of time. The Company believes that a long term client relationship with large clients fetches better dividends. The Company intends to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to the Company’s business and are likely to enhance its opportunities.

The company wants to expand its portfolio of products and services by introducing products such as Loans against Property, IPO Funding, Financial and Management Consultancy in addition with the existing products of Unsecured ICD Loans and Personal Loans. We plan to continue to sell our products and services to existing corporate client base and further target other High Net Worth Individuals and Firms with impeccable credit track record to whom the company may advance funds both secured/ unsecured based on the risk profile and as envisaged in the loan policy of the company.

- ***Focus on other geographical areas and key cities to increase our market share***

Our company intends to extend its financing services in other geographical areas in India and target the cities that are financial centres. Accordingly, we initially intend to expand our reach to Kolkata by opening a full time office there. For further details please refer to “Objects of the Issue” on page 61 of this Draft Prospectus. Going forward, we also intend to open offices in other major cities such as Mumbai, Ahmedabad and Jaipur, however, the management has not yet finalised any concrete plans for the same.



**SUMMARY OF OUR FINANCIALS**

**ANNEXURE I: RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(₹ in lakhs)

Particulars	September	As on March 31,				
	30, 2014	2014	2013	2012	2011	2010
<b>EQUITY AND LIABILITIES</b>						
<b>Share Holder's Fund</b>						
Equity Share Capital	72.24	72.24	72.24	72.24	72.24	20.59
Reserves & Surplus	2,921.88	2,861.26	2,846.58	2,847.82	2,847.45	316.58
<b>Non Current Liabilities</b>						
Long Term Provisions	5.87	3.82	7.91	-	-	-
<b>Current Liabilities</b>						
Trade Payables	631.83	614.27	549.26	11.32	0.02	0.13
Short Term Provisions	35.74	7.72	2.99	0.16	0.01	0.01
Current Liabilities	-	-	0.50	-	-	-
<b>Total</b>	<b>3,667.53</b>	<b>3,559.28</b>	<b>3,479.46</b>	<b>2,931.52</b>	<b>2,919.70</b>	<b>337.30</b>
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Fixed Assets	0.15	0.17	0.20	0.23	0.27	0.31
Deferred Tax Asset	0.03	0.02	0.02	0.02	0.02	0.01
Capital & Amortised Expenses W/off	0.16	0.32	0.49	0.65	-	-
<b>Current Assets</b>						
Current Investment	58.00	-	253.00	2,530.25	2,909.50	327.50
Trade Receivables	173.12	3.50	-	-	0.17	0.17
Cash and Cash Equivalents	59.55	87.69	51.79	4.34	9.76	3.81
Short Term Loans and Advances	3,344.49	3,444.54	3,165.95	395.53	-	5.51
Other Current Assets	25.58	16.58	8.04	0.52	-	-
Inventories	6.48	6.48	-	-	-	-
<b>Total</b>	<b>3,667.53</b>	<b>3,559.28</b>	<b>3,479.46</b>	<b>2,931.52</b>	<b>2,919.70</b>	<b>337.30</b>



**ANNEXURE II: RESTATED STATEMENT OF PROFITS AND LOSSES**

(₹ in lakhs)

Particular	Sept. 30,	For the year ended on March 31,				
	2014	2014	2013	2012	2011	2010
<b>REVENUE</b>						
<b>Revenue from Operations</b>						
Sales	-	8.65	14.88	-	-	-
Interest Income	115.05	94.16	89.51	5.37	0.18	0.17
Other Income	-	0.01	-	-	-	-
<b>Total Income</b>	<b>115.05</b>	<b>102.82</b>	<b>104.39</b>	<b>5.37</b>	<b>0.18</b>	<b>0.17</b>
<b>EXPENSES</b>						
Purchases	-	87.54	85.72	-	-	-
Changes in Inventories	-	(6.48)	-	-	-	-
Employee Benefit Expenses	5.66	3.72	7.14	3.31	-	-
Financial Cost	0.03	0.10	0.08	0.02	0.01	-
Depreciation and Amortization Expenses	0.19	0.19	0.19	0.20	0.04	0.05
Other Administrative Expenses	18.48	2.44	1.58	1.31	0.10	0.09
<b>Total Expenditure</b>	<b>24.36</b>	<b>87.51</b>	<b>94.71</b>	<b>4.84</b>	<b>0.15</b>	<b>0.14</b>
<b>Net Profit/(Loss) Before Tax</b>	<b>90.69</b>	<b>15.31</b>	<b>9.68</b>	<b>0.53</b>	<b>0.03</b>	<b>0.03</b>
<b>Less: Provision for Taxation</b>						
Current Years Income Tax	28.02	4.73	2.99	0.16	0.01	0.01
Deferred Tax (Asset)\Liability	-	-	0.01	(0.01)	(0.01)	(0.01)
Prior Period Expenses/(Income)	-	-	-	-	-	-
<b>Total</b>	<b>28.02</b>	<b>4.73</b>	<b>3.00</b>	<b>0.15</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Profit After Tax but Before Extraordinary Items</b>	<b>62.67</b>	<b>10.58</b>	<b>6.68</b>	<b>0.38</b>	<b>0.03</b>	<b>0.03</b>
Extraordinary items	-	-	-	-	0.01	-
<b>Net Profit After Extraordinary Items Available for Appropriation</b>	<b>62.67</b>	<b>10.58</b>	<b>6.68</b>	<b>0.38</b>	<b>0.02</b>	<b>0.03</b>



**ANNEXURE III: RESTATED STATEMENT OF CASH FLOWS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Net Profit (adjusted) Before Tax and Extra-ordinary Items</b>	<b>90.69</b>	<b>15.31</b>	<b>9.68</b>	<b>0.53</b>	<b>0.03</b>	<b>0.03</b>
<b>Adjustments for</b>						
Depreciation & amortisation exp.	0.19	0.19	0.19	0.20	0.04	0.05
Interest Expenses	-	-	-	-	-	-
<b>Operating Cash Generated Before Working Capital Changes and Taxes</b>	<b>90.88</b>	<b>15.50</b>	<b>9.87</b>	<b>0.73</b>	<b>0.07</b>	<b>0.08</b>
(Increase)/Decrease in Inventories	-	(6.48)	-	-	-	-
(Increase)/Decrease in Loans & Advances	91.05	(287.14)	(2,777.94)	(396.05)	5.50	-
(Increase)/Decrease in Receivables	(169.62)	(4.00)	-	0.17	-	(0.17)
(Increase)/Decrease in Other Current Assets	-	-	-	-	-	-
Increase/(Decrease) in Payables	17.55	65.02	537.93	11.31	(0.11)	0.12
Increase/(Decrease) in Other Current Liabilities	-	-	0.50	-	-	-
<b>Operating Cash Generated Before Taxes</b>	<b>29.86</b>	<b>(217.10)</b>	<b>(2,229.64)</b>	<b>(383.84)</b>	<b>5.46</b>	<b>0.03</b>
<b>Less : Income Tax paid (MAT/FBT)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.16)</b>	<b>(0.02)</b>	<b>0.01</b>	<b>0.00</b>
<b>Net Cash Generated from Operating Activities (A)</b>	<b>29.86</b>	<b>(217.10)</b>	<b>(2,229.80)</b>	<b>(383.86)</b>	<b>5.45</b>	<b>0.03</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets (Net)	-	-	-	-	-	-
Other Investments	(58.00)	253.00	2277.25	379.25	(2,582.00)	(327.50)
Deferred revenue expenses	-	-	-	(0.81)	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(58.00)</b>	<b>253.00</b>	<b>2277.25</b>	<b>378.44</b>	<b>(2,582.00)</b>	<b>(327.50)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from Issue of Share Capital and Application Money	-	-	-	-	51.65	6.55
Securities Premium on Share Allotment	-	-	-	-	2530.85	320.95
Proceeds / (Repayment) from/of Long-term Borrowings	-	-	-	-	-	-
Proceeds / (Repayment) from/of short-term Borrowings	-	-	-	-	-	-
Interest Expenses	-	-	-	-	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,582.50</b>	<b>327.50</b>



<b>(C)</b>						
<b>Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(28.14)</b>	<b>35.90</b>	<b>47.45</b>	<b>(5.42)</b>	<b>5.95</b>	<b>0.03</b>
Opening Balance of Cash and Cash Equivalents	87.69	51.79	4.34	9.76	3.81	3.78
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>59.55</b>	<b>87.69</b>	<b>51.79</b>	<b>4.34</b>	<b>9.76</b>	<b>3.81</b>

**Note:** Restated Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard 3.

**THE ISSUE****PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS**

<b>Equity Shares Offered:</b> Present Issue of Equity Shares by our Company	42,24,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 15 per share aggregating ₹ 633.60 lacs
<i>Of which:</i>	
<b>Issue Reserved for the Market Makers</b>	2,24,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 15 per share aggregating ₹ 33.60 lacs
<b>Net Issue to the Public</b>	40,00,000 Equity Shares of ₹10 each for cash at a price of ₹ 15 per share aggregating ₹ 600.00 lacs
<b>Equity Shares outstanding prior to the Issue</b>	1,15,58,400 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	1,57,82,400 Equity Shares
<b>Objects of the Issue</b>	Please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 61 of this Draft Prospectus

This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled “*Issue Related Information*” beginning on page 189 of this Draft Prospectus.

**GENERAL INFORMATION**

Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, Delhi. The Company's Corporate Identity Number is U74899DL1992PLC048028 and its Registered Office is situated at Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034.

For further details, please see chapter titled "*History and Certain Corporate Affairs*" beginning on page 109 of this Draft Prospectus.

**Brief Company and Issue Information**

<b>Registered Office</b>	Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034 <b>Tel No.:</b> +91-11-42351486 <b>Tele Fax No.:</b> +91-11-42351486 <b>Email:</b> info.franklinleasing@gmail.com <b>Website:</b> www.franklinleasing.in
<b>Date of Incorporation</b>	March 16, 1992
<b>Company Registration No.</b>	048028
<b>Company Identification No.</b>	U74899DL1992PLC048028
<b>Address of Registrar of Companies</b>	4 <sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019 Tel No.: +91 - 11 - 2623 5704 Fax No.: + 91 - 11 - 2623 5702
<b>Issue Programme</b>	Issue Opens on : [●] Issue Closes on : [●]
<b>Designated Stock Exchange</b>	SME Platform of BSE Limited
<b>Company Secretary &amp; Compliance Officer</b>	<b>Name: Ms. Shanu Jain</b> <b>Address:</b> Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034 <b>Tel No.:</b> +91-11-42351486 <b>Tele Fax No.:</b> +91-11-42351486 <b>Email:</b> info.franklinleasing@gmail.com

**Board of Directors of our Company**

The following table sets forth the Board of Directors of our Company:

<b>Name</b>	<b>Designation</b>	<b>DIN No.</b>
Pawan Dalmia	Chairman and Managing Director	01541707
Ramesh Dalmia	Non Executive Director	03257468
Pushpaben Kothari	Non Executive Independent Director	06556945
Shilpi Agrawal	Non Executive Independent Director	06933517



For further details pertaining to the educational qualification and experience of our Directors, please see the chapter titled “*Our Management*” beginning on page 112 of this Draft Prospectus.

*Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders. 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 applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA Applicants.*

## **Details of Key Intermediaries pertaining to this Issue and our Company**

### ***Lead Manager of the Issue***

#### **Aryaman Financial Services Limited**

60, Khatau Building, Ground Floor,  
Alkesh Dinesh Modi Marg,  
Opp. P.J. Tower (BSE Bldg.),  
Fort, Mumbai – 400 001  
Tel. No.: +91 – 22 – 2261 8264  
Fax No.: +91 – 22 – 2263 0434  
Website: [www.afsl.co.in](http://www.afsl.co.in)  
Email: [ipo@afsl.co.in](mailto:ipo@afsl.co.in)  
Investor Grievance Email: [feedback@afsl.co.in](mailto:feedback@afsl.co.in)  
Contact Person: Mr. Krish Sanghvi / Mr. Manoj Agarwal  
SEBI Registration No.: INM000011344

### ***Registrar to the Issue***

#### **Skyline Financial Services Private Limited**

D-153A, 1st Floor, Okhla Industrial Area  
Phase-I, New Delhi – 110020  
Tel No.: +91 – 11 – 64732681-88  
Fax No.: +91 – 11 – 26812682  
Contact Person: Mr. Virender Rana  
Email: [viren@skylinerta.com](mailto:viren@skylinerta.com); or [admin@skylinerta.com](mailto:admin@skylinerta.com)  
Website: [www.skylinerta.com](http://www.skylinerta.com)  
SEBI Registration No.: INE00003241

### ***Legal Advisor to the Issue***

#### **Kanga & Co., Advocates & Solicitors**

Readymoney Mansion, 43,  
Veer Nariman Road, Mumbai-400 001,  
Tel. No.: 91-22-66230000, 66332288  
Fax No.: 91-22-66339656, 66339657  
Email: [chetan.thakkar@kangacompany.com](mailto:chetan.thakkar@kangacompany.com)  
Contact Person: Mr. Chetan Thakkar



### ***Statutory Auditors of our Company***

#### **Anil Hariram Gupta & Co.**

D-14/51, Sector – 7, Rohini,  
1<sup>st</sup> Floor, New Delhi - 110085  
Tel No.: +91 – 33 - 22692090  
Telefax No.: +91 – 33 - 22692090  
Contact Person: Anil Gupta  
Email: anilgupta81@yahoo.com  
Contact Person: Mr. Anil Gupta

### ***Peer Review Auditors***

#### **M/s. V. N. Purohit & Co.**

214, New Delhi House, 27, Barakhamba Road, New Delhi - 110001  
Tel No.: +91 – 11 – 43596011 / 98102 63110  
Fax No.: +91 – 11 – 4359 6011  
Contact Person: Mr. O. P. Pareek  
Email: www.vnpaudit.com

### ***Bankers to our Company***

#### **Axis Bank**

D-12, Outer Ring Road, Prashant Vihar, Delhi- 110085  
Tel No.: +91 – 011-42581030  
Fax No.: +91 – 011-42581030  
Contact Person: Akhil Aggarwal  
Email: Akhil.Aggarwal@axisbank.com  
Website: www.axisbank.com

### ***Bankers to the Issue / Escrow Collection Banks***

[●] (to be appointed later)

### ***Refund Banker to the Issue***

[●] (to be appointed later)

### ***Self Certified Syndicate Banks***

The list of Banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Application Forms, please see the above mentioned SEBI link.

### ***Brokers to the Issue***

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

**Market Maker**

MSB E-Trade Securities Limited  
C-619, Ground Floor, Saraswati Vihar,  
Pitampura, New Delhi- 110034  
Tel. No.: +91-11- 47107777  
Fax No.: +91-11- 47107731  
Contact Person: Mr. Munish Bajaj  
Website: www.msbetrade.com  
Email: msbetrade@rediffmail.com

**Statement of Inter-se Allocation of Responsibilities**

Aryaman Financial Services Limited is the Sole Lead Manager to this issue, and hence is responsible for all the issue management related activities.

**Monitoring Agency**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below ₹ 50000 lacs. Since the Issue size is below ₹ 50000 lacs, our Company has not appointed a monitoring agency for this issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

**IPO Grading**

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

**Trustees**

This being an Issue of Equity Shares, the appointment of trustees is not required.

**Details of the Appraising Authority**

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

**Credit Rating**

This being an Issue of Equity Shares, no credit rating is required.

**Expert Opinion**

Except the reports of the Peer Review Auditor of our Company on the Restated Financial Statements and on the Statement of Tax Benefits included in this Draft Prospectus, our Company has not obtained any other expert opinion.

## Underwriting

This Issue is 100% Underwritten. The Underwriting agreement is dated February 13, 2015. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of Shares Underwritten	Amount Underwritten (₹ in lacs)	% of the Total Issue Size Underwritten
<b>Aryaman Financial Services Ltd.</b> 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 Tel. No.: +91 – 22 – 2261 8264 Fax No.: +91 – 22 – 2263 0434 Email: ipo@afsl.co.in	40,00,000	600.00	94.70%
<b>MSB E-Trade Securities Limited</b> C-619, Ground Floor, Saraswati Vihar, Pitampura, New Delhi- 110034 Tel. No.: +91-11- 47107777 Fax No.: +91-11- 47107731 Website: www.msbetrade.com Email: msbetrade@rediffmail.com	2,24,000	33.60	5.30%
<b>Total</b>	<b>42,24,000</b>	<b>633.60</b>	<b>100.00%</b>

As per Regulation 106 P (2) of SEBI (ICDR) Regulations, 2009, the LM has agreed to underwrite to a minimum extent of 15% of the Issue out of its own account.

In the opinion of the Board of Directors (based on certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

### Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager, Aryaman Financial Services Limited have entered into an agreement dated February 13, 2015 with MSB E-Trade Securities Limited, a Market Maker registered with the SME Platform of BSE in order to fulfill the obligations of Market Making.

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

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

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. The Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and BSE SME Platform from time to time.
4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
5. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
6. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
7. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
9. The Market Maker shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

In case of termination of the above mentioned Market Making Agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particular point of time.

The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

10. **Risk containment measures and monitoring for Market Maker:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.

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

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

12. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 25000 lacs, the applicable price bands for the first day shall be:
- In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

The following spread will be applicable on the BSE SME Exchange/ Platform:

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

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

## CAPITAL STRUCTURE

The share capital of the Company as at the date of this Draft Prospectus is set forth below:

(₹ in Lacs, except share data)

Sr. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorised Share Capital</b>		
	1,60,00,000 Equity Shares of face value of ₹ 10 each	1600.00	
<b>B</b>	<b>Issued, Subscribed and Paid-up Share Capital before the Issue</b>		
	1,15,58,400 Equity Shares of face value of ₹ 10 each	1155.84	
<b>C</b>	<b>Present Issue in terms of this Draft Prospectus*</b>		
	Issue of 42,24,000 Equity Shares of ₹ 10 each at a price of ₹ 15 per Equity Share	422.40	633.60
	<i>Which comprises:</i>		
	2,24,000 Equity Shares of ₹ 10 each at a price of ₹ 15 per Equity Share reserved as Market Maker Portion	22.40	33.60
	Net Issue to Public of 40,00,000 Equity Shares of ₹ 10 each at a price of ₹ 15 per Equity Share to the Public	400.00	600.00
	<i>Of which:</i>		
	20,00,000 Equity Shares of ₹ 10 each at a price of ₹ 15 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lacs	200.00	300.00
	20,00,000 Equity Shares of ₹ 10 each at a price of ₹ 15 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lacs	200.00	300.00
<b>D</b>	<b>Equity Share Capital after the Issue</b>		
	1,57,82,400 Equity Shares of ₹ 10 each	1578.24	
<b>E</b>	<b>Securities Premium Account</b>		
	Before the Issue	2851.80	
	After the Issue	3063.00	

*\*The Present Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on December 15, 2014 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held on January 10, 2015 in accordance with the provisions of Section 62 (1)(c) of the Companies Act, 2013.*

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

### Classes of Shares

As on date, the Company has only one class of share capital i.e. Equity Shares of ₹ 10 each.

### Changes in Authorized Share Capital

Date of Change/Meeting	Existing Capital		Additional Capital		Total Capital		Remarks	Authorized Share Capital (₹)
	No. of Shares	₹ / Share	No. of Shares	₹ / Share	No. of Shares	₹ / Share		
On Incorporation	-	-	10,000	100	10,000	100	Incorporation	10,00,000
December 18, 1999	10,000	100	15,000	100	25,000	100	Increase	2,500,000
March 30, 2011	25,000	100	45,000	100	70,000	100	Increase	7,000,000
March 31, 2011	70,000	100	2,250	100	72,250	100	Increase	7,225,000
January 10, 2015	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each				7,22,500	10	Sub-Division	7,225,000
January 10, 2015	7,22,500	10	1,52,77,500	10	1,60,00,000	10	Increase	16,00,00,000

### Notes to the Capital Structure

#### 1. Share Capital History of our Company:

##### a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. The following is the Equity Share Capital Build-up of our Company:

Date of Allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature / Reason of Allotment	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
March 16, 1992	40	100	100	Subscription to MoA	Cash	40	4,000	Nil
April 07, 1992	5,000	100	100	Further Allotment	Cash	5,040	504,000	Nil
July 15, 1992	2,035	100	100	Further Allotment	Cash	7,075	707,500	Nil
December 10, 1992	20	100	100	Further Allotment	Cash	7,095	709,500	Nil
October 13, 1993	100	100	100	Further Allotment	Cash	7,195	719,500	Nil
March 31, 1996	160	100	100	Further Allotment	Cash	7,355	735,500	Nil
March 25, 1997	10	100	100	Further Allotment	Cash	7,365	736,500	Nil
January 01, 1998	25	100	100	Further Allotment	Cash	7,390	739,000	Nil



January 05, 2000	11,000	100	100	Further Allotment	Cash	18,390	1,839,000	Nil	
August 14, 2002	(4350)	100	130	Buy-Back*	Cash	14,040	1,404,000	Nil	
March 31, 2010	6,550	100	5,000	Further Allotment	Cash	20,590	2,059,000	32,095,000	
March 31, 2011	51,650	100	5,000	Further Allotment	Cash	72,240	7,224,000	285,180,000	
January 10, 2015	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each						722,400	7,224,000	285,180,000
January 12, 2015	1,08,36,000	10	-	Bonus Allotment #	Non-Cash	1,15,58,400	11,55,84,000	285,180,000	

\* Premium paid in case of a Buy-Back of shares of ₹130,500 is deducted from Free Reserve of the Company.

# Pursuant to the approval in EGM held on January 10, 2015 our Company has issued 1,08,36,000 Bonus Shares in the ratio of 15:1 i.e. 15 equity shares for every 1 equity share held to the shareholders, by way of capitalization of Securities Premium.

b) Shares allotted for consideration other than cash.

Date of Allotment	No. of Equity Shares	Face Value (₹)	Nature of Allotment	Allotted Person	Benefits Accrued to the Company
January 12, 2015	1,08,36,000	10	Bonus Issue in the ratio 15:1	Shareholders of the Company as on date	Nil

c) No shares have been allotted in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956.

d) No bonus shares have been issued out of Revaluation Reserves.

e) Our Company has not allotted Equity Shares during preceding one year from the date of this Draft Prospectus which may be lower than the Issue price except the following

Date of Allotment	Name of the Allottee	Number of Shares	Issue Price (₹)	Reasons	Promoter / Promoter Group
January 12, 2015	All Shareholders of the Company as on date	1,08,36,000*	-	Bonus Allotment	Yes

\* Bonus Shares issued on shares with F.V. ₹10/- per share.

f) **Shareholding of our Promoters**

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



Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
<b>Confident Financial Advisory Pvt. Ltd.*</b>								
October 04, 2013	Transfer*	Cash	26,110	100	4050	26,110	2.26%	1.65%
January 10, 2015	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each					2,61,100	2.26%	1.65%
January 12, 2015	Allotment of Bonus	Non-Cash	39,16,500	10	-	41,77,600	36.14%	26.47%
<b>Pawan Dalmia</b>								
October 04, 2013	Transfer**	Cash	500	100	4050	500	0.04%	0.03%
January 10, 2015	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each					5,000	0.04%	0.03%
January 12, 2015	Allotment of Bonus	Non-Cash	75,000	10	-	80,000	0.69%	0.51%

\* CFAPL has acquired via transfer 4920 shares from Sungold Merchandise Pvt. Ltd., 4000 shares from Subhlabh Investment Consultants Pvt. Ltd., 2120 shares from Neptune Financial Advisory Pvt. Ltd., 2930 shares from Novelty Dealer Pvt. Ltd. And 12140 shares from Excellent Financial Management Pvt. Ltd.

\*\* Pawan Dalmia has acquired via transfer 500 shares from Dhurmal Agarwala .

**Notes:**

- None of the shares belonging to our promoters have been pledged till date.
- All the promoters' shares shall be subject to lock-in from the date of allotment of the equity shares issued through this Draft Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of "Capital Structure" beginning on page 49 of this Draft Prospectus.

- g) Except for Mr. Pawan Dalmia who holds 80,000 shares, none of the Directors of our promoter hold any Equity Shares of our Company.
- h) There are no transactions in our Equity Shares during the past six months, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in Promoter Group (as defined under sub-clause (ii) of (zb) sub regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of the Company except as mentioned above:
- i) None of the members of the Promoter Group, Directors and their immediate relatives have financed the purchase of Equity shares of our Company, by any other person during the period of six months immediately preceding the date of this Draft Prospectus.

**2. Promoters' Contribution and other Lock-In details:**

- a) *Details of Promoters' Contribution locked-in for 3 years*

Pursuant to the Regulation 32(1) and 36(a) of the SEBI (ICDR) Regulations, an aggregate of 20% of the Post-Issue Equity Share Capital held by our Promoters shall be considered as promoters' contribution ("**Promoters' Contribution**") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

The details of the Promoters Equity Shares proposed to be locked-in for a period of three years are as follows:

<b>Name of Promoter</b>	<b>No. of Shares locked in*</b>	<b>As a % of Post Issue Share Capital</b>
Confident Financial Advisory Pvt. Ltd.	31,72,300	20.10%
<b>Total</b>	<b>31,72,300</b>	<b>20.10%</b>

\* For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired, please see Note 1(f) under "Notes to Capital Structure" on page 49 of this Draft Prospectus.

# The shares allotted as bonus shares are issued out of Securities Premium and are eligible for minimum promoter contribution as required under Regulation 33 (1) (a) of SEBI (ICDR) Regulations, 2009.

We confirm that the minimum Promoter contribution of 20% as shown above which is subject to lock-in for three years does not consist of:

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

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

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

- a) have not been subject to pledge or any other form of encumbrance; or
- b) have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;
- c) is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters' Contribution;

- d) have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Prospectus at a price lower than the Issue Price.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as applicable.

**We further confirm that our Promoters' Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.**

*b) Details of Shares locked-in for one year:*

- Pursuant to Regulation 37 of the SEBI (ICDR) Regulations, in addition to the Promoters' Contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of Allotment in this Issue.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst our Promoters/ Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters, which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

**3. Pre-Issue and Post Issue Shareholding of our Promoters and Promoters' Group**

Set forth is the shareholding of our Promoters and Promoters' Group before and after the proposed issue:

Category of Promoters	Pre Issue		Post Issue	
	No. of Shares	%	No. of Shares	%
<b>1. Promoter</b>				
Confident Financial Advisory Pvt. Ltd.	41,77,600	36.14	41,77,600	26.47
Pawan Dalmia	80,000	0.69	80,000	0.51
<b>2. A subsidiary or holding company of that company</b>	--	--	--	--



Category of Promoters	Pre Issue		Post Issue	
	No. of Shares	%	No. of Shares	%
3. Any company in which the Corporate Promoter holds 10% or more of the total shareholding or which holds 10% or more of the total shareholding of the Core Corporate Promoter	--	--	--	--
4. Any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company, also hold 20% or more of the equity capital of the issuer company	--	--	--	--
5. Other Persons, Firms or Companies which do not form a part of any of the above relationship criteria's but form a part of Promoter Group.				
<b>Total Promoter &amp; Promoter Group Holding</b>	<b>42,57,600</b>	<b>36.83</b>	<b>42,57,600</b>	<b>26.98</b>
<b>Total Paid up Capital</b>	<b>1,15,58,400</b>	<b>100.00</b>	<b>1,57,82,400</b>	<b>100.00</b>

**4. The top ten shareholders of our Company and their Shareholding is as set forth below:**

a. The top ten Shareholders of our Company as on the date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1.	Confident Financial Advisory Pvt. Ltd.	41,77,600	36.14%
2.	Vistaar Infra Property Pvt. Ltd.	27,04,000	23.39%
3.	Kaksh Impex Pvt.Ltd.	24,09,600	20.85%
4.	Surakshit Merchants Pvt. Ltd.	21,66,400	18.74%
5.	Pawan Dalmia	80,000	0.69%
6.	Myra Apparels Pvt. Ltd.	16,000	0.14%
7.	Century Buildpro Pvt. Ltd.	4,800	0.04%
8.	-	-	-
9.	-	-	-
10.	-	-	-
	<b>Total</b>	<b>1,15,58,400</b>	<b>100.00%</b>

*Note: Our Company has 7 shareholders as on date of this Draft Prospectus.*



b. The top ten Shareholders of our Company ten days prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1.	Confident Financial Advisory Pvt. Ltd.	41,77,600	36.14%
2.	Vistaar Infra Property Pvt. Ltd.	27,04,000	23.39%
3.	Kaksh Impex Pvt.Ltd.	24,09,600	20.85%
4.	Surakshit Merchants Pvt. Ltd.	21,66,400	18.74%
5.	Pawan Dalmia	80,000	0.69%
6.	Myra Apparels Pvt. Ltd.	16,000	0.14%
7.	Century Buildpro Pvt. Ltd.	4,800	0.04%
8.	-	-	-
9.	-	-	-
10.	-	-	-
<b>Total</b>		<b>1,15,58,400</b>	<b>100.00%</b>

Note: Our Company has 7 shareholders as on date of this Draft Prospectus.

c. The top ten Shareholders of our Company two years prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares Pre-Issue Share Capital
1.	Goodview Agro Suppliers Pvt. Ltd.	17,030	0.10
2.	Dhanlabh Technosolutions Advisors Pvt. Ltd.	15,060	0.09
3.	Guide Systems Consultants Pvt. Ltd.	12,140	0.07
4.	Purushotam Agarwal	8,975	0.05
5.	Dhurmala Agarwala	5,065	0.03
6.	Chandra Ghanta Advisory Pvt. Ltd.	3,920	0.02
7.	Chamundaji Merchandise Pvt. Ltd.	2,930	0.02
8.	Chamundaji Dealers Pvt. Ltd.	2,700	0.02
9.	Lynx Technicians & Advsiors Pvt. Ltd.	1,490	0.01
10.*	Chandra Ghanta Merchants Pvt. Ltd.	1,000	0.01
10.*	Dhanvarsha Vanijya Pvt Ltd	1,000	0.01
<b>Total</b>		<b>71,310</b>	<b>0.43</b>

\* On Sr.No.10, there are 2 shareholders holding 1,000 Shares Each.

5. Neither the Company, nor its Promoters, Directors and the Lead Manager have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
6. None of our Directors or Key Managerial Personnel holds Equity Shares in the Company, except as stated in the Chapter titled “Our Management” on page 112 of this Draft Prospectus.
7. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in “Issue Procedure - Basis of Allotment” on page 196 of this Draft Prospectus.

8. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
9. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
10. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines
11. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
12. As on date of filing of this Draft Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
13. On the date of filing of this Draft Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
14. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
15. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of filing of this Draft Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
16. Except as disclosed in this Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.
17. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Prospectus.
18. As on date of filing this Draft Prospectus, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP's till date.
19. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.

20. The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.
21. Our Company has seven (07) shareholders, as on the date of this Draft Prospectus.
22. Our Company has not revalued its assets since incorporation.
23. Our Company has not made any public issue or rights issue since its incorporation.
24. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

## 25. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of filing of this Draft Prospectus:

Category code	Category of Shareholder	(Pre-Issue)			Number of shares held in dematerialized form	(Post-Issue)			Shares Pledged or otherwise Encumbered	
		No. of Shareholders	No. of Shares	%		No. of Shareholders	No. of Shares	%	No. of Shares	As a %
(A)	<b>Shareholding of Promoter and Promoter Group</b>									
1	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	1	80,000	0.69		80,000	0.51	-	-	
(b)	Bodies Corporate	1	41,77,600	36.14		41,77,600	26.47	-	-	
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	
(e)	Any Others(Specify)	-	-	-	-	-	-	-	-	
(e-i)	Trust	-	-	-	-	-	-	-	-	
	<b>Sub Total(A)(1)</b>	<b>2</b>	<b>42,57,600</b>	<b>36.84</b>		<b>42,57,600</b>	<b>26.98</b>			
2	<b>Foreign</b>									



Category code	Category of Shareholder	(Pre-Issue)			Number of shares held in dematerialized form	(Post-Issue)			Shares Pledged or otherwise Encumbered	
		No. of Shareholders	No. of Shares	%		No. of Shareholders	No. of Shares	%	No. of Shares	As a %
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Any Other, Specify	-	-	-	-	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>		<b>2</b>	<b>42,57,600</b>	<b>36.84</b>			<b>42,57,600</b>	<b>26.98</b>		
<b>(B)</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(c)	Insurance Companies	-	-	-	-	-	-	-	-	-
(d)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	5	73,00,800	63.16	-	5	73,00,800	46.26	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
I	Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
II	Individual shareholders									

Category code	Category of Shareholder	(Pre-Issue)			Number of shares held in dematerialized form	(Post-Issue)			Shares Pledged or otherwise Encumbered	
		No. of Shareholders	No. of Shares	%		No. of Shareholders	No. of Shares	%	No. of Shares	As a %
	holding nominal share capital in excess of ₹ 1 lakh									
(c)	<b>Any Other (specify)</b>	-	-	-	-	-	-	-	-	-
(d)	PUBLIC ISSUE	-	-	-	-	[•]	42,24,000	26.76	-	-
	<b>Sub-Total (B)(2)</b>	5	73,00,800	63.16	-	[•]	1,15,24,800	73.02	-	-
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	5	73,00,800	63.16	-	[•]	1,15,24,800	73.02	-	-
	<b>TOTAL (A)+(B)</b>	7	1,15,58,400	100	-	[•]	1,57,82,400	100	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	7	1,15,58,400	100	-	[•]	1,57,82,400	100	-	-

## SECTION IV- PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Object of the Issue is to raise funds for:

- To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities and
- To meet Issue related Expenses.

Further, we expect to receive the benefits of listing on the SME Platform of BSE Ltd.

### Issue Proceeds & Net Proceeds

The details of the proceeds of the Issue are set forth in the table below:

Particulars	Amount (₹in Lacs)
Gross Proceeds from the Issue	633.60
Issue related Expenses	45.00
<b>Net Proceeds from the Issue</b>	<b>588.60</b>

### Fund Requirements

The net proceeds of the issue are to be utilized as shown below:

Sr. No.	Particulars	Amount (₹in Lacs)
1	To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	588.60
<b>TOTAL</b>		<b>588.60</b>

### Means of Finance

The entire fund requirements are to be financed from the IPO Proceeds, and there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Issue.

The fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Issue Proceeds.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be

used for future growth opportunities including funding existing objects, if required and general corporate purposes.

In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of Unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

For further details on the risks involved in our expansion plans and executing our business strategies, please see the section titled “Risk Factors” beginning on page 13 of this Draft Prospectus.

## DETAILS OF THE FUND REQUIREMENTS

### 1. To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities.

We are a RBI Registered NBFC involved in the business of equity and debt investments, trading in securities and providing unsecured financing to individuals and small businesses. As on September 30, 2014, our outstanding loan book stood at ₹ 2346.48 lacs. We propose to augment our capital base by ₹ 588.60 lacs through this Issue and utilize the funds raised from the same to further increase our operational scale of our NBFC activities and assets.

Following activities are proposed to be carried out from the increased fund infusion:

		(₹ in Lacs)
Sr. No.	Particulars	Amount
a.	Granting of loans included in our Product Portfolio. (For details regarding the type of loans we would be giving, please see the chapter titled “Business Overview” beginning on page 87 of this Draft Prospectus)	588.60
	<b>Total</b>	<b>588.60</b>

## Issue related Expenses

The total estimated Issue Expenses are ₹ 45.00 lacs, which is 7.10% of the Issue Size. The details of the Issue Expenses are tabulated below:

Sr. No.	Particulars	Amount (₹ in lacs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	25.00
2	Printing & Stationery, Distribution, Postage, etc.	4.00
3	Advertisement and Marketing Expenses	4.00
4	Regulatory and other Expenses	12.00
	<b>Total</b>	<b>45.00</b>

## Year wise Deployment of Funds / Schedule of Implementation

The entire Issue Proceeds are to be deployed in the FY 2015 – 16 itself.

**Appraisal**

The fund requirements and deployment detailed above as not been appraised by any bank or financial institution and is based on our internal management estimates.

**Monitoring of Utilization of Funds**

As the net proceeds of the Issue will be less than ₹ 50,000 lacs, under the SEBI Regulations, it is not mandatory for us to appoint a monitoring agency.

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

**Interim Use of Funds**

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we may invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by our Board from time to time and at the prevailing commercial rates at the time of investment. No part of the Issue proceeds will be paid to our Promoters, Directors, Key Managerial Personnel.

## BASIC TERMS OF ISSUE

### Terms of the Issue

The Equity Shares, now being offered, are subject to the terms and conditions of this Prospectus, the Application form, the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, BSE, RBI, RoC and / or other authorities as in force on the date of the Issue and to the extent applicable.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

### Authority for the Issue:

Our Board of Directors have vide resolution dated December 15, 2014 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62 (1) (c) of the Companies Act, 2013.

The shareholders have authorized the Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held on January 10, 2015 in accordance with the provisions of Section 62 (1) (c) of the Companies Act, 2013.

### Other Details

<b>Face Value</b>	The Equity Shares having a face value of ₹ 10 each are being offered in terms of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.
<b>Issue Price</b>	The Equity Shares pursuant to this Draft Prospectus are being offered at a price of ₹ 15 each.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 8,000 (Eight Thousand) and in multiples of 8,000 thereafter; subject to a minimum allotment of 8,000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	<p>Applications should be for a minimum of 8,000 equity shares and 8,000 equity shares thereafter. The entire price of the equity shares of ₹ 15 per share (₹ 10 face value + ₹ 5 premium) is payable on application.</p> <p>In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.</p>
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari-passu</i> in all respects including dividends with the existing Equity Shares of the Company. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.



### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

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

## BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10 and Issue Price is ₹ 15 per Equity Shares and is 0.5 times of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Business Overview” beginning on pages 13, 136 and 87 respectively, of this Draft Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### Qualitative Factors

We believe that the following strengths help differentiate us from our competitors and enable us to compete successfully in our industry:

- ✓ Well Qualified and Experienced Promoters
- ✓ Internal Control and Risk Management
- ✓ Long Standing Track – Record and Established relationships.

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see “Business Overview – Our Strengths” on page 87 of this Draft Prospectus.

### Quantitative Factors

Information presented in this chapter is derived from our unconsolidated and consolidated restated financial statements prepared in accordance with Indian GAAP.

#### 1) Earnings per Share (EPS)

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2014	0.06	0.06	3
March 31, 2013	0.04	0.04	2
March 31, 2012	0.00	0.00	1
Weighted Average	0.04	0.04	

*The Face Value of the Equity Shares for the year March 31, 2013, 2012, 2011 and 2010 was ₹ 100/-. However, for comparison purposes, the same has been considered as face value of ₹ 10/- per Equity Share and No. of Shares accordingly adjusted.*

**Basic and Diluted EPS for the six months period ended September 30, 2014 was ₹ 0.36.**

Notes:

- a. Basic EPS has been calculated as per the following formula:  
(Net profit/ (loss) as restated, attributable to Equity Shareholders)/ (Weighted average number of Equity Shares outstanding during the year/period)
- b. Diluted EPS has been calculated as per the following formula:  
(Net profit/ (loss) as restated, attributable to Equity Shareholders) / (Diluted weighted average number of Equity Shares outstanding during the year/period)
- c. Earnings per share calculations are in accordance with Accounting Standard 20 “Earnings per Share” prescribed by the Companies (Accounting Standard) Rules, 2006
- d. The face value of each Equity Share is ₹ 10.

## 2) Price Earnings Ratio (P/E) in relation to the Issue price of ₹ 15 per share of ₹ 10 each

Particulars	P/E Ratios
P/E ratio based on basic and diluted EPS for Fiscal 2014 at the Issue Price	250.00
P/E ratio based on Weighted Average EPS for Fiscal 2014 at the Issue Price	375.00
Industry P/E*	
Highest – Bajaj Finserv	270.2
Lowest – Williamson Fin.	0.7
Industry P/E	20.2

\*Source: Capital Market, Vol XXIX/23 Jan 05 - 18, 2015; Segment – Finance & Investments.

## 3) Return on Networth (RoNW)

Year ended March 31	RoNW (%)	Weight
2014	0.36%	3
2013	0.23%	2
2012	0.01%	1
Weighted Average	0.26%	

**RoNW for the six months period ended September 30, 2014 was 2.09%.**

Note: Return on Net worth has been calculated as per the following formula:

Net profit/loss after tax, as restated / Net worth excluding preference share capital and revaluation reserve

## 4) Minimum Return on Net Worth after Issue needed to maintain the Pre-Issue Basic and Diluted EPS for the year ended March 31, 2014 (based on Restated Financials) at the Issue Price of ₹ 15 is 1.57%.

## 5) Net Asset Value (NAV)

Particulars	NAV (in ₹)
NAV as at September 30, 2014*	414.45
NAV as at March 31, 2014	406.03
Issue Price	15.00
NAV after the Issue	22.99

\* As on September 30, 2014, the company's shares had a face value of ₹ 100/- per share. However, subsequently, the company's shares have been split and the face value is now ₹ 10/- per share. Further, the company has issued bonus shares in the ratio of 23 shares for 1 share, and hence this pre-issue NAV should be read as ₹ 17.26/- per share after adjusting for these post fact events

Note: Net Asset Value has been calculated as per the following formula: Net worth excluding preference share capital and revaluation reserve / Weighted average number of Equity shares outstanding during the year/ period.

## 6) Comparison with Industry peers

Particulars	F.Y. 2013-2014					Source
	Face Value (₹)	Basic EPS (₹)*	P/E Ratio*	RON W (%)*	NAV * (₹)	
BCB Finance Ltd.	10	0.37	68.38 (2)	2.06%	17.81	Respective Company's Annual Reports
Stellar Capital Services Ltd.	10	0.01	805.00 (2)	0.04%	22.21	
Dhanuka Commercial Ltd.	10	0.13	142.86 (1)	1.11%	11.85	
Nalwa Sons Investments Ltd.	10	33.74	17.98 (2)	5.05%	668.55	
Edelweiss Financial Services Ltd.	1	2.86	10.02 (2)	8.07%	35.49	

\* Trailing Twelve Months (TTM)

(1) P/E Ratio has been taken from Draft Prospectus of Company

(2) Closing price of the Stock as on March 31, 2014 or the preceding day when the Stock was traded has been taken for calculation purpose.

7) The Company in consultation with the Lead Manager believes that the issue price of ₹ 15 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Financial Statements included in this Draft Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Issue Price is 0.5 times of the face value i.e. ₹ 15 per share.



## STATEMENT OF TAX BENEFITS

To  
The Board of Directors  
**Franklin Leasing And Finance Limited**  
Unit/Shop No.205,Second Floor, Aggarwal City Mall,  
Road No.-44,Pitampura , Delhi – 110034

Dear Sirs,

### Statement of Possible Tax Benefits available to “Franklin Leasing And Finance Limited” and its shareholders

We hereby report that the enclosed statement provides the possible tax benefits available to **Franklin Leasing And Finance Limited** (*‘the Company’*) under the Income-tax Act, 1961, presently in force in India and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

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

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

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

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

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

**For Anil Hariram Gupta & Co.**  
**Firm Regn. No.327781E**  
**Chartered Accountants**

**Anil Gupta**  
**Partner**  
**Membership No. 066306**  
**New Delhi, the 05<sup>th</sup> day of January, 2015**

**General Tax Benefits to the Company under Income Tax Act, 1961**

- 1) Dividends earned are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.
- 2) The Company will be entitled to amortise certain preliminary expenditure, specified under section 35D(2) of the I.T. Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive Assessment Years beginning with the Assessment Year in which the business commences.
- 3) Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Income-tax Act, 1961 (herein after referred to as 'the Act') in accordance with and subject to the conditions and limits as may be specified in notifications.
- 4) In accordance with section 32 of the Act, the company is entitled to claim on specified tangible assets (being Buildings, Plant & Machinery, Vehicles, Furniture & fittings and computers) and Intangible assets (being Patent, Trademarks, Knowhow, Copyrights, Licenses, Franchises or any other business or commercial rights of similar nature) owned by it and used for the purpose of its business.
- 5) The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.
- 6) In case of Loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward for set-off -against business income of the next eight Assessment Years.
- 7) The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.
- 8) If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
- 9) Income earned from investment in units of a specified Mutual Fund is exempt from tax under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.
- 10) Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/redeems the original units within nine months of the record date, then the loss arising from sale/redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.

- 11) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
  - a) 20 per cent (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost or
  - b) 10 per cent (plus applicable surcharge and education cess) of the capital gains as computed without indexation.
- 12) In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. And if the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to Securities Transaction Tax, then the tax will be chargeable at the rate of 30% (plus applicable surcharge and education cess) as applicable.
- 13) Under section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.
- 14) Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible expenditure.

### ***Section 115-O***

Tax rate on distributed profits of domestic companies (Dividend Distribution Tax) is 15%, the surcharge on Income tax is at 5%, and the Education Cess 2% and Higher Education Cess is at 1%.

### ***Tax Rates***

The tax rate is 30%. The surcharge on Income tax is 5%, only if the total income exceeds ₹ 100 Lacs. Education Cess 2% and Higher Education Cess is at 1%.

### **Under Central Excise and Customs Act**

The Company will be entitled to claim excise refund for duty paid on capital good purchased under the duty drawback scheme of DGFT subject to fulfilment of export obligations in eight years.

### **General Tax Benefits to the Shareholders of the Company**

#### **(I) Under the Income-tax Act, 1961**

##### ***A) Residents***

- 1) Dividends earned on shares of the Company are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

- 2) Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
- 3) Long term capital gain arising on sale of shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.
- 4) Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income (i.e. dividend/exempt long-term capital gains) is not tax deductible expenditure.
- 5) Under section 36(1)(xv) of the Act, Securities Transaction Tax paid by a Shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction 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”.
- 6) As per the provision of Section 71(3), if there is a Loss under the head “Capital Gains”, it cannot be set-off against the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short Term and Long Term Capital Gain. But Long Term Capital Loss cannot be set-off against Short Term Capital Gain. The unabsorbed Short Term Capital Loss can be carried forward for next Eight Assessment Years and can be set off against any Capital Gains in subsequent years. The Unabsorbed Long Term Capital Loss can be carried forward for next eight Assessment Years and can be set off only against Long Term Capital Gains in subsequent years.
- 7) Taxable Long Term Capital Gains would arise [if not exempt under section 10(38) or any other section of the Act] to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of Section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:
  - a) Cost of acquisition/improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and
  - b) Expenditure incurred wholly and exclusively in connection with the transfer of shares
- 8) Under Section 112 of the Act, Taxable Long-Term Capital Gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and education cess), without indexation, at the option of the shareholder.
- 9) Short Term Capital Gains on the transfer of equity shares, where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess) applicable to the resident investor. Cost indexation benefits would not be available in computing tax on Short Term Capital Gain.
- 10) Under section 54EC of the Act, Long Term Capital Gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of ₹ 50 Lacs) for a minimum period of three years.

- 11) In accordance with section 54F, Long-Term Capital Gains arising on the transfer of the shares of the Company held by an individual and Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from Capital Gains Tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.
- 12) If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.
- 13) If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.
- 14) If an individual or HUF receives any property, from any person other than specified relative which includes shares, without consideration, the aggregate fair market value of which exceeds Rs 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding Rs 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient

#### ***B) Non-Residents***

- 1) Dividends earned on shares of the Company are exempt in accordance with and subject to the provisions of section 10(34) read with Section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt
- 2) Long Term Capital Gain arising on sale of Company’s shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October, 1 2004 on a recognized Stock Exchange and the transaction is chargeable to Securities Transaction Tax.
- 3) In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.

- 4) As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever in India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant Country for Avoidance of Double Taxation of Income.
- 5) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be at the rate of 10% (plus applicable surcharge and education cess). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.
- 6) In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess as applicable.
- 7) Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of Rs 50 lacs) for a minimum period of three years.
- 8) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and Hindu undivided family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
  - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.
- 9) If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.
- 10) If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

### ***C) Non-Resident Indians***

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as under:

- 1) In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus education cess). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C (f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus education cess).
- 2) In accordance with section 115F, subject to the conditions and to the extent specified herein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset.
- 3) In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.
- 4) In accordance with Section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any Assessment Year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.
- 5) As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant Country for avoidance of double taxation of income.
- 6) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
- 7) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.
- 8) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess.
- 9) Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lacs) for a minimum period of three years.
- 10) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one

year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

- 11) If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.
- 12) If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

#### ***D) Foreign Institutional Investors (FIIs)***

- 1) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
- 2) In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if Securities Transaction Tax is not payable on the transfer of the shares and at 15% (plus applicable surcharge and education cess) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the rate of 30% plus applicable surcharge and education cess, as applicable.

In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

- 3) As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant Country for avoidance of double taxation of income.
- 4) Under section 196D (2) of the Income-tax Act, 1961, no deduction of Tax at Source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
- 5) Under section 54EC of the Act, Long Term Capital Gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is

invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lacs) for a minimum period of three years.

***E) Persons carrying on business or profession in shares and securities.***

Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction 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”.

A non resident taxpayer has an option to be governed by the provisions of the Income-tax Act, 1961 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 (section 90(2) of the Income tax Act, 1961).

***F) Mutual Funds***

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

***G) Venture Capital Companies/Funds***

In terms of section 10(23FB) of the I.T. Act, income of:-

Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking, is exempt from income tax, Exemption available under the Act is subject to investment in domestic Company whose shares are not listed and which is engaged in certain ‘specified’ business/industry.

**(II) Under the Wealth Tax and Gift Tax Acts**

- 1) “Asset” as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a Company and hence, these are not liable to wealth tax.
- 2) Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Any gift of shares of the Company is not liable to gift-tax. However, in the hands of the Donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-tax Act, 1961.

**Notes:**

- 1) The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- 2) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

- 3) The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2014-15. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
- 4) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for Professional advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- 5) In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the Country in which the non-resident has fiscal domicile.
- 6) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**For Anil Hariram Gupta & Co.**  
**Firm Regn. No.327781E**  
**Chartered Accountants**

**Anil Gupta**  
**Partner**  
**Membership No. 066306**

**New Delhi, the 05<sup>th</sup> day of January, 2015**

## SECTION V: ABOUT THE ISSUER COMPANY

### INDUSTRY OVERVIEW

*The information in this chapter has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this chapter, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.*

### OVERVIEW OF THE GLOBAL AND INDIAN ECONOMY

#### Global Economy Scenario

Global economy is estimated to grow at 3.4 per cent in 2014 and 4.0 per cent in 2015. In 2013, global economic growth stood at 3.2 per cent. The growth in advanced economies is expected to stand at 1.8 per cent in 2014 and 2.4 per cent in 2015. Growth rate projections for emerging markets and developing economies for 2014 and 2015 stood at 4.6 per cent and 5.2 per cent, respectively. The projection for real GDP growth in India is 5.4 per cent in 2014 and 6.4 per cent in 2015.

Global economy experienced divergent growth across countries during the second quarter of 2014. GDP growth in United States rebounded strongly in the second quarter of 2014, after witnessing steep contraction in the first quarter of 2014, while UK economy continued to grow at same pace as in previous quarter. On the contrary, Japanese economy observed a steep contraction in Q2 2014, due to reduced consumer spending after the sales tax hike in April 2014. An overview of the World Economic Outlook Projections is disclosed below -

Nations / Regions	Year over Year						Q4 over Q4		
			Projections		Difference from April 2014 WEO Projections <sup>2</sup>		Estimates	Projections	
	2012	2013	2014	2015	2014	2015	2013	2014	2015
World Output	3.5	3.2	3.4	4.0	-0.3	0.0	3.6	3.3	3.8
Advanced Economies	1.4	1.3	1.8	2.4	-0.4	0.1	2.0	1.8	2.4
United States	2.8	1.9	1.7	3.0	-1.1	0.1	0.5	1.4	1.6
Euro Area	-0.7	-0.4	1.1	1.5	0.0	0.1	0.5	1.4	1.6
Germany	0.9	0.5	1.9	1.7	0.2	0.1	1.4	1.8	1.8
France	0.3	0.3	0.7	1.4	-0.3	-0.1	0.8	1.0	1.6
Italy	-2.4	-1.9	0.3	1.1	-0.3	0.0	-0.9	0.8	1.2
Spain	-1.6	-1.2	1.2	1.6	0.3	0.6	-0.2	1.7	1.5
Japan	1.4	1.5	1.6	1.1	0.3	0.1	2.4	1.4	0.6
United Kingdom	0.3	1.7	3.2	2.7	0.4	0.2	2.7	3.4	2.2
Canada	1.7	2.0	2.2	2.4	-0.1	0.0	2.7	2.0	2.4
Other Advanced Economies	2.0	2.3	3.0	3.2	0.0	0.0	2.8	2.7	3.7
Emerging Market and Developing Economies	5.1	4.7	4.6	5.2	-0.2	-0.1	5.1	4.8	5.0
Developing Economies									
Developing Asia	6.7	6.6	6.4	6.7	-0.2	-0.1	6.7	6.6	6.4
ASEAN-5 <sup>3</sup>	6.2	5.2	4.6	5.6	-0.4	0.2	...	...	...
BRICS Nations									
Brazil	1.0	2.5	1.3	2.0	-0.6	-0.6	2.2	1.3	2.2
Russia	3.4	1.3	0.2	1.0	-1.1	-1.3	2.0	-0.1	0.4
India <sup>4</sup>	4.7	5.0	5.4	6.4	0.0	0.0	6.1	5.6	6.6
China	7.7	7.7	7.4	7.1	-0.2	-0.2	7.7	7.7	6.8
South Africa	2.5	1.9	1.7	2.7	-0.6	0.0	2.1	1.7	2.7

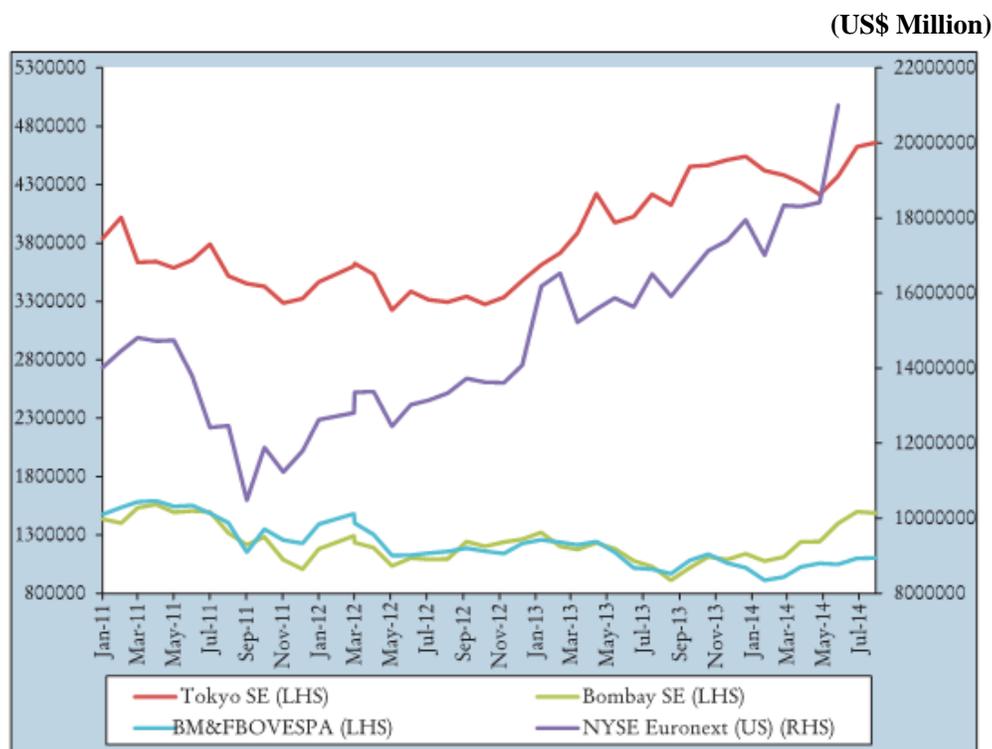
(Source: SEBI BULLETIN - August 2014 - Vol. 12)

### Market Capitalization

The market capitalization of major stocks listed in both developed as well as developing markets exhibited mixed trend during the month. During May 2014, among major developed markets, the market capitalization of Hong Kong Stock Exchange grew by 6.5 per cent, followed by Australian Stock Exchange (3.3 per cent) and Singapore Exchange (1.1 per cent). Market capitalization of Deutsche Borse fell by 6.5 per cent.

As regards the major emerging markets, the market capitalization of Saudi Stock Market - Tadawul grew by 8.0 per cent during July 2014, followed by Colombia Stock Exchange (7.0 per cent) and the Shenzhen Stock Exchange (6.7 per cent). On contrary, the market capitalization of Bursa Malaysia fell by 1.4 per cent followed by Taiwan Stock Exchange that fell by 1.1 per cent and National Stock Exchange of India that fell by 0.9 per cent, during the month.

The illustration below shows the Market Capitalization trends of Major Exchanges -



(Source: SEBI BULLETIN - August 2014 - Vol. 12)

### Indian Economy Scenario:

The GDP growth rate for the last quarter Q4 (January-March) of financial year 2013-14 (FY14) at 4.61 per cent per annum remained almost same as in the previous quarter (4.56 per cent). Provisional estimates of growth rate of GDP for financial year 2013-14 is placed at 4.7 per cent (4.9 per cent estimated earlier on Feb 7, 2014) as compared with GDP growth of 4.5 per cent in 2012-13 and 6.7 per cent in 2011-12. Across major sectors, growth rate during Q4 of FY14 improved for 'agriculture, forestry & fishing', 'electricity, gas & water supply', 'construction', 'trade, hotels, transport and communication' to 6.3 per cent, 7.2 per cent, 0.7 per cent and 3.9 per cent, respectively, from 3.7 per cent, 5.0 per cent, 0.6 per cent and 2.9 per cent, respectively,

in the previous quarter. The sectors which revived but continued to show a negative growth were ‘mining and quarrying’ and ‘manufacturing’ at (-) 0.4 per cent and (-) 1.4 per cent, respectively as compared with (-) 1.2 per cent and (-) 1.5 per cent growth, respectively in Q3. The sectors which experienced deceleration in growth during the Q4 include financing insurance, real estate and business (12.4 per cent as against 14.1 per cent in Q3) and community, social & personal services (3.3 per cent as against 5.7 per cent in Q3).

(Source: Ministry of finance - Quarterly Report- April - June 2014)

The illustration below shows the (Y-o-Y) Quarterly GDP growth in India

Items	2012-13	2013-14	2012-13				2013-14			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Agriculture & allied activities	1.4	4.7	1.8	1.8	0.8	1.6	4.0	5.0	3.7	6.3
2. Industry	1.2	0.6	-0.2	0.5	2.3	2.0	-0.9	1.7	-1.2	
Mining & Quarrying	-2.2	-1.4	-1.1	-0.1	-2.0	-4.8	-3.9	0.0	-1.2	-0.4
Manufacturing	1.1	-0.7	-1.1	0.0	2.5	3.0	-1.2	1.3	-1.5	-1.4
Electricity, Gas & Water Supply	2.3	5.9	4.2	1.3	2.6	0.9	3.8	7.8	5.0	7.2
3. Services	7.0	6.9	7.6	7.1	6.2	6.3	6.2	5.7	7.6	
Construction	1.1	1.6	2.8	-1.9	1.0	2.4	1.1	4.4	0.6	0.7
Trade, Hotel, Transport and Communications	5.1	3.0	4.0	5.6	5.9	4.8	1.6	3.6	2.9	3.9
Finance, Insurance, Real Estate & Business Services	10.9	12.9	11.7	10.6	10.2	11.2	12.9	12.1	14.1	12.4
Community, Social & Personal Services	5.3	5.6	7.6	7.4	4.0	2.8	10.6	3.6	5.7	3.3
Gross Domestic Product at Factor Cost	4.5	4.7	4.5	4.6	4.4	4.4	4.7	5.2	4.6	4.6

(Source: SEBI BULLETIN - August 2014 - Vol. 12)

Foreign Exchange Reserves:

(USD billion)

	August 1, 2014	June 27, 2014	May 30, 2014	May 02, 2014	Mar 28, 2014	Feb 28, 2014	Jan 31, 2014
Total Reserves	319.9	315.8	312.7	311.9	303.7	294.4	291.1
Foreign Currency Assets	292.7	288.8	285.6	284.6	276.4	266.9	264.6
Gold	21.2	20.8	20.9	21.0	20.9	20.9	20.1
SDRs	4.4	4.5	4.5	4.5	4.5	4.5	4.4
Reserve Position in the IMF	1.7	1.7	1.7	1.8	1.8	2.0	2.0

(Source: SEBI BULLETIN - August 2014 - Vol. 12)

## SIGNIFICANCE OF NBFCs IN INDIA

The share of NBFCs’ assets in GDP (at current market prices) increased steadily from just 8.4 per cent as on March 31, 2006 to 12.5 per cent as on March 31, 2013; while the share of bank assets increased from 75.4 per cent to 95.5 per cent during the same period (Table4). In fact, if the assets of all the NBFCs below ₹ 100 crore are reckoned, the share of NBFCs’ assets to GDP would go further.

*Assets of NBFC and Banking (SCBs) Sectors as a % to GDP*

Ratio \ Year	2006	2007	2008	2009	2010	2011	2012	2013
NBFC Assets to GDP (%)	8.4	9.1	10.1	10.3	10.8	10.9	11.9	12.5
Bank Assets to GDP (%)	75.4	80.6	86.8	93.0	93.0	92.2	92.7	95.5

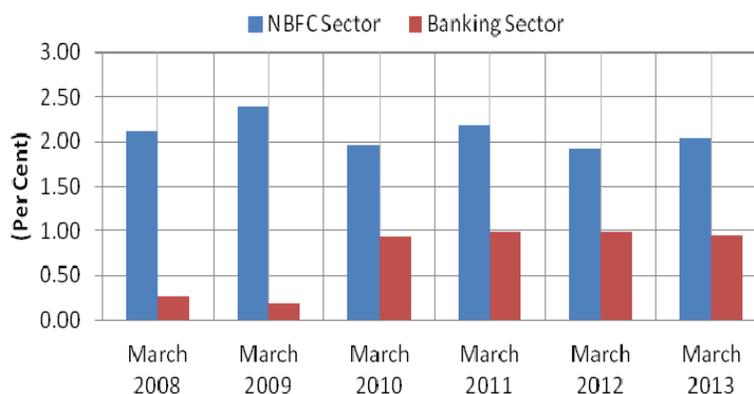
Source: (i) Reports on Trend and Progress of Banking in India, 2006-2013; (ii) Hand Book of Statistics on Indian Economy, 2012-13  
 Note: Assets of NBFC sector include assets of all deposit taking NBFCs and Non-Deposit Taking NBFCs having assets size Rs. 100 crore and above (NBFCs-ND-SI)

(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Return on Assets (RoA) of NBFC Sector

Trends in Return on Assets (RoA) of NBFC sector are furnished in Chart 8; comparative figures for banks are also indicated for banking sector. The RoA of NBFC sector is always found to be on the higher side as compared with that of the banking sector largely on account of lower operating costs and also, NBFCs do not have statutory pre-emotions like CRR and SLR.

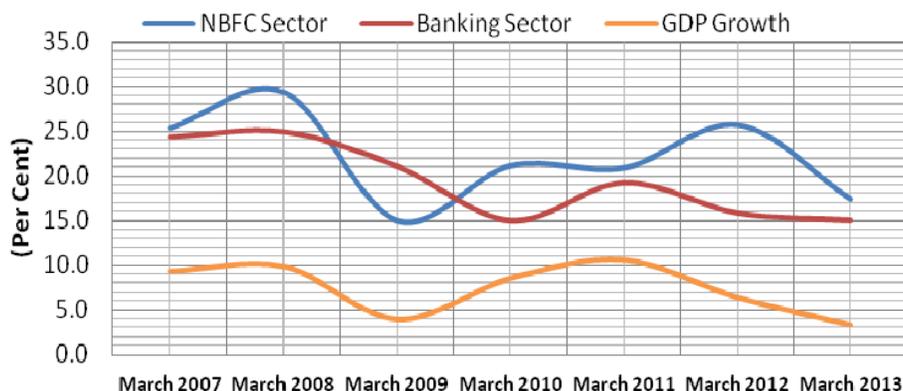
### Trends in Return on Assets (RoA) - NBFCs vis-à-vis Banks



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Balance Sheet Growth in the NBFC Sector

The NBFC sector clocked phenomenal growth in the last ten years. The sector on an average, witnessed a Compound Annual Growth Rate (CAGR) of 22 per cent during the period between March 2006 and March 2013. The NBFC sector has grown faster than the banking sector, for many years, as can be seen below -

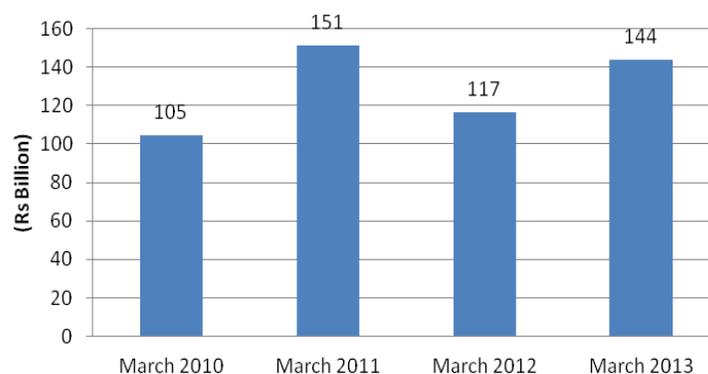


(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Micro Finance Institutions (MFI)

NBFC-MFIs provide access to basic financial services such as loans, savings, monetransfer services, micro-insurance etc. to poor people and attempt to fill the void left between the mainstream commercial banks and money lenders.

In March 2013, the outstanding credit disbursed by the MFIs increased to ₹ 144 billion due to partial resumption of MFI activities, owing to implementation of the Malegam Committee recommendations and certain Supreme Court orders favorable for MFIs. The trends in credit provided by the MFIs are furnished below -

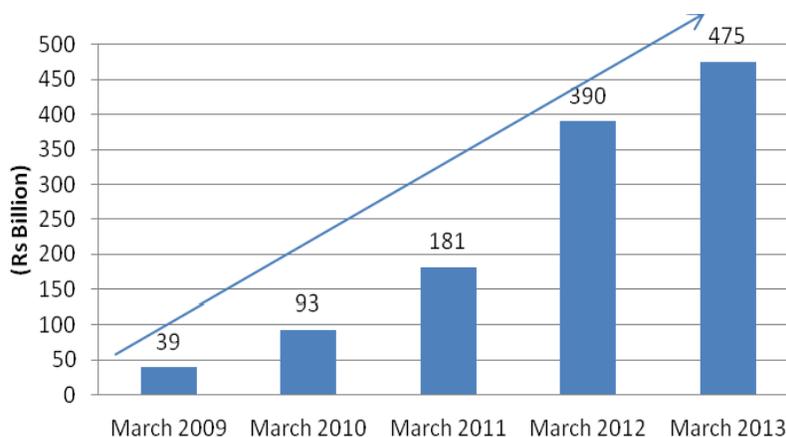


(Source: Reserve Bank of India- ASSOCHAM - Delhi on January23, 2014)

### Monetization of Gold

Gold loan NBFCs provide loans against security of gold jewellery. Although banks are also involved in gold loan business, NBFCs' gold loans witnessed phenomenal growth due to their customer friendly approaches like simplified sanction procedures, quick loan disbursement etc. Branches of gold loan NBFCs increased significantly during the last couple of years mostly housed at semi-urban and rural centers of the country. Gold loan NBFCs help in monetization of idle gold stocks in the country and facilitate in creating productive resources. Credit extended by the gold loan NBFCs witnessed a CAGR of 86.7 per cent during the period March 2009 to March 2013. In absolute terms, NBFC gold loans increased from just ₹ 39 billion as on March

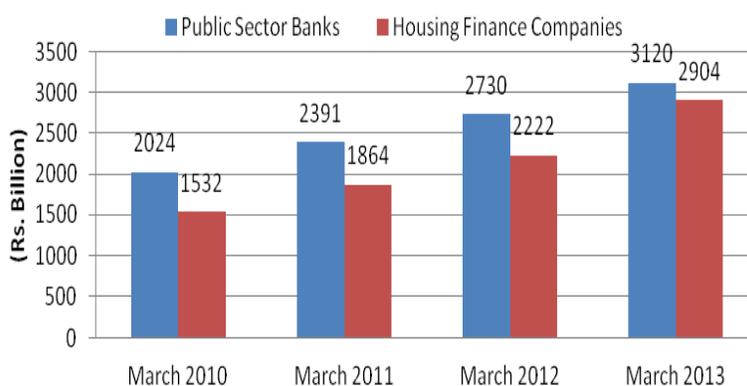
31, 2009 to ₹ 475 billion as of March 31, 2013. The trends in credit provided by the Gold Loan NBFCs are furnished below –



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January 23, 2014)

### **Affordable Housing**

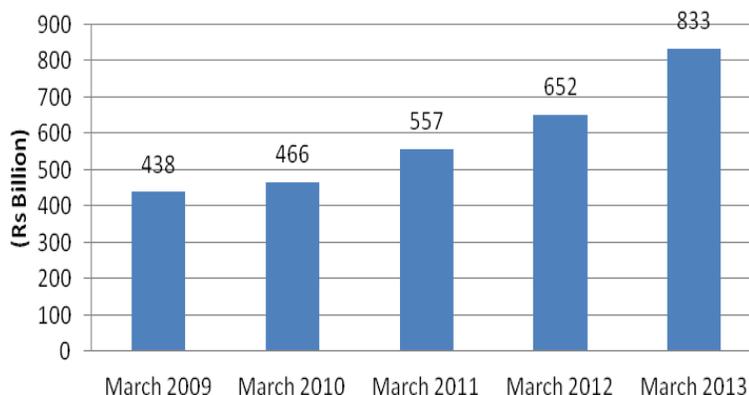
Another area where NBFCs are participating in the inclusive growth agenda is affordable housing. Large NBFCs are setting up units to extend small-ticket loans to home buyers targeting low-income customers across the country. Firms are offering loans of ₹ 2-6 lacs to borrowers with monthly income of ₹ 6000 – 12000 who find it difficult to borrow from the commercial banks. Firms offer easier know-your customer (KYC) norms such as relaxation in documentation requirements to facilitate easy access to low-income borrowers. The trends in housing loans provided by the Housing Finance NBFCs are furnished below -



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January 23, 2014)

### **Second Hand Vehicle Financing**

Apart from providing loan against property, NBFCs also engage in financing used / second hand vehicles, reconditioned vehicle, three-wheelers, construction equipment besides secured/unsecured working capital financing etc. Incidentally, in India except NBFCs no other financial sector player finances second hand vehicles, which are popular with road transport operators essentially in the self-employed segment. The trends in Asset financing by Asset Financing Companies are furnished below –



(Source: Reserve Bank of India- ASSOCHAM - Delhi on January 23, 2014)

### Future Prospects of the NBFC Sector

Going forward, high historical growth rates observed in the past may not be feasible since NBFCs would need to take up further capital raising exercise to be able to lend significant amounts. Hence, for the purpose of estimation the growth rate for FY11-17 is assumed at ~20 percent per annum which is at the same levels as commercial banks.

The future projections of yearly growth in NBFCs Sector are furnished below –

NBFCs- Projections (INR billion)								
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	
Credit (Infrastructure) –total outstanding	2,176	2,608	3,126	3,747	4,492	5,384	6,453	
Credit (Infrastructure) – yearly growth			518	620	744	892	1,069	3,844

Most Indian banks offer homogeneous services, which result in high competition in the industry on finer points, such as loan rates and interest rates. Many new entrants, especially non banking financial corporation’s (NBFC), are expected to enter the industry in the coming years due to the new Banking License Guidelines of the RBI. High competition will benefit the industry in the long run by driving all banks (especially public sector banks) to improve their performance.

Recently, take-out financing arrangement has been permitted through ECB, under the approval route, for refinancing of Rupee loans availed from domestic banks by eligible borrowers in the port, airport, roads including bridges and power sectors for development of new projects. The impact of Suggested measures on availability of non- budgetary funds (INR billion) are furnished below -

Particulars	Funds Estimated	Additional Funds	Funds estimated (revised)
Commercial Banks	7,435	1,450	8,885
NBFCs	3,844	533	4,377
Insurance	1,507	4,522	6,030
ECBs	549	-	549
<b>Total</b>	<b>13,337</b>	<b>6,505</b>	<b>19,843</b>

*(Source: www.deloitte.com)*

To conclude, concrete policy and regulatory measures need to be undertaken. Some of the most important include measures taken to increase the breadth and the depth of the corporate bond markets in India.

## BUSINESS OVERVIEW

*This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and chapter titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages 13, 136 and 154 respectively, of this Draft Prospectus.*

*Unless stated otherwise, the financial data in this chapter is as per our financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Draft Prospectus. In this section only, any reference to "we", "us" or "our" refers to Franklin Leasing and Finance Limited.*

### OVERVIEW

Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company pursuant to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, Delhi.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45-IA of the Reserve Bank of India Act, 1934 bearing Registration no. B-14.02383 dated May 22, 2001.

Our existing promoter i.e. Mr. Pawan Dalmia, and M/s. Confident Financial Advisory Pvt. Ltd. are not the original promoters of the company and have acquired controlling interest in the company in 2013. *For details regarding the share capital build-up of our company please see note 1(f) of the chapter titled "Capital Structure" beginning on page 49 of this Draft Prospectus.*

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. We have been running on a modest operating scale till the mid of FY 2013-14, however, post the induction of Mr. Pawan Dalmia who is a company secretary by qualification, we have commenced a process of improving our internal systems including but not limited to allocation Strategies, Financial Discipline and better utilization of our fund based portfolio, through which we have posted a Net Profit before tax of ₹ 90.69 lacs for the period ended September 30, 2014 and ₹ 15.31 lacs for the year ended March 31, 2014. Our loan portfolio stood at ₹ 2346.49 lacs and ₹ 2394.87 lacs respectively in the above mentioned periods.

Our revenue from operations has increased from ₹ 5.37 lacs in F. Y. 2011-2012 to ₹ 104.39 lacs in F. Y. 2012-13 showing a substantial increase. However, our revenues witnessed a decline of 1.92% to ₹ 102.82 lacs in F.Y.2013-2014. For the six months period ended on September 30, 2014 our revenue from operations was ₹ 115.05 lacs.

Our Profit before tax has increased from ₹ 0.53 lacs in FY 2011-12 to ₹ 9.68 lacs in FY 2012-13 and then further increased to ₹ 15.31 lacs in FY 2013-14. Our Total Loans and advances have increased from a modest ₹154.45 lacs in 2011-12 to ₹ 2346.49 lacs as on September 30, 2014. We propose to increase our operating efficiencies and scale and plan to become a notable player in the Finance and Investment Field in Northern India.

**Business Strength:**

- ***Well Qualified and Experienced Promoter***

Our management team is backed by a well qualified and experienced promoter. We believe that the past experience and industry networks of our senior management will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and promoter please see the chapter titled “*Our Management*” and “*Our Promoters and Promoter Group*” beginning on pages 112 and 124 of this Draft Prospectus respectively.

- ***Long Standing Track-record and Established relationships***

Our company received its NBFC Registration in the year 2001. Hence, this company has been in the business of providing short term as well as longer duration loans and advances in the North Indian region for around a decade. Our newly inducted Promoter / Director – Mr. Pawan Dalmia along with our other directors proposes to utilise the readily available database of clients as well as long standing relationships with Capital Market Players to ensure effective utilisation of our assets and improve the overall operational and financial efficiencies of the company.

- ***Well Capitalised Balance Sheet***

As on September 30, 2014, our total net owned funds stood at ₹ 2994.12 lacs where as our total outstanding liabilities (including provisions) stood at ₹ 673.44 lacs. We believe that, this is a good balance sheet situation and makes our long term sustainability more strong. Further, this issue will help us improve this capitalisation situation further. We believe that having a low debt high capital balance sheet helps us with the prospect of raising debt in the future, when we wish to expand our business opportunities and also acts a long term stability factor for our shareholders.

**Business Strategy:**

- ***Improve the investment process***

Our company has in the past made losses while investing and trading in securities. The Company will continue to trade and invest in Stock Markets and other avenues; however, we intend to improve our internal systems and processes in order to maximize the risk adjusted returns of the available assets. Further, we intend to assess better market opportunities for loans and advances and aim at diversifying the customer base in order to reduce per account risks. For details regarding our proposed Processes please see “*Key Business Processes*” and “*Summary of Key Policies*” beginning on pages 89 and 90 of this Draft Prospectus respectively.

- ***Increase our client database***

The Company believes that business is a by-product of relationship. Since, most of our loans are short term as well as unsecured in nature, this business model is heavily reliant on client relationships that are established over period of time. The Company believes that a long term client relationship with large clients fetches better dividends. The Company intends to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to the Company’s business and are likely to enhance its opportunities.

The company wants to expand its portfolio of products and services by introducing products such as Loans against Property, IPO Funding, Financial and Management Consultancy in addition with the existing products

of Unsecured ICD Loans and Personal Loans. We plan to continue to sell our products and services to existing corporate client base and further target other High Net Worth Individuals and Firms with impeccable credit track record to whom the company may advance funds both secured/ unsecured based on the risk profile and as envisaged in the loan policy of the company.

- ***Focus on other geographical areas and key cities to increase our market share***

Our company intends to extend its financing services in other geographical areas in India and target the cities that are financial centres. Accordingly, we initially intend to expand our reach to Kolkata by opening a full time office there and hence we have recently taken on rent a office space at Kolkata. For further details please refer to “Properties” on page 87 of this Draft Prospectus. Going forward, we also intend to open offices in other major cities such as Mumbai, Ahmedabad and Jaipur, however, the management has not yet finalised any concrete plans for the same.

## **DETAILS OF OUR BUSINESS**

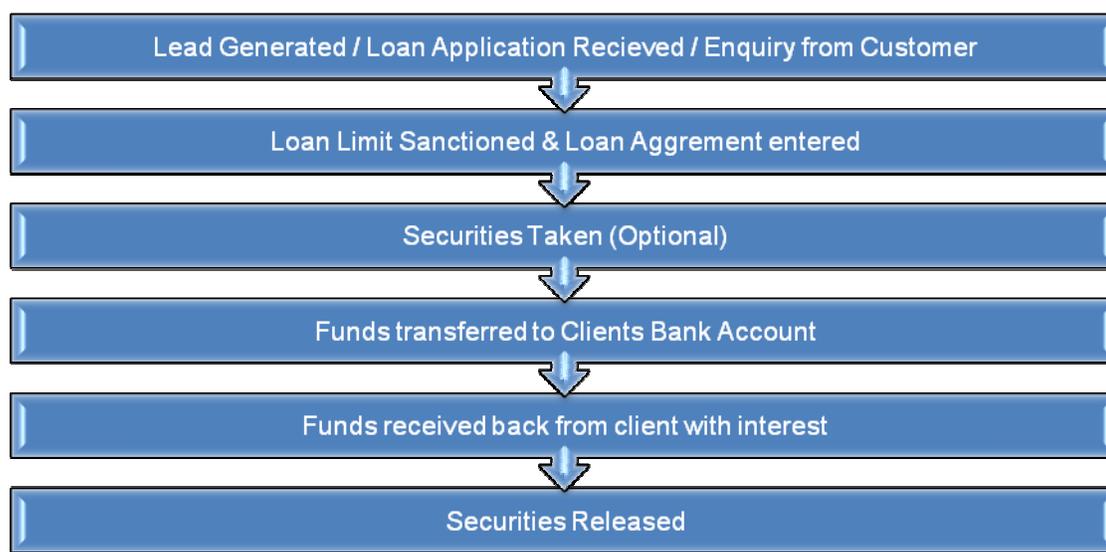
### **Location**

Our Company’s registered office is located at G-10/66, Ground Floor, Sector-15, Rohini, New Delhi- 110 085. We also operate from an office at Kolkata which is to be situated at Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034

### **Key Business Processes**

We have been running on a modest operating scale till the mid of FY 2013-14, however, post the induction of Mr. Pawan Dalmia who is a company secretary by qualification, we have commenced a process of improving our internal systems including but not limited to Trading Strategies, Financial Discipline and better utilization of our fund based portfolio.

### ***FLOW CHART FOR PROPOSED PROCESS OF GIVING LOAN AGAINST SHARES AND IPO FUNDING.***



**FLOW CHART FOR PROCESS OF MAKING INVESTMENTS/TRADING BETS**



**Summary of our Key Policies**

**A. KYC Policy**

A KYC policy document has been issued pursuant to RBI Notification DNBS (PD). CC 48/10.42/2004-05 dated February 21, 2005. It will be the form policy to follow certain customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority.

For Depositors

1. The company will not take any public deposit
2. No funds will be accepted from any entity other than shareholders of the company
3. PAN card copy of all the shareholders depositing money will be taken on record

For Borrowers

1. No account will be is opened in anonymous or fictitious/ benami name(s)
2. KYC forms will be taken from the borrower
3. Loans will only be given to individual borrowers and not to and non-individual entity like trusts, limited companies, partnerships, etc. after approved by the Directors
4. Necessary checks will be done before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities
5. PAN Card as proof of identity will be obtained from all clients
6. One of the proofs of address will be obtained from the clients as under Telephone bill, Bank account statement, Letter from any recognized public authority, Electricity bill and Ration card.
7. In all cases the required of the company's PMLA policy will be met with.

**B. Fair Practice Code**

Pursuant to RBI Notification dated September 28, 2006, the Board of Directors of the company has adopted the following Fair Practices Code in its meeting held on October 22, 2013.

**i. APPLICATIONS FOR LOANS AND THEIR PROCESSING**

- a) The Loan application forms will be in English - for all corporate and business class borrowers and also for individuals.
- b) The Loan application form will be submitted in the vernacular language of the place where the office including branch of the Company is situated if the individual borrower does not understand English.
- c) Application form for loans should include necessary information which affects the Interest of the borrower; all the terms and conditions for loans to be advanced should be detailed in the application form itself.
- d) The loan application form will indicate the documents required to be submitted for processing the application.
- e) The Company will issue acknowledgment for receipt of all loan applications and such acknowledgement will also indicate the date within which the application will be disposed off which in normal case shall not exceed 30 working days from the date of receipt of the completed form. The Company will inform in writing to the borrower by means of a sanction letter the amount of loan sanctioned and all the terms and conditions including annualized rate of interest and method of application thereof. The company will keep the acceptance of these terms and conditions by the borrower on its record. The loan shall be disbursed only on receipt of such acceptance.
- f) Interest will be charged @ 12% to all categories of Borrowers. Interest rate will be revised in the event there is any upward revision in the rates by the regulator. Such changes and period will be communicated to the borrower by the lender.
- g) Interest may be charged below 12% depending on the collateral security and credit worthiness of the borrower. But this will be at the sole discretion of the lender.

**ii. DISBURSEMENT OF LOANS INCLUDING CHANGES IN TERMS AND CONDITIONS**

- a) The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Any change in interest rates and charges shall be effective only prospectively. An express condition in this regard will be incorporated in the loan agreement. Any decision to recall/accelerate payment or performance under the agreement will be in consonance with the loan agreement.
- b) The company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim; the company may have against borrower. If such right of set off is to be exercised the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the company is entitled to retain the securities till the relevant claim is settled /paid.

**iii. GENERAL**

- a) The company will not interfere in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the lender).
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c) In the matter of recovery of loans, the company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.
- d) The Board of Directors of the company will constitute a grievance redressal committee comprising of one of the directors to resolve disputes arising in this regard. Such a mechanism should ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. The Board of Directors should also provide for periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.
- e) The Company is not a NBFC-MFI company and therefore the clause is not applicable to the Company.

At present the Company does not given loans against collateral of gold jewellery. However, the Company shall comply with Fair Practice Code in this regard as and when it starts lending against collateral of Gold Jewellery.

**f) GRIEVANCE REDRESSAL POLICY**

- 1. All grievance made by the customers will be recorded in the Register maintained by the Company which will be serially numbered and will be available at all times.
- 2. All grievances even if discharged orally for the time being a written reply will be made duly appreciating their issues and the initiative by the company for addressing their issues.
- 3. A Grievance Redressal meeting will be held at the end of every six month and all customers will be invited to the said meeting so that their grievances are heard for betterment of services to them.
- 4. The Grievance Redressal officer will be available to hear the issues of all customers between 4.00 PM and 6.00 PM daily. In the event of him not being available the immediate senior officer in the Company will attend the customer.
- 5. A Display Board will be kept at the Office of the Company which will show:

SR. NO	PARTICULARS
1.	Grievances at the beginning of the month
2.	Grievances received during the month
3.	Grievances resolved during the month

4.	Grievances at the end of the month
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## PRODUCTS AND SERVICES

We offer a variety of products and services and propose to introduce additional verticals, which are described below.

### Existing Businesses

*Business / Personal Loans (Unsecured Loans):* Business / Personal Loan is an unsecured loan, mainly offered to Individuals and small businesses including proprietorship firms & MSMEs, which doesn't require any security and can be availed for any purpose like marriage, personal use, business working capital, expansion, etc. The tenure of these loans given to clients is generally up to 1 year and shown as short term loans and advances in the balance sheet.

*Inter Corporate Deposits:* ICDs are offered to companies for short/long term financing, bridge loans and for short term working capital requirement. It is extended by one corporate to another.

### Loan Book Profile and Composition

Our company's loan book has seen fast growth in the last few years. Our loan book has grown from ₹ 154.45 lacs in FY 2012 to ₹ 2346.49 lacs as on September 30, 2014. The following table explain the same in detail:

(₹ in lacs)

Sr. No.	Particulars	September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
1	Opening Balance of Loan Book	2394.87	1519.29	154.45	0.00
2	Addition during the period	633.55	1374.83	1494.29	167.60
3	Reduction during the period	681.93	499.25	129.45	(13.15)
<b>4</b>	<b>Closing Balance of Loan Book</b>	<b>2346.49</b>	<b>2394.87</b>	<b>1519.29</b>	<b>154.45</b>

As at on date, all our outstanding loans are on a fixed rate of interest. Our Company is consciously targeting segments wherein the requirement for short term loans is not being met by the regular banking channels. The key target customers are real estate, construction, infrastructure, logistics and other such working capital hungry businesses. Further, our customers are concentrated in the Delhi Region. We believe that sustained growth in the Indian economy will result in urbanization and significant development in small and medium businesses, resulting in an increase in requirement of finance to fulfil personal needs and expand their business needs. Hence, we plan to in a phase wise manner open operations in other important Indian cities starting with Kolkata.

### Proposed Businesses:

In addition to the above mentioned existing business verticals, we propose to introduce below mentioned products/services in the future:

*Retail IPO Funding / Loan against Shares:* We propose to provide loans to retail investors who wish to apply / subscribe in an IPO by granting them loan against shares to be allotted to them in the IPO. In case the allotment money is refunded, the application is immediately closed and in case of allotment, loan is repayable within 6 months. Interest shall be payable every quarter.



Loan against shares is available in the form of an overdraft facility against the pledge of financial securities like shares/units/bonds. We propose to provide loans against securities where in customers seeking for loan can pledge the share that they hold in dematerialized or physical form against the loan taken. Once the loan is repaid, the pledged securities shall be released. The rate of interest keeps fluctuating depending on market practice. Securities taken as a pledge include shares, stocks, bonds, mutual funds etc.

*Loans against Property:* The term ‘loan against property’ refers to a situation in which the borrower takes a loan where the security for the loan is a property that is owned by the borrower. Loans against property is given across all classes of investors/borrowers i.e. individuals, body corporates, companies etc.

*Financial and Management Consultancy:* Financial and Management consulting is the practice of helping organizations to improve their performance, primarily through the analysis of existing organizational problems and development of plans for improvement.

## **COMPETITION**

In financial services, the Company competes with NBFCs as well as large commercial banks. NBFCs dominated India's retail credit market during the 1990s and early 2000s. However, during the past five years, large commercial banks have invested significant amounts to develop the infrastructure to offer financial services. As a result of these efforts, large commercial banks now dominate this market. Following the entry of commercial banks, there is significant competition in the Indian financial services market.

## **MARKET TRENDS**

Our business is dependent on general economic scenario and favourable financial market conditions and other factors that affect the overall business environment in India. In recent years, the Indian and world markets have fluctuated considerably. The Indian financial markets have been witnessing volatile conditions for some time now. There are many factors outside our control which may offset future increases or result in a decline in business. Our strategy is to de-risk by having multiple growth revenue streams.

## **GROWTH IN THE INDIAN ECONOMY**

The GDP growth rate for the last quarter Q4 (January-March) of financial year 2013-14 (FY14) at 4.61 per cent per annum remained almost same as in the previous quarter (4.56 per cent). Provisional estimates of growth rate of GDP for financial year 2013-14 is placed at 4.7 per cent (4.9 per cent estimated earlier on Feb 7, 2014) as compared with GDP growth of 4.5 per cent in 2012-13 and 6.7 per cent in 2011-12. Across major sectors, growth rate during Q4 of FY14 improved for ‘agriculture, forestry & fishing’, ‘electricity, gas & water supply’, ‘construction’, ‘trade, hotels, transport and communication’ to 6.3 per cent, 7.2 per cent, 0.7 per cent and 3.9 per cent, respectively, from 3.7 per cent, 5.0 per cent, 0.6 per cent and 2.9 per cent, respectively, in the previous quarter. The sectors which revived but continued to show a negative growth were ‘mining and quarrying’ and ‘manufacturing’ at (-) 0.4 per cent and (-) 1.4 per cent, respectively as compared with (-) 1.2 per cent and (-) 1.5 per cent growth, respectively in Q3. The sectors which experienced deceleration in growth during the Q4 include financing insurance, real estate and business (12.4 per cent as against 14.1 per cent in Q3) and community, social & personal services (3.3 per cent as against 5.7 per cent in Q3).

## **REGULATORY DEVELOPMENTS**

We are regulated by the Companies Act and some of our activities may be subject to supervision and regulation by statutory and regulatory authorities including the SEBI, RBI and Stock exchanges. For more information, see “Key Industry Regulations and Policies” on page 97 of this Draft Prospectus. We are

therefore subject to changes in Indian law, as well as to changes in regulations, government policies and accounting principles.

## RECRUITMENT AND RETENTION OF EMPLOYEES

We are dependent on our Directors, Senior Management and other Key Personnel. There is high demand in the Indian financial services industry for senior management and qualified employees and we must reward employees in line with the market to remain competitive and to retain as well as attract well-qualified individuals. In addition, our employee base has to increase as our network grows and as we have entered into new business areas.

## OUR CLIENTELE BASE

Our Company provides loans to customers ranging to various industries viz. Pharmaceuticals, Real Estate, Infrastructure, Logistics, I.T etc. The percentage of income derived from top 5 and top 10 customers in the last two financial years is given below:

(₹ in lacs)

Sr. No.	Particular	FY ended March 2014		FY ended March 2013	
		Revenue	%age	Revenue	%age
1	Income from Top 5 Customers (%)	49,04,948	52.09%	56,64,576	63.28%
2	Income from Top 10 Customers (%)	65,17,431	69.22%	70,85,792	79.16%

## COLLABORATION/JOINT VENTURES

The company has no collaborations/joint venture agreement.

## EXISTING CAPACITY & CAPACITY UTILIZATION

Capacity and Capacity Utilization is not applicable to our Company.

## HUMAN RESOURCES

As on date of this Draft Prospectus, the Company has 6 employees including directors.

The Company expects that human resources and employee recruitment activities will increase as the Company's business grows.

## INSURANCE

The Company has not taken any insurance cover at present..

## INTELLECTUAL PROPERTY RIGHTS

The logo  and the name “Franklin Leasing and Finance Limited” is currently being registered in the name of the Company. We have filed an application dated 13.01.2015 before the Trade Mark Registry for registration of its name and logo under Class 36. The application is pending for registration.

## PROPERTIES

### Leasehold Properties

The details of the leasehold properties which we occupy for our business operations are as under:

Location	Type of Property	Name of Lessor / Owner	Rent	Rent Period
Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44,Pitampura, Delhi - 110034	Rental	Mr. Vipin Mittal	₹ 20,000 p.m.	11 months beginning from October 01, 2014
18, Rabindra Sarani, Poddar Court, Gate No. 4, 4th Floor, Room No. 4, Kolkatta – 700001	Rental	Ridhi Sidhi Advisory Pvt. Ltd.	₹ 6,000 p.m.	11 months beginning from December 01, 2014

### Freehold Property / Land

Our Company does not hold any freehold property/land as on the date of this Draft Prospectus.

## LEGAL PROCEEDINGS

Other than as described in the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 166 of this Draft Prospectus, the Company is not currently a party to any proceedings and no proceedings are known by it to be contemplated by government authorities or third parties, which, it believes, if adversely determined, would have a material adverse effect on its business, prospects, financial condition or results of operations.

## KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the Company being a part of the non-banking industry/investment industry. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see “Government and other Statutory Approvals”.

### A. NBFC Regulations

#### The Reserve Bank of India Act, 1934

The RBI is entrusted with responsibility of regulating and supervising activities of NBFC’s by virtue of power vested in Chapter III B of the Reserve Bank of India Act, 1934 (“**RBI Act**”). The RBI Act defines an NBFC under Section 45 – I (f) as:

- a financial institution which is a company;
- a non – banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;
- such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

“Financial Institution” and “non-banking institution” have been defined under sections 45I (c) and 45I (e) of the RBI Act, respectively.

The RBI has clarified through a press release (Ref. No. 1998-99/1269) dated April 8, 1999 that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC (a) if its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

In terms of Section 45- IA of the RBI Act, no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (“**CoR**”). The NBFC must have a net owned fund of ₹ 200 lakhs to be considered for the grant of CoR by the RBI. The RBI also has the power to exempt certain NBFCs from the requirement of obtaining the CoR. Further, every NBFC is required to submit to the RBI a certificate, latest by June 30 every year, from its statutory auditor stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

#### Capital Reserve Fund

Under Section 45 – I (C) of the RBI Act, every NBFC must create a reserve fund and transfer thereto, a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account before any

dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is an NBFC not accepting /holding public deposit (“NBFC-ND”) or not. Further, no appropriation can be made from the fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to RBI within 21 (twenty one) days from the date of withdrawal.

### **Maintenance of Liquid Assets**

In exercise of powers conferred under Section 45 NC read with Section 45-IB (1) of the RBI Act, the RBI through Notification No. DFC.121/ED(G)-98 dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

The RBI vide its Circular RBI 2008-09/329 dated December 23, 2008 allowed systematically important NBFCs which are non-deposit-taking (“NBFCs-ND-SI”) to raise short-term foreign currency borrowings, under the approval route, subject to certain conditions. NBFCs-ND-SI with assets size 10,000 Lacs and above were earlier permitted to raise funds by issuing perpetual debt instruments that could be included in their Tier 1 capital by the RBI CIRCULAR RBI /2008-09/253 dated October 29, 2008.

### **Prudential Norms**

The RBI has issued the Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (“**Prudential Norms Directions**”) as amended from time to time. The Prudential Norms Directions inter alia prescribe guidelines regarding income recognition, assets classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The Prudential Norms Directions are not applicable to NBFCs being investment companies provided that such NBFC:

- is holding investments in the securities of its group/holding/ subsidiary companies where the book value of such holding is not less than 90% of its total assets and it is not trading in such securities;
- is not accepting /holding public deposit; and
- is not a systemically important non-deposit taking NBFC.

In terms of the Prudential Norms Directions, all NBFCs-ND with an asset size of 10,000 Lacs or more as per its last audited balance sheet will be considered as a systematically important NBFC-ND. RBI Circular RBI/2008-09/491 dated June 4, 2009 has clarified that once an NBFC reaches an asset size of 10,000 Lacs or above, it shall come under the regulatory requirements for NBFC-ND-SI as stated above, despite not having such assets as on the date of last balance sheet. Therefore, all non-deposit taking NBFCs may comply with RBI regulations issued to NBFC-ND-SI from time to time, as and when they attain an asset size of ₹ 10,000Lacs, irrespective of the date on which such size is attained.

### **Asset Classification**

The Prudential Norms Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- i. Standard assets;
- ii. Sub-standard assets;
- iii. Doubtful assets; and
- iv. Loss assets.

Vide Circular dated November 10, 2014 bearing number RBI/2014-15/299 the RBI has prescribed a revised regulatory framework for NBFCs. In terms of the Circular, it is mandatory for all NBFCs to attain a minimum net-owned fund of ₹ 200 lakhs by the end of March 2017. Towards this objective, the NBFCs will first be required to achieve a net-owned fund of ₹100 lakh by the end of March 2016 and thereafter ₹200 lakhs by the end of March 2017. NBFCs failing to achieve the prescribed ceiling within the stipulated time period shall not be eligible to hold the CoR as NBFCs. RBI will initiate the process for cancellation of CoR against such NBFCs. The Circular also provides revised threshold for defining systemic significance for NBFCs-ND. Henceforth, those NBFCs-ND which have asset size of ₹ 500 crores and above as per the last audited balance sheet will be considered as NBFCs-ND-Sis. As per the Circular, NBFCs that are a part of the corporate group will not be viewed on a standalone basis. The total assets of NBFCs in a group including deposit taking NBFCs, if any, will be aggregated to determine if such consolidation falls within the asset sizes of the two categories being (i) NBFCs-ND (those with assets of less than ₹ 500 crores) and (ii) NBFCs-ND-SI (those with assets of ₹ 500 crores and above) and will be applicable to each of the NBFC-ND within the group. For this purpose, Statutory Auditors would be required to certify the asset size of all the NBFCs in the Group. However, NBFC-D, within the Group, if any, will be governed under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Direction 1998 and Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other applicable Directions. The definition of the word “Group” will be the same as per Accounting Standards. “Companies in the Group”, shall mean an arrangement involving two or more entities related to each other through any of the following relationships

- Subsidiary – parent (defined in terms of AS 21),
- Joint venture (defined in terms of AS 27),
- Associate (defined in terms of AS 23),
- Promoter –promotee [as provided in the SEBI (Acquisition of Shares and Takeovers) Regulations, 1997],
- For listed companies, a related party (defined in terms of AS 18), common brand name, and investment in equity shares of 20% and above.

Further, NBFCs-ND with asset size of less than ₹500 crores, are exempted from the requirement of maintaining CRAR and complying with Credit Concentration Norms. NBFCs-ND with asset size of ₹50 crores and above are required to constitute Audit Committee.

### **Guidelines on Fair Practices Code**

The RBI has prescribed guidelines on fair practices (the “**Fair Practices Code**”) that should be framed and approved by the Board of Directors of all NBFCs. The Fair Practices Code further requires that it should be published and disseminated on the website of the NBFC. The Fair Practices Code includes the following requirements, which should be adhered to by NBFCs:

- Inclusion of necessary information affecting the interest of the borrower in the loan application form.
- Devising a mechanism to acknowledge receipt of loan application and establishing a time frame within which such loan applications shall be disposed.
- Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of terms should be kept in its record by the NBFC.
- Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
- Refraining from interfering in the affairs of the borrower except for the purpose provided in the terms and conditions of the loan agreement.
- Not resorting to undue harassment in the matter of recovery of loans.

There have been no grievances whatsoever pending for redressal.

### **Know Your Customer Guidelines**

The RBI has extended the Know Your Customer (“**KYC**”) guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and Anti-Money Laundering measures is put in place. The KYC policies are required to have the following key elements, namely, customer acceptance policy, customer identification procedures, monitoring of transactions, risk management, customer education, introduction of new technologies- credit cards/ debit cards/smart cards/ gift cards, adherence of KYC guidelines by the persons authorized by NBFCs including brokers/agents, due diligence of persons authorized by the NBFCs including brokers/agents, customer service in terms of identifiable contact with persons authorized by the NBFCs including brokers/agents. The KYC guidelines shall also apply to the branches and majority owned subsidiaries located abroad, especially in countries which do not or insufficiently apply the Financial Action Task Force Recommendations, to the extent local laws permit.

### **Norms for Excessive Interest Rates**

The RBI, through its Circular dated July 2, 2012, directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has laid down steps for regulating the rates of interest charged by the NBFCs. This Circular stipulates that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and explicitly communicated in the sanction letter. Further, this is also required to be made available on the NBFC’s website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

### **Opening of Offices or Undertaking Investment Abroad by NBFCs**

The RBI has issued the Non-Banking Financial Companies (Opening of Branch/Subsidiary/Joint Venture/Representative Office or Undertaking Investment Abroad by NBFCs) Directions, 2011 making provisions for extending no objection certificate for opening of branch/subsidiary/representative office or undertaking investment abroad by NBFCs. These guidelines amongst others require every NBFC to obtain prior approval of the RBI for opening of subsidiaries/Joint Ventures/representative office abroad or for undertaking investment in foreign entities.

### **Anti Money Laundering**

The RBI has issued a Master Circular dated July 1, 2009 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 (“PMLA”) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record:

- (i) for all cash transactions of value of more than ₹ 1 million;
- (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million where such series of transactions have taken place within 1 (one) month and the aggregate value of such transaction exceeds ₹1 million.

Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least 10 (ten) years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least 10 (ten) years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

### **Dealing in Securities**

Securities regulation in India takes place under the provisions of the Companies Act, 1956, the Companies Act, 2013, Security Contract (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992, Depositories Act, 1996 and the Rules & Regulations promulgated there under. All the investments in securities and the advances of loan / money made to the customers by the Company is in accordance with and consistent with the provisions of the above said Laws governing the dealing in securities. The Company is not in violation of any of the provisions while dealing in securities.

### **Securitization**

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”) governs securitization of assets in India. The SARFAESI Act provides that any securitization or reconstruction company may acquire the assets of a bank or financial institution by entering into an agreement with such bank or financial institution for the transfer of such assets to the company. The SARFAESI Act further provides that in case the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets. Upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, also get transferred in favour of the securitization/reconstruction company.

### **Insider Trading Regulations**

SEBI (Prohibition of Insider Trading) Regulations, 1992 (“**the Insider Trading Regulations**”) governs the protection of investors against insider trading. The Insider Trading Regulations prevent insider trading in India by prohibiting an insider from dealing, either on his/her own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price-sensitive information. Further, any person with whom such unpublished price sensitive information is shared shall not deal in securities of the concerned company. The insider is also prohibited from communicating, counseling or procuring any unpublished price-sensitive information while in possession of such information. The prohibition under Regulation 3A of the Insider Trading Regulations also extends to a company dealing in securities of another company, while in the possession of unpublished price-sensitive information. All directors, officers and substantial shareholders in a listed company are required to make periodic disclosures of their shareholding as specified in the Insider Trading Regulations.

## **B. Labour Laws**

The Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, Equal Remuneration Act, 1979.

### **The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 was enacted to establish minimum wages for certain categories of employees. Under this Act, the Central and the State Governments stipulate the scheduled industries and establishments and fix minimum wages.

### **The Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 (“**PWA**”) is applicable to the payment of wages to persons in factories and other establishments. PWA ensures that wages that are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer.

### **Equal Remuneration Act, 1979**

Equal Remuneration Act, 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith.

### **Intellectual Property**

#### **The Trademarks Act, 1999**

Under the Trademarks Act, 1999 (“**Trademarks Act**”), a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks (“**the Registrar**”), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee

### **C. Tax Related Legislations**

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

The Income-tax Act, 1961 (“**IT Act**”) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of the IT Act or Rules made thereunder depending upon its “Residential Status” and “Type of Income” involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such company is also required to file its returns by September 30 of each assessment year.

### **D. Other Laws**

#### **The Delhi Shops and Establishments Act, 1954 (“DSE Act”)**

The Company has its registered office at Unit No.205, Second Floor, Aggarwal City Mall, Road No.44, Pitampura, Delhi, 110034, India and accordingly the provisions of the DSE Act are applicable to the Company. The DSE Act regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

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

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

### **Transfer of Property Act, 1882 ("T.P. Act")**

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the T.P. Act. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter.

The T.P. Act recognises, among others, the following forms in which an interest in an immovable property may be transferred:

- Sale: The transfer of ownership in property for a price, paid or promised to be paid.
- Mortgage: The transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The T.P. Act recognises several forms of mortgages over a property.
- Charges: Transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- Leases: The transfer of a right to enjoy property for consideration paid or rendered periodically or on specified occasions.
- Leave and License: The transfer of a right to do something upon immovable property without creating interest in the property.

Further, it may be noted that with regards to the transfer of any interest in a property, the transferor transfers such interest, including any incidents, in the property which he is capable of passing and under the law, he cannot transfer a better title than he himself possesses.

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

The Registration Act, 1908 (“**the Registration Act**”) was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

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

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Indian Stamp Act, 1899 (“**the Stamp Act**”) which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one state to another. Certain states in India have enacted their own legislation in relation to stamp duty while the other states have adopted and amended the Stamp Act, as per the rates applicable in the state. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act.

Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from state to state.

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

The Indian Contract Act, 1872 (“**Contract Act**”) codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

### **The Specific Relief Act, 1963**

The Specific Relief Act, 1963 (“**the Specific Relief Act**”) is complimentary to the provisions of the Contract Act and the Transfer of Property Act, 1882, as it applies both to movable property and immovable property. The Specific Relief Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

### **Competition Act, 2002**

The Competition Act 2002 (the “**Competition Act**”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and

combinations. The Competition Commission of India (the “**Competition Commission**”) which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations.

The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

### **The Companies Act, 1956**

The Companies Act, 1956 (“**the 1956 Act**”) deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The 1956 Act primarily regulates the formation, financing, functioning and winding up of companies. The 1956 Act prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The 1956 Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 183 Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

## **E. Regulations regarding Foreign Investment**

Foreign investment in NBFCs is governed by the provisions of the FEMA read with the applicable regulations. The Department of Industrial Policy and Promotion (“**DIPP**”), Ministry of Commerce and Industry has issued ‘Circular 1 of 2014’ (the “**FDI Circular**”) which consolidates the policy framework on Foreign Direct Investment (“**FDI**”), with effect from April 17, 2014. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till April 16, 2014. All the press notes, press releases, clarifications on FDI issued by DIPP till April 16, 2014 stand rescinded as on April 17, 2014.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the approval route, prior approval of the Government of India through FIPB 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. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating Foreign Investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the

Indian company. The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

The Consolidated FDI Policy dated April 17, 2014 issued by the DIPP, permits investment up to 100% of the paid-up share capital of the NBFC under the automatic route in the following NBFC activities:

1. Merchant Banking;
2. Under writing;
3. Portfolio Management Services;
4. Investment Advisory Services;
5. Financial Consultancy;
6. Stock Exchange;
7. Asset Management;
8. Venture Capital;
9. Custodian Services;
10. Factoring;
11. Credit Rating Agencies;
12. Leasing and Finance;
13. Housing Finance;
14. Forex Broking;
15. Credit Card Business;
16. Money Changing Business;
17. Micro Credit; and
18. Rural Credit.

Investment would be subject to the guidelines issues by the RBI and the following minimum capitalisation norms:

a) Minimum capitalization norms:

- (i) For FDI up to 51% - US\$ 0.5 million to be brought upfront;
- (ii) For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront;
- (iii) For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought up front and the balance in 24 months.

b) Minimum capitalization norm of US\$0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment irrespective of the level of foreign investment. However, it will not be permissible for such a company set-up any subsidiary for any other activity, nor can it participate in any equity of an NBFC holding/operating company.

c) NBFCs having more than 75% and upto 100% foreign investment and with a minimum capitalization of US \$ 50 million can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. However, the minimum capitalization condition shall not apply to downstream subsidiaries.

Joint ventures operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow, i.e. (a) (i), (a) (ii), (a) (iii) and (b) above.

Further US \$ 0.5 million are required to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment provided that such NBFC shall not be able to set up any subsidiary for any other activity nor can it participate in the equity of an NBFC holding/operating company. Non-Fund Based activities would include (a) Investment Advisory Services; (b) Financial Consultancy; (c) Forex Broking; (d) Money Changing Business; and (e) Credit Rating Agencies.

RBI has also issued the Master Circular on Foreign Investment in India dated July 01, 2014. The aforesaid Master Circular shall stand withdrawn from June 30, 2015. In terms of the Master Circular, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. As mentioned above, the Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.



## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, Delhi. The Company's Corporate Identity Number is U74899DL1992PLC048028 and its Registered Office is situated at Unit/Shop No. 205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45(IA) of the Reserve Bank of India Act, 1934 bearing Registration no. B-14.02383 dated May 22, 2001.

Our existing promoters i.e. Mr. Pawan Dalmia and M/s. Confident Financial Advisory Private Limited are not the original promoters of the company and have acquired controlling interest in our Company in October 2013. For details regarding the share capital build-up of our company, please see note 1(f) of the chapter titled "Capital Structure" beginning on page 49 of this Draft Prospectus.

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. We have been running on a modest operating scale till the mid of FY 2013-14, however, post the induction of Mr. Pawan Dalmia who is a company secretary by qualification, we have commenced a process of improving our internal systems including but not limited to Trading Strategies, Financial Discipline and better utilization of our fund based portfolio, through which we have posted a Net Profit before tax of ₹90.69 lacs for the period ended September 30, 2014 and ₹15.30 lacs for the year ended March 31, 2014. Our loan portfolio stood at ₹ 2346.49 lacs and ₹ 1,527.86 lacs respectively in the above mentioned periods.

For further details regarding our business operations, please see the chapter titled "Business Overview" beginning on page 87 of this Draft Prospectus.

Our Company has 7 shareholders, as on the date of this Draft Prospectus.

### Major events in the history of Our Company:

YEAR	MAJOR EVENT
1992	Incorporation of our Company
2001	Received RBI License to carry our NBFC Activities (Non Deposit Taking Non Systemic)
2003	Buy- Back of 4,350 shares by the company
2013	Our current Individual Promoter Mr. Pawan Dalmia was inducted on the Board
2014	Conversion of our Company into a Public Limited Company
2015	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each
2015	Issue of Bonus Shares

For details on the changes in our Registered Office Address, please see "Changes in Registered Office of Our Company" on page 109 of this Draft Prospectus.

## Main Objects

The main object of our Company is as follows:

- ✓ To carry on the business of buying, selling, leasing, renting, letting on hire-purchase or easy payment system, house-hold and office furniture, domestic and business appliances, computers, addressing machines and other sophisticated office machinery, all kinds of cylinders, motor cars, taxi-cabs, automobiles, tramcars, motor lorries, earthmoving machinery, wagons, cycles, coaches, garages, vehicles, agricultural instruments and machinery tools, plants, implements, utensils, apparatus and accessories, wireless, televisions and telephones, telex, tele-printers, and other apparatus, and carry on leasing of movable properties such as machinery and plant, all kind of furniture, apparatus, materials, goods and articles and to hire out or sell any of the same on hire purchase system or otherwise.
- ✓ To lend and advance money and assets of all kinds or give credit on any terms or mode and with or without security to any individual, firm, body corporate or any other entity (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company whether or not associated in any way with, the company), to enter into guarantees, contracts of indemnity and surety ship of all kinds, to receive money on deposits or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the company).
- ✓ To purchase or acquire, hold, trade, deal and further to dispose of any right, stake or controlling interest in the shares, stocks, debentures, debenture stock, bonds, all commodities and commodity derivatives, currency including their derivatives and F & O or securities of companies or partnership firms either singly or jointly with any other person(s), body corporate or partnership firm carrying out or proposing to carry out any activity in India or in any other part of the world.

## Changes in Registered Office of our Company

Date of Change of Registered Office	Old Address	New Address
January 27, 2010	C-50, DDA Complex, Opp. Mool Chand Hospital, Defence Colony, New Delhi- 110 024	G-10/66, Ground Floor, Sector-15, Rohini, New Delhi- 110 085
October 20, 2014	G-10/66, Ground Floor, Sector-15, Rohini, New Delhi- 110 085	Unit/Shop No.205, 2nd Floor, Aggarwal City Mall, Road No. 44, Pitampura, Delhi - 110034

The changes in our registered office were to ensure greater operational efficiency.

## Amendments to the Memorandum of Association

Dates on which some of the clauses of the Memorandum of Association of our Company have been changed citing the details of amendment as under:

DATE	NATURE OF AMMENDMENT
December 18, 1999	The Authorised Share Capital was increased from ₹ 10,00,000 to ₹ 25,00,000



March 30, 2011	The Authorised Share Capital was increased from ₹ 25,00,000 to ₹ 70,00,000
March 31, 2011	The Authorised Share Capital was increased from ₹ 70,00,000 to ₹ 72,25,000
September 09, 2013	Conversion of Private Limited Company into Public Limited Company
January 10, 2015	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each
January 10, 2015	The Authorised Share Capital was increased from ₹72,25,000 to ₹ 16,00,00,000
February 27, 2015	Addition to the Object Clause Of Memorandum Of Association

**Subsidiaries**

As on the date of this Draft Prospectus, there are no subsidiaries of our Company.

**Holding Company**

As on the date of this Draft Prospectus, our Company does not have any holding company within the meaning of Companies Act, 1956.

**Joint Ventures**

As on the date of this Draft Prospectus, there are no joint ventures of our Company.

**Shareholders' Agreement**

There are no Shareholders' Agreements existing as on the date of this Draft Prospectus.

**Acquisition of business / undertakings**

We have not acquired any business / undertakings since incorporation.

**Financial Partners**

We do not have any financial partners as on the date of this Draft Prospectus.

**Strategic Partners**

We do not have any strategic partners as on the date of this Draft Prospectus.

**Other Agreements**

Except the contracts / agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement/contract as on the date of this Draft Prospectus.

**Injunctions or restraining orders**

There are no injunctions / restraining orders that have been passed against the company.

**OUR MANAGEMENT****Board of Directors:**

Our Company has four (4) Directors consisting of one (1) Executive Director and one (1) Non-Executive Promoter Director and two (2) Non-Executive Independent Directors. The following table sets forth the details of our Board of Directors as on the date of this Draft Prospectus:

<b>Sr. No.</b>	<b>Name, Current Designation, Address, Occupation, Term and DIN</b>	<b>Nationality</b>	<b>Age</b>	<b>Other Directorships</b>
1	<p><b>Mr. Pawan Dalmia</b> <i>Chairman &amp; Managing Director</i></p> <p><b>Address:</b> 206/1B, Bidhan Sarani, Kolkata West Bengal - 700 006</p> <p><b>Term:</b> 3 years w.e.f. December 15,2014 to December 14,2017</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> October 02, 1982</p> <p><b>DIN:</b> 01541707</p>	Indian	32	<ul style="list-style-type: none"><li>• Orbit Techservices Pvt. Ltd.</li><li>• Netbuzz Entertainment Pvt. Ltd.</li><li>• Confident Financial Advisory Pvt. Ltd.</li><li>• Uniglory Developers Ltd.</li><li>• Saura Healthcare Pvt. Ltd.</li></ul>
2	<p><b>Mr. Ramesh Dalmia</b> <i>Non- Executive Director</i></p> <p><b>Address:</b> 206/1B, Bidhan Sarani, Shreemani Market Kolkata West Bengal- 700 006</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Occupation:</b> Business</p> <p><b>Date of Birth:</b> November 30, 1959</p> <p><b>DIN:</b> 03257468</p>	Indian	55	<ul style="list-style-type: none"><li>• Orbit Techservices Pvt. Ltd.</li><li>• Confident Financial Advisory Pvt. Ltd.</li></ul>



Sr. No.	Name, Current Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships
3	<p><b>Mrs. Pushpaben Kothari</b> <i>Non-Executive Independent Director</i></p> <p><b>Address:</b> Shram Safalaya CHS LTD B / 14 Gymkhana Borsa Pada Road, Kandivali Mumbai Maharashtra - 400067</p> <p><b>Term:</b> 3 years w.e.f. December 15,2014 to December 14,2017</p> <p><b>Occupation:</b> Retired</p> <p><b>Date of Birth:</b> September 27, 1946</p> <p><b>DIN:</b> 06556945</p>	Indian	77	NIL
4	<p><b>Mrs. Shilpi Agarwal</b> <i>Non-Executive Independent Director</i></p> <p><b>Address:</b> Panchanan Apartment - Flat 402 /B 13, Nagendranath Road, Satgachi, Dumdum Kolkata, West Bengal - 700028</p> <p><b>Term :</b> 3 years w.e.f. December 15,2014 to December 14,2017</p> <p><b>Occupation:</b> Practising Chartered Accountant</p> <p><b>Date of Birth:</b> January 24, 1986</p> <p><b>DIN:</b> 06933517</p>	Indian	28	• Sambhav Computech Pvt. Ltd.

For further details on their qualification, experience etc., please see their respective biographies under the heading “*Brief Biographies*” below.

**Other Notes:**

- None of the Directors on our Board are related to each other, except for Mr. Ramesh Dalmia, being the father of Mr. Pawan Dalmia.
- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is or was a director of any listed company during the last five years preceding the date of this Draft Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

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

### **Brief Biographies of our Directors**

#### **Mr. Pawan Dalmia**

Mr. Pawan Dalmia, aged 32 years, is the current Promoter of our company and is also our Chairman and Managing Director. He is a B.Com and ACS (Company Secretary) by qualification and has over 9 years of experience in business and secretarial consultancy. His business experience includes promoting companies in Technology and Media sectors. Having acquired control of our company in October 2013, he has been the driving force behind our improved systems and processes and growth in our loan book size in the last few periods. He has been appointed as Chairman and Managing Director on January 10, 2015 and he was on the Board of the Company since 2013.

#### **Mr. Ramesh Dalmia**

Mr. Ramesh Dalmia, aged 56 years, is the father of our promoter – Mr. Pawan Dalmia and is a Non-Executive Director in our company. He has completed his B. Com from University of Calcutta. He has over two decades of experience in business having been involved in family business of garments, and tech services. He was originally appointed as a Whole Time Director on December 15, 2014 and has been re-designated as Non – Executive Director on January 27, 2015.

#### **Ms. Pushpaben Kothari**

Ms. Pushpaben Kothari, aged 77 years, is a Non-Executive Independent Director of our company. She has a Bachelor's degree in Arts from University of Bombay has over 2 decades of experience in her family business, wherein her scope of work included Accounts, HR Management as well as Legal Liaisoning. She has also worked as a private tuition teacher for school kids on a free lance basis. She was originally appointed as an director on December 15, 2014.

#### **Ms. Shilpi Agarwal**

Ms. Shilpi Agarwal, aged 28 years, is an Non-Executive Independent Director of our company. She holds a Bachelor's degree in Commerce from University of Calcutta and is a certified chartered accountant. She has over 5 years of experience in the field of finance and accounts including 3 years articleship and. Over 2 years with Jiya Exim Pvt. Ltd. as Assistant Manager – (Accounts and Finance). She was originally appointed as an director on December 15, 2014.

### **Borrowing Powers of our Board of Directors**

Our Company at its Extra-Ordinary General Meeting held on January 10, 2015, passed a resolution authorizing Board of Directors pursuant to the provisions of section 180 (1) (c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deem fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 50 Crores.

## Remuneration of Executive Directors

- Mr. Pawan Dalmia, Chairman and Managing Director**

The compensation package payable to him as resolved in the shareholders meeting held on January 10, 2015 is stated hereunder:

**Salary, allowances and Perquisites:** ₹ 25,000/- per month (inclusive of all benefits)

**Bonus:** Nil

**Commission:** Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

No remuneration was paid to Mr. Pawan Dalmia for FY 2013-14.

## Compensation of Non-Executive Directors

The Board of Directors of the company have accorded their approval for payment of sitting fee, in their meeting held on January 20, 2015, whereby the Non-Executive / Independent Directors of our Company would be entitled to a sitting fee of ₹ 1,000 for attending every meeting of Board or its committee thereof.

## Shareholding of Directors

The following table sets forth the shareholding of our Directors as on the date of this Draft Prospectus:

Name of Directors	No. of Equity Shares held	% of Pre-Issue Paid Up Capital
Mr. Pawan Dalmia	80,000	0.69%
Mr. Ramesh Dalmia	Nil	Nil
Mrs. Pushpaben Kothari	Nil	Nil
Mrs. Shilpi Agarwal	Nil	Nil
<b>TOTAL</b>	<b>80,000</b>	<b>0.69%</b>

## Interest of the Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or allotted to the companies in which they are interested as Directors, Members, and Promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in this chapter titled “*Our Management*” and the chapter titled “*Related Party Transactions*” beginning on pages 112 and 135 of this Draft Prospectus respectively, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Prospectus. Our Company has not taken any property on lease from our Promoter(s) within two years of the date of this Draft Prospectus.

### Changes in the Board of Directors in the last 3 years

Following are the changes in our Board of directors in the last three years:

Sr. No.	Name of Director	Date Of Appointment	Date Of Cessation	Reason for change
1	Mr. Pawan Dalmia	December 20, 2013	-	Appointment as Director
2	Mr. Ramesh Dalmia	January 15, 2015*	-	Appointment as Director
3	Mrs. Pushpaben Kothari	December 15, 2014	-	Appointment as Director
4	Mrs. Shilpi Agarwal	December 15, 2014	-	Appointment as Director
5	Mr. Ranjit Shrivastav	-	January 12, 2015	Resignation
6	Mr. Purushotam Agarwal	-	January 12, 2015	Resignation

\* *Mr. Ramesh Dalmia was originally appointed as a Executive Director on December 15, 2014; however he was re-designated as Non-Executive Director w.e.f January 27, 2015.*

### Corporate Governance

The provisions of the SME Equity listing agreement, to be entered into by our Company with the Stock Exchange, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchange. We have complied in accordance with Clause 52 (as applicable) of the SME Equity listing agreement, particularly in relation to appointment of Independent Directors to our Board and constitution of an Audit committee, a Stakeholder’s Relationship Committee and a Nomination and Remuneration Committee.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 52 of the SME Equity listing agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

Our Company has four (4) Directors consisting of one (1) Executive Director and one (1) Non-Executive Promoter Director and two (2) Non-Executive Independent Directors. The constitution of our Board is in compliance with the requirements of Clause 52 of the SME Listing Agreement.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

1. Audit Committee
2. Stakeholder’s Relationship Committee
3. Nomination and Remuneration Committee

## 1. Audit Committee

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated January 20, 2015 pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Shilpi Agarwal	Non-Executive Independent Director	Chairman
Pushpaben Kothari	Non-Executive Independent Director	Member
Ramesh Dalmia	Non-Executive Director	Member

The scope of Audit Committee shall include but shall not be restricted to the following:

- a) Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) 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.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) 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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - 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
  - Qualifications in this Draft audit report.
- e) Reviewing, with the management, the half yearly financial statements before submission to the board for approval
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;

- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) 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.
- n) Discussion with internal auditors any significant findings and follow up there on.
- o) 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.
- p) 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.
- q) 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.
- r) To review the functioning of the Whistle Blower mechanism,.
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

*The Audit Committee enjoys following powers:*

- a) To investigate any activity within its terms of reference
- b) To seek information from any employee
- c) To obtain outside legal or other professional advice
- d) To secure attendance of outsiders with relevant expertise if it considers necessary
- e) The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

*The Audit Committee shall mandatorily review the following information:*

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

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company acts as the Secretary to the Committee.

#### *Meeting of Audit Committee*

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no Audit Committee meetings have taken place.

## **2. Stakeholder's Relationship Committee**

The Shareholder and Investor Grievance Committee of our Board were reconstituted by our Directors pursuant to section 178 (5) of the Companies Act, 2013 by a board resolution dated January 20, 2015. The Shareholder and Investor Grievance Committee comprises of:

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
Shilpi Agarwal	Non-Executive Independent Director	Chairman
Pushpaben Kothari	Non-Executive Independent Director	Member
Ramesh Dalmia	Non-Executive Director	Member

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

- a) Allotment and listing of our shares in future
- b) Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;

- c) Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- d) Reference to statutory and regulatory authorities regarding investor grievances;
- e) To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- f) And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of our Company acts as the Secretary to the Committee.

*Quorum and Meetings*

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place.

**3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of our Board was reconstituted by our Directors pursuant to section 178 (1) of the Companies Act, 2013 by a board resolution dated January 20, 2015.

The Nomination and Remuneration Committee currently comprises of:

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
Shilpi Agarwal	Non-Executive Independent Director	Chairman
Pushpaben Kothari	Non-Executive Independent Director	Member
Ramesh Dalmia	Non-Executive Director	Member

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report

*Quorum and Meetings*

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

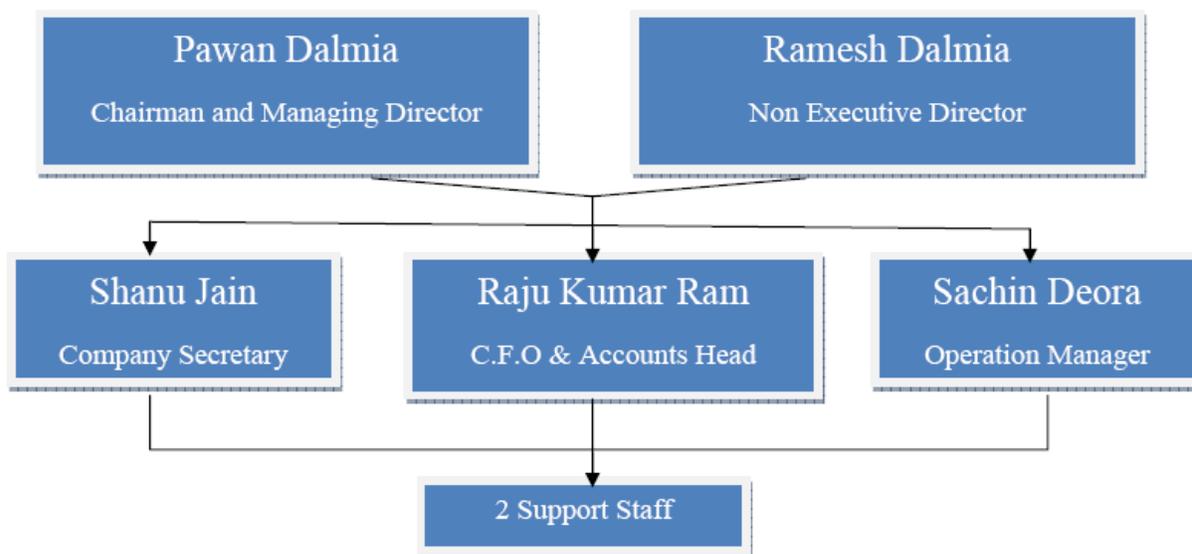
The Company Secretary of our Company acts as the Secretary to the Committee.

**Policy on Disclosures & Internal procedure for prevention of Insider Trading**

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Ms. Shanu Jain is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

**Management Organisation Structure**



**Abbreviations:**

- CMD - Chairman and Managing Director
- WTD - Whole-Time Director
- COO - Chief Operating Officer

## Key Managerial Personnel

The details of our key managerial personnel are as below –

Name of the Employee	Designation & Functional Area	Appointment Date	Current C.T.C (₹)	Qualification	Name of Previous Employer(s)	Total Years of Experience
Shanu Jain	Company Secretary and Compliance Officer	December 15, 2014	25,000	C.S., B.Com	Sand Dune Construction Pvt. Ltd	8 years
Raju Kumar Ram*	Chief Financial Officer and Accounts Head	January 01, 2012*	20,000	B.Com	Mangalam Viniyog Pvt. Ltd. Burs Micro Finance	6 years
Sachin Deora	Operation Head	April 01, 2014	15,000	B.Com Diploma in NCFM	Dynamic Trading Co. P. Didwania & Co.	5 years

\* Mr. Raju Kumar Ram was re-designated as CFO on December 15, 2014. The salary paid to him for FY 2014 is ₹2,40,000/-.

### Other Notes –

The aforementioned KMP are on the payrolls of our Company as permanent employees.

Also, they are not related parties as per the Accounting Standard 18.

### Relationship amongst the Key Managerial Personnel

None of the aforementioned KMP are related to each other.

Also, none of them have been selected pursuant to any arrangement / understanding with major shareholders / customers / suppliers.

### Shareholding of Key Managerial Personnel

None of the KMP in our Company holds any shares of our Company as on the date of this Draft Prospectus.

### Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company, other than to the extent of remuneration of benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to / in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

**Bonus or Profit Sharing Plan for the Key Managerial Personnel during the last three years**

Our Company does not have fixed bonus/profit sharing plan for any of the employees or key managerial personnel.

**Loans taken by Key Management Personnel**

None of our Key Managerial Personnel have taken any loan from our Company.

**Employee Share Purchase and Employee Stock Option Scheme**

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

**Payment or Benefit to our Officers**

Except for the payment of salaries and yearly bonus, if any, we do not provide any other benefits to our employees.

**Changes in the Key Managerial Personnel in the three years preceding the date of filing this Draft Prospectus**

Following are the changes in KMP in the last three years:

<b>Name of the Employee / Designation</b>	<b>Date of Change</b>	<b>Nature of Change</b>
Shanu Jain (Company Secretary and Compliance Officer)	December 15, 2014	Fresh Appointment
Raju Kumar Ram (Chief Financial Officer and Accounts Head)	December 15, 2014	Re-designation as CFO
Sachin Deora (Operation Head)	April 01, 2014	Fresh Appointment
Dilip Prajapati (Operation Head)	March 31, 2014	Resignation

## OUR PROMOTERS AND PROMOTER GROUP

### The Promoters of our Company are:

- 1) Mr. Pawan Dalmia (Individual Promoter)
- 2) M/s. Confident Financial Advisory Pvt. Ltd. (Corporate Promoter)

### Brief profile of our Individual Promoter: Mr. Pawan Dalmia

	Identification	Details
	PAN	AHJPD5970E
	Passport No.	G1612121
	Driving License Number	WB-012007459445
	Voter's ID	HCH1556422
	Bank Account Number	30012109003
	Name of Bank & Branch	State Bank of India, Vivekananda Road Branch (Kolkatta)

*For additional details on the age, background, personal address, educational qualifications, experience, positions / posts held in the past, terms of appointment as Directors and other directorships of our Individual Promoter, please see the chapter titled "Our Management" beginning on page 112 of this Draft Prospectus.*

*For details on the build-up of our Individual Promoter's shareholding in our Company, please see "Capital Structure – Notes to Capital Structure" beginning on page 50 of this Draft Prospectus.*

### Brief Profile of our Corporate Promoter: M/s. Confident Financial Advisory Pvt. Ltd. ("CFAPL")

<b>Name</b>	M/s. Confident Financial Advisory Pvt. Ltd.
<b>Permanent Account Number</b>	AADCC4022C
<b>Company Registration Number</b>	120413
<b>Address of ROC with which the company was registered</b>	Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.B. Road, Kolkata - 700020 (West Bengal)
<b>Bank Account Number</b>	02192560022201
<b>Name of the Bank and Branch</b>	HDFC Bank (Burra Bazar, Kolkata)

### Corporate Information and Brief History

CFAPL was incorporated on November 19, 2007 as a private limited company under the Companies Act, 1956 as 'Confident Financial Advisory Pvt. Ltd.' and was registered with the Registrar of Companies, Kolkata. The registered office of CFAPL is situated at 14/2 Old China Bazar Street, 1st Floor, Kolkata – 700001, West Bengal.

CFAPL was originally incorporated by Mr. Bijay Kumar Agarwal and Mr. Dilip Kumar Yadav in 2007. Our current promoter Mr. Pawan Dalmia acquired substantial control (65.81%) of CFAPL in May 2009. Subsequently, Mr. Dalmia has also been inducted on the board of the company in October 2013.

CFAPL was not the original promoter of our company, however it currently holds 62,66,400 Equity Shares of our Company, which constitutes 36.14% of our Pre-Issue paid-up share capital. The Post –Issue shareholding



of CFAPL will be 26.29%. For details of the build-up of CFAPL's shareholding in our Company, please see "Capital Structure – Notes to Capital Structure" on page 50 of this Draft Prospectus. Further, we confirm that compliance with SEBI (SAST) Regulations and Listing Agreement was not applicable, since shares of our company were not listed on any Stock Exchange in India at the time of the said acquisitions.

**The Main Objects of CFAPL are as follows:**

*To Carry on business as consultants and /or render services on matters and problem relating to the industries, Administration, Management, Organisation, Accountancy, Taxation, Costing, Financial shares and Secretarial, Marketing, Import, Export, Commercial or economic activities labour statistical & to carry on the business of providing financial services in all its aspects to act as financial consultants and advices, to issue guarantees, to provided financial and Investment assistance to syndicate any financial arrangements whether in domestic markets or international market.*

**Board of Directors**

The Board of Directors of CFAPL as on the date of this Draft Prospectus is as follows:

- Pawan Dalmia
- Ramesh Dalmia

**Shareholding Pattern**

The shareholding Pattern of CFAPL as on the date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
<b>A</b>	<b>Promoters &amp; Promoter Group</b>		
1	Pawan Dalmia	207300	65.81
	<b>Total (A)</b>	<b>207300</b>	<b>65.81</b>
<b>B</b>	<b>Others (B)</b>	<b>107700</b>	<b>34.19</b>
	<b>GRAND TOTAL (A+B)</b>	<b>315000</b>	<b>100.00</b>

**Summary of Financial Information of CFAPL**

The audited financial results of CFAPL for fiscals 2014, 2013 and 2012 are set forth below:

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2014	2013	2012
1	Equity Capital	31.50	31.50	31.50
2	Reserves (excluding revaluation reserve) and Surplus	580.22	579.71	579.67
3	Income including other income	2.51	0.78	1.27
4	Profit/ (Loss) after tax	0.51	0.03	0.04
5	Earnings per share/ Diluted Earnings Per Share (face value of ₹10 each)	0.16	0.01	0.01
6	Net asset value per share	194.19	194.04	194.02

**Other Confirmations**



- ✓ The PAN, Bank Account Number and passport number of our Individual Promoter and the PAN, Bank Account Number, Company registration number, and the address of the RoC Office with which the company is registered shall be submitted to the Stock Exchange at the time of filing of this Draft Prospectus with the Stock Exchange.
- ✓ Our Promoters, the members of our Group Companies and relatives of our Promoters (as per the Companies Act, 1956) have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.
- ✓ No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters, members of our Promoter Group or Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of our Promoters are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.
- ✓ CFAPL is neither a sick company within the meaning of SICA nor has any winding up proceedings been initiated against CFAPL.
- ✓ CFAPL has not made any application to RoC for striking off its name. Additionally, neither CFAPL nor any of our Group Companies have become defunct in the five years preceding the date of this Draft Prospectus.

### Outstanding Litigation

There is no outstanding litigation against our Promoters except as disclosed in the section titled “*Risk Factors*” and chapter titled “*Outstanding Litigation and Material Developments*” beginning on pages 13 and 166 respectively of this Draft Prospectus.

### Loans granted or taken from Our Company

Except as stated in “*Annexure XIX – Restated Statement of Related Party Transactions*” on page 136 of this Draft Prospectus, CFAPL has not granted or taken any unsecured loan to our Company.

### Companies with which the Promoters have disassociated in the last three years

Except as disclosed below, the Individual Promoter of our company – Mr. Pawan Dalmia, has not disassociated themselves from any of the companies, firms or entities during the last three years preceding the date of this Draft Prospectus:

Name of Company	Date of Sale of Shares / Ownership Stake	Date of Resignation from Directorship	Reason for disassociation
Unno Industries Limited	NA	July 22, 2013	Pre-Occupation
Infrastil Trading Private Limited	NA	November 28, 2013	Pre-Occupation
Livin Dragons Entertainment Private Limited	NA	November 28, 2013	Pre-Occupation



Richway Enterprises Private Limited	NA	November 28, 2013	Pre-Occupation
Line-One Trading Private Limited	NA	November 28, 2013	Pre-Occupation

*In addition to the above, Our promoter – Mr. Pawan Dalmia was also a director in Ms/. Corporate Link Up Private Limited, however, the company has been voluntarily stricken-off from Roc and hence, would form part of the list of companies with which Mr. Dalmia has disassociated in the last three years.*

The Corporate Promoter of our Company - M/s. Confident Financial Advisory Pvt. Ltd. has not disassociated with any Company during the preceding three years except in the normal course of business.

### **Experience of our Promoters in the business of Our Company**

Mr. Pawan Dalmia has an experience of over 9 years in business as well as a secretarial consultant. Further he now has an experience of over 1 year in NBFC business. Our Individual Promoter is assisted by a team of professionals to manage the day to day operations of our Company.

### **Interests of Promoters**

The Promoters are interested in the Company to the extent that they have promoted the Company and that they along with their relatives and other members of the Promoter Group; hold Equity Shares in the Company. For details on the shareholding of the Promoters and Promoter Group in the Company, please see the chapter titled “*Capital Structure*” beginning on page 49 of this Draft Prospectus.

Our Individual Promoter is also a Director of our Company and hence may be interested to the extent of remuneration and reimbursement payable to him by the Company. For further details please see the chapter titled “*Our Management*” beginning on page 112 of this Draft Prospectus.

### **Interest of Promoters in the Promotion of our Company**

Our Company is currently promoted by Mr. Pawan Dalmia and M/s. Confident Financial Advisory Pvt. Ltd. in order to carry on its present business. Our Promoters are interested in our Company as mentioned above in this chapter and to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

### **Interest of Promoters in the Property of our Company**

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus, other than as mentioned in the chapters titled “*Business Overview*” and “*Objects of the Issue*” beginning on pages 87 and 61 respectively of this Draft Prospectus.

Further, other than as mentioned in the chapter titled “*Business Overview*”, our Promoters do not have any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery.

### **Interest as Director of our Company**

Except as stated in “*Annexure XIX - Statement of Related Party Transactions*” beginning on page 136 of this Draft Prospectus, our Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or Committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of our AoA.

### **Payment of benefits to the Promoters**

Except as stated in “*Annexure XIX - Related Party Transactions*” on page 136 of this Draft Prospectus, there has been no payment of benefits to the Promoters during the two years preceding the date of this Draft Prospectus.

### **Common Pursuits of Promoters**

The Memorandum of articles of our promoter and our group companies allow them to carry out business activities which may be competitive in nature with our business. We have not entered into any contractual arrangements in order to avoid such conflict of interest in the future.

For details on the related party transactions, to the extent of which our Company is involved, please see “*Annexure XIX - Related Party Transactions*” on page 136 of this Draft Prospectus.

### **Payment of Amounts or Benefits to our Promoters or Promoter Group during the last two years**

For details, please see “*Annexure XIX - Related Party Transactions*” on page 136 of this Draft Prospectus.

### **Interest of Promoters in our Company other than as Promoters**

Other than as promoters, our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company. For details please see chapters titled “*Our Management*” and “*Capital Structure*” beginning on pages 112 and 49 respectively of this Draft Prospectus.

Except as mentioned in this section and the chapters titled “*Business Overview*”, “*Objects of the Issue*”, “*History and Certain Corporate matters*” and “*Financial Information-Related Party Transactions*” beginning on pages 87, 61, 109 and 136 respectively, our Promoters do not have any interest in our Company other than as promoters.

Further, we confirm that our Company has neither made any payments in cash or otherwise to the Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company otherwise than as stated under “*Annexure XIX - Related Party Transactions*” on page 136 of this Draft Prospectus.

### **OUR PROMOTER GROUP**

In addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group:

#### **1. Natural Persons who are Part of the Promoter Group**

As per Regulation 2(1)(zb) of the SEBI (ICDR) Regulation, 2009, apart from Mr. Pawan Dalmia, the following natural persons (being the immediate relatives of our Promoter), shall form part of our Promoter Group:

Name of the Promoter	Name of the Relative	Relationship with the Promoter
<b>Pawan Dalmia</b>	Ramesh Dalmia	Father
	Sushila Devi Dalmia	Mother
	Manish Dalmia	Brother
	Vedika Dalmia	Daughter
	Deepa Dalmia	Spouse
	Motilal Poddar	Spouse's Father
	Sunita Poddar	Spouse's Mother
	Ishu Poddar	Spouse's Brother

**2. Other Relatives/Individuals or PACs and whose shareholding shall be considered as part of the Promoter Group: NIL.**

**3. Corporate Entities or Firms forming part of the Promoter Group**

As per Regulation 2(1)(zb) of the SEBI (ICDR) Regulations, 2009, other than the Corporate Promoter (i.e. CFAPL) the following entities shall form part of our Promoter Group:

Sr. No.	Relationship with Individual Promoter i.e. Mr. Pawan Dalmia	Name of Promoter Group Entity
(A)	Any Body Corporate in which ten per cent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;	<ul style="list-style-type: none"> <li>Orbit Techservices Pvt. Ltd.</li> <li>Netbuzz Entertainment Pvt. Ltd.</li> </ul>
(B)	Any Body Corporate in which a body corporate as provided in (A) above holds ten per cent or more, of the equity share capital;	NIL
(C)	Any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent of the total;	NIL

Sr. No.	Relationship with Corporate Promoter i.e. M/s. Confident Financial Advisory Pvt. Ltd.	Name of Promoter Group Entity
(A)	A subsidiary or holding company of such body corporate;	NA
(B)	Any Body Corporate in which the promoter holds ten per cent or more of the equity share capital or which holds ten per cent or more of the equity share capital of the promoter;	NIL
(C)	Any Body Corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent. or more of the equity share capital of the issuer;	NIL

## OUR GROUP COMPANIES

Following entities have been promoted by our Promoters and shall be classified as our group companies as defined under Schedule VIII of the SEBI Regulations:

### 1) Orbit Techservices Pvt. Ltd

Orbit Techservices Pvt. Ltd. (“OTPL”) was originally incorporated as ‘Nirmala Softex Pvt. Ltd.’ on February 18, 2009 as a private limited company under the Companies Act, 1956 and was registered with the Registrar of Companies, Kolkata. Subsequently the name of the company has been changed to ‘Orbit Techservices Pvt. Ltd.’ vide certificate dated August 02, 2011 issued by RoC, West Bengal. The registered office of OTPL is situated at 206/1B, Vidhan Sarani, Kolkata – 700006, West Bengal.

#### *The Main Objects of OTPL are as follows:*

*To Carry on in India or elsewhere, the business of providing consulting services including implementation of technological solutions for business owners in the field of internet, mobiles and computers and to act as a consultant, advisor, developers, service provider and agent for website development, design and maintenance including blogs, usability improvements, web promotion through search engine, optimization, pay-per click, publicity through online and offline media and websites, web hosting and other website related businesses, development, upgradation and maintenance of software working on computers, internet and mobiles, internet sales and services of self developed and other products like software, e-books, physical books, information reports, displaying of other advertisements on our websites, content development for websites mobiles and related media, analysis and reports on improving results from the websites and softwares.*

#### *Board of Directors*

The Board of Directors of OTPL as on the date of this Draft Prospectus is as follows:

- Pawan Dalmia
- Ramesh Dalmia

#### *Shareholding Pattern*

The shareholding Pattern of OTPL as on the date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
<b>A</b>	<b>Promoters &amp; Promoter Group</b>		
1	Pawan Dalmia	7,500	23.44
2	Ramesh Dalmia	3,000	9.38
3	Manish Dalmia	3,000	9.38
4	Sushila Dalmia	3,000	9.38
	<b>Total (A)</b>	<b>16,500</b>	<b>51.56</b>
<b>B</b>	<b>Others (B)</b>	<b>15,500</b>	<b>48.44</b>
	<b>GRAND TOTAL (A+B)</b>	<b>32,000</b>	<b>100.00</b>

#### *Summary of Financial Information of OTPL*



The audited financial results of OTPL for fiscals 2014, 2013 and 2012 are set forth below:

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2014	2013	2012
1	Equity Capital	3.20	3.20	3.20
2	Reserves (excluding revaluation reserve) and Surplus	1.64	1.20	0.68
3	Income including other income	18.38	20.39	20.83
4	Profit/ (Loss) after tax	0.44	0.52	0.41
5	Earnings per share/ Diluted Earnings Per Share (face value of ₹10 each)	1.38	1.64	1.29
6	Net asset value per share	15.13	13.75	12.11

## 2) Netbuzz Entertainment Pvt. Ltd

Netbuzz Entertainment Pvt. Ltd. (“NEPL”) was incorporated as ‘Netbuzz Entertainment Pvt. Ltd.’ on October 19, 2012 as a private limited company under the Companies Act, 1956 and was registered with the Registrar of Companies, Kolkata. The registered office of NEPL is situated at Room No.415, Marshal House, 33/1, N.S. Road, 4<sup>th</sup> Floor, Kolkata – 700001, West Bengal.

### *The Main Objects of NEPL are as follows:*

*To carry on the production of television programme, television serials, television reality shows, films, news based programmes, current affairs programmes in different Indian & other regional languages to broadcast on satellite television, cable, broadband, web, internet, radio and other broadcast medium and to print form of content publication in regional languages and to deal in establishing, maintaining and managing studios, television channels and films production equipment and facilities, producing, buying, selling, import and export of content and information in print, audio, video and any other form and also to carry on business as broadcaster, channel operators, publishers in India and abroad.*

### *Board of Directors*

The Board of Directors of NEPL as on the date of this Draft Prospectus is as follows:

- Pawan Dalmia
- Sanjeev Sanganeria
- Vishnu Agarwal

### *Shareholding Pattern*

The shareholding Pattern of NEPL as on the date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
<b>A</b>	<b>Promoters &amp; Promoter Group</b>		
1	Pawan Dalmia	3,000	30.00
	<b>Total (A)</b>	<b>3,000</b>	<b>30.00</b>
<b>B</b>	<b>Others (B)</b>	<b>7,000</b>	<b>70.00</b>



<b>GRAND TOTAL (A+B)</b>	<b>10,000</b>	<b>100.00</b>
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### **Summary of Financial Information of NEPL**

The audited financial results of NEPL for fiscals 2014, 2013 and 2012 are set forth below:

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2014	2013	2012*
1	Equity Capital	1.00	1.00	NA
2	Reserves (excluding revaluation reserve) and Surplus	(23.50)	(11.14)	NA
3	Income including other income	14.02	1.50	NA
4	Profit/ (Loss) after tax	(12.36)	(11.14)	NA
5	Earnings per share/ Diluted Earnings Per Share (face value of ₹10 each)	(123.64)	(111.37)	NA
6	Net asset value per share	(225.00)	(101.40)	NA

\* The company was incorporated after FY 2012 and hence financial data for this year is not applicable.

### **Other Confirmations w.r.t our group companies**

- ✓ Unless otherwise stated, none of the entities forming part of the Promoter Group / Group Companies had remained defunct during the five years preceding the date of this Draft Prospectus or is a sick company under the meaning of SICA and none of them are under winding up.
- ✓ All the Group Companies are unlisted companies and they have not made any Public Issue of securities (including rights) in the preceding three years.
- ✓ Our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.
- ✓ No violations of securities laws have been committed by our Group Companies in the past or are currently pending against them. None of Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.
- ✓ No winding up proceedings been initiated against our Group Companies.

### **Nature and Extent of Interest of Group Companies**

#### **a) In the promotion of the Company**

None of the Group Companies have any interest in the promotion of the Company, except to the extent of their shareholding in the Company, if any. For details regarding the shareholding of our Group Companies in our company, please see the chapter titled “*Capital Structure*” beginning on page 49 of this Draft Prospectus.

***b) In the properties acquired or proposed to be acquired by the Company in the past two years***

Our Company has not acquired nor does it propose to acquire any properties from its Group Companies.

***c) In transactions for acquisition of land, construction of building and supply of machinery***

None of the Group Companies have any interest in any transactions for acquisition of land, construction of building and supply of machinery by our Company.

**Related Business Transactions within the Group Companies and Significance on the Financial Performance of the Company**

For details, please see the chapter titled “*Annexure XIX - Related Party Transactions*” on page 136 of this Draft Prospectus.

**Business Interest of Group Companies in the Company**

Except as disclosed above, and in the chapters titled “*Business Overview*” and “*Related Party Transactions*” beginning on pages 87 and 135 respectively of this Draft Prospectus, none of the Group Companies have any business interest in our Company.

**Sale / Purchase between Group Companies**

For details, please see the chapter titled “*Annexure XIX - Related Party Transactions*” on page 136 of this Draft Prospectus.



## **DIVIDEND POLICY**

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.



## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, please see “*Annexure XIX - Restated Statement of Related Party Transactions*” on page 136 of this Draft Prospectus.



## **SECTION VI - FINANCIAL INFORMATION**

### **RESTATED FINANCIAL INFORMATION OF FRANKLIN LEASING AND FINANCE LIMITED**

To  
The Board of Directors  
**Franklin Leasing And Finance Limited**  
Unit/Shop No.205,Second Floor, Aggarwal City Mall,  
Road No.-44,Pitampura , Delhi – 110034

Dear Sirs,

1. We have examined the attached **Restated Financial Information of Franklin Leasing And Finance Limited (FLFL)**, as at 30<sup>th</sup> September 2014, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 and **Restated Profit & Loss and Cash Flow Statements** for the period ended 30<sup>th</sup> September 2014 and each of the years ended 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 for **Franklin Leasing And Finance Limited** (Collectively the “**Restated Financial Statements**”), as approved by the Board of Directors of **FLFL** prepared in terms of the requirements of Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act 2013 (the “Act”) read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (“the Rules”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended to date (the “SEBI Regulations”) in connection with the Company’s Proposed Initial Public Offer (IPO) of equity shares at ₹ 10/- each at a premium of ₹ 10/- each (referred to as the “**Issue**”) under the Fixed Price Issue Method.
2. The Restated Financial Information have been extracted by the management from the financial statements, for the Period / Financial Year ended 30<sup>th</sup> September 2014, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013 audited by Anil Hariram Gupta & Co., Chartered Accountant, being the statutory auditors and the same is re-audited by us for the Period / Financial Year 30<sup>th</sup> September 2014 and 31<sup>st</sup> March 2014, and for the Financial Year 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 audited by M/s. P. K. Singh & Associates, Chartered Accountants, being the Statutory auditors for those years. We did not carry out any validation tests or review procedures of financial statements for aforesaid financial year audited by M/s P. K. Singh & Associates, Chartered Accountants and M/s. Anil Hariram Gupta & Co., Chartered Accountants and upon which we have placed our reliance while reporting.
3. Information of the Company for the Financial Years ended 31<sup>st</sup> March 2010, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2012 are based solely on financial statements audited by M/s. P. K. Singh & Associates, being the Statutory Auditors of the Company for such period and for the Period / Financial Year ended 30<sup>th</sup> September 2014, 31<sup>st</sup> March, 2014 and 31<sup>st</sup> March 2013 are based solely on financial statements audited by Anil Hariram Gupta & Co., Chartered Accountant, being the statutory auditors and the same is re-audited by us for the Period / Financial Year 30<sup>th</sup> September 2014 and 31<sup>st</sup> March 2014 and books of account underlying those financial statements and other records of the Company, to the extent considered necessary, for the presentation of the Restated Summary Statements under the requirements of Revised Schedule VI of the Act, in relation to the years ended 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010.
4. In accordance with the requirements of sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations; Revised Guidance Note on Reports in Company

Prospectuses (as amended from time to time) issued by the Institute of Chartered Accountants of India (the “ICAI”) and the term of our engagement agreed with you, we further report that:

- i. The Restated Summary Statement of Assets and Liabilities of the Company as at 30<sup>th</sup> September 2014, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 as set out in “**Annexure I**” to this report read with the Significant Accounting Policies and related Notes in “**Annexure IV and V**” respectively, are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate and more fully described in Schedules to the Restated Summary Statements.
- ii. The Restated Summary of Profit & Loss Statement of the Company for the Period / Financial Year ended 30<sup>th</sup> September 2014, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 as set out in “**Annexure II**” to this report read with the significant accounting policies and related Notes in Annexure IV and V respectively, are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relates and more fully described in Schedules to the Restated Summary Statements.
- iii. We have also examined the following financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the Period / Financial Year ended 30<sup>th</sup> September 2014, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010.

Annexure III	Restated Statement of Cash Flows
Annexure IV	Significant Accounting Policies
Annexure V	Notes to Accounts
Annexure VI	Restated Statement of Reserves & Surplus
Annexure VII	Restated Statement of Fixed Assets
Annexure VIII	Restated Statement of Other Non-Current Assets
Annexure IX	Restated Statement of Inventories
Annexure X	Restated Statement of Trade receivables
Annexure XI	Restated Statement of Cash and Cash Equivalents
Annexure XII	Restated Statement of Loans and Advances
Annexure XIII	Restated Statement of Other Current Assets
Annexure XIV	Restated Statement of Current Liabilities and Provisions
Annexure XV	Restated Statement of Other Income
Annexure XVI	Restated Statement of Capitalization
Annexure XVII	Restated Statement of Tax Shelters
Annexure XVIII	Restated Statement of Accounting Ratios
Annexure XIX	Restated Statement of Related Party Transactions

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable;

- a. In the case of the Statement of Assets and Liabilities of the company as at 30<sup>th</sup> September 2014, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010;
- b. In the case of the Statements of Profit & Loss, of the profit of the company for the years ended on that date; and



c. In the case of the Cash Flow Statement, of the cash flows of the company for the years ended on that date.

Our report is intended solely for the use of management and for inclusion in this Draft Prospectus / Prospectus in connection with the proposed issue of equity shares of the Company and our Report should not to be used, referred to or distributed for any other purpose without our written consent.

**For V. N. Purohit & Co.,**  
**Chartered Accountants**  
(Firm Registration No. 304040E)

**O. P. Pareek**  
**Partner**  
Membership No: 014238

Place: New Delhi  
Date: January 05, 2015



**ANNEXURE I: RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(₹ in lakhs)

Particulars	September	As on March 31,				
	30, 2014	2014	2013	2012	2011	2010
<b>EQUITY AND LIABILITIES</b>						
<b>Share Holder's Fund</b>						
Equity Share Capital	72.24	72.24	72.24	72.24	72.24	20.59
Reserves & Surplus	2,921.88	2,861.26	2,846.58	2,847.82	2,847.45	316.58
<b>Non Current Liabilities</b>						
Long Term Provisions	5.87	3.82	7.91	-	-	-
<b>Current Liabilities</b>						
Trade Payables	631.83	614.27	549.26	11.32	0.02	0.13
Short Term Provisions	35.74	7.72	2.99	0.16	0.01	0.01
Current Liabilities	-	-	0.50	-	-	-
<b>Total</b>	<b>3,667.53</b>	<b>3,559.28</b>	<b>3,479.46</b>	<b>2,931.52</b>	<b>2,919.70</b>	<b>337.30</b>
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Fixed Assets	0.15	0.17	0.20	0.23	0.27	0.31
Deferred Tax Asset	0.03	0.02	0.02	0.02	0.02	0.01
Capital & Amortised Expenses W/off	0.16	0.32	0.49	0.65	-	-
<b>Current Assets</b>						
Current Investment	58.00	-	253.00	2,530.25	2,909.50	327.50
Trade Receivables	173.12	3.50	-	-	0.17	0.17
Cash and Cash Equivalents	59.55	87.69	51.79	4.34	9.76	3.81
Short Term Loans and Advances	3,344.49	3,444.54	3,165.95	395.53	-	5.51
Other Current Assets	25.58	16.58	8.04	0.52	-	-
Inventories	6.48	6.48	-	-	-	-
<b>Total</b>	<b>3,667.53</b>	<b>3,559.28</b>	<b>3,479.46</b>	<b>2,931.52</b>	<b>2,919.70</b>	<b>337.30</b>



**ANNEXURE II: RESTATED STATEMENT OF PROFITS AND LOSSES**

(₹ in lakhs)

Particular	Sept. 30,	For the year ended on March 31,				
	2014	2014	2013	2012	2011	2010
<b>REVENUE</b>						
<b>Revenue from Operations</b>						
Sales	-	8.65	14.88	-	-	-
Interest Income	115.05	94.16	89.51	5.37	0.18	0.17
Other Income	-	0.01	-	-	-	-
<b>Total Income</b>	<b>115.05</b>	<b>102.82</b>	<b>104.39</b>	<b>5.37</b>	<b>0.18</b>	<b>0.17</b>
<b>EXPENSES</b>						
Purchases	-	87.54	85.72	-	-	-
Changes in Inventories	-	(6.48)	-	-	-	-
Employee Benefit Expenses	5.66	3.72	7.14	3.31	-	-
Financial Cost	0.03	0.10	0.08	0.02	0.01	-
Depreciation and Amortization Expenses	0.19	0.19	0.19	0.20	0.04	0.05
Other Administrative Expenses	18.48	2.44	1.58	1.31	0.10	0.09
<b>Total Expenditure</b>	<b>24.36</b>	<b>87.51</b>	<b>94.71</b>	<b>4.84</b>	<b>0.15</b>	<b>0.14</b>
<b>Net Profit/(Loss) Before Tax</b>	<b>90.69</b>	<b>15.31</b>	<b>9.68</b>	<b>0.53</b>	<b>0.03</b>	<b>0.03</b>
<b>Less: Provision for Taxation</b>						
Current Years Income Tax	28.02	4.73	2.99	0.16	0.01	0.01
Deferred Tax (Asset)\Liability	-	-	0.01	(0.01)	(0.01)	(0.01)
Prior Period Expenses/(Income)	-	-	-	-	-	-
<b>Total</b>	<b>28.02</b>	<b>4.73</b>	<b>3.00</b>	<b>0.15</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Profit After Tax but Before Extraordinary Items</b>	<b>62.67</b>	<b>10.58</b>	<b>6.68</b>	<b>0.38</b>	<b>0.03</b>	<b>0.03</b>
Extraordinary items	-	-	-	-	0.01	-
<b>Net Profit After Extraordinary Items Available for Appropriation</b>	<b>62.67</b>	<b>10.58</b>	<b>6.68</b>	<b>0.38</b>	<b>0.02</b>	<b>0.03</b>



**ANNEXURE III: RESTATED STATEMENT OF CASH FLOWS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Net Profit (adjusted) Before Tax and Extra-ordinary Items</b>	<b>90.69</b>	<b>15.31</b>	<b>9.68</b>	<b>0.53</b>	<b>0.03</b>	<b>0.03</b>
<b>Adjustments for</b>						
Depreciation & amortisation exp.	0.19	0.19	0.19	0.20	0.04	0.05
Interest Expenses	-	-	-	-	-	-
<b>Operating Cash Generated Before Working Capital Changes and Taxes</b>	<b>90.88</b>	<b>15.50</b>	<b>9.87</b>	<b>0.73</b>	<b>0.07</b>	<b>0.08</b>
(Increase)/Decrease in Inventories	-	(6.48)	-	-	-	-
(Increase)/Decrease in Loans & Advances	91.05	(287.14)	(2,777.94)	(396.05)	5.50	-
(Increase)/Decrease in Receivables	(169.62)	(4.00)	-	0.17	-	(0.17)
(Increase)/Decrease in Other Current Assets	-	-	-	-	-	-
Increase/(Decrease) in Payables	17.55	65.02	537.93	11.31	(0.11)	0.12
Increase/(Decrease) in Other Current Liabilities	-	-	0.50	-	-	-
<b>Operating Cash Generated Before Taxes</b>	<b>29.86</b>	<b>(217.10)</b>	<b>(2,229.64)</b>	<b>(383.84)</b>	<b>5.46</b>	<b>0.03</b>
<b>Less : Income Tax paid (MAT/FBT)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.16)</b>	<b>(0.02)</b>	<b>0.01</b>	<b>0.00</b>
<b>Net Cash Generated from Operating Activities (A)</b>	<b>29.86</b>	<b>(217.10)</b>	<b>(2,229.80)</b>	<b>(383.86)</b>	<b>5.45</b>	<b>0.03</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets (Net)	-	-	-	-	-	-
Other Investments	(58.00)	253.00	2277.25	379.25	(2,582.00)	(327.50)
Deferred revenue expenses	-	-	-	(0.81)	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(58.00)</b>	<b>253.00</b>	<b>2277.25</b>	<b>378.44</b>	<b>(2,582.00)</b>	<b>(327.50)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from Issue of Share Capital and Application Money	-	-	-	-	51.65	6.55
Securities Premium on Share Allotment	-	-	-	-	2530.85	320.95
Proceeds / (Repayment) from/of Long-term Borrowings	-	-	-	-	-	-
Proceeds / (Repayment) from/of short-term Borrowings	-	-	-	-	-	-
Interest Expenses	-	-	-	-	-	-
<b>Net Cash Flow from Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,582.50</b>	<b>327.50</b>

<b>Activities (C)</b>						
<b>Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(28.14)</b>	<b>35.90</b>	<b>47.45</b>	<b>(5.42)</b>	<b>5.95</b>	<b>0.03</b>
Opening Balance of Cash and Cash Equivalents	87.69	51.79	4.34	9.76	3.81	3.78
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>59.55</b>	<b>87.69</b>	<b>51.79</b>	<b>4.34</b>	<b>9.76</b>	<b>3.81</b>

**Note:** Restated Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard 3.

#### **ANNEXURE IV SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Basis of Preparation of Financial Statements**

The Financial Statements are prepared under the Historical Cost Convention and comply in all material aspects with the applicable Accounting Principles in India and Accounting Standards, and the relevant provisions of The Companies Act, 2013.

##### Presentation and disclosure in financial statements

During the year ended March 31, 2012 the revised Schedule VI notified under the companies act 1956, had become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed by the company for preparation of financial statements. However, it has significant impact on presentation and disclosure made in financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in current year.

##### **B. Use of Estimates**

The preparation of Financial Statements required estimates and assumptions to be made that affect the reported amount of Assets and Liabilities on the date of Financial Statement and the reported amount of Revenues and Expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/ materialized.

##### **C. Own Fixed Assets**

Fixed Assets are valued at cost less accumulated depreciation and net of CENVAT, unless revalued, for which proper disclosure is made.

All expenditure, including advances given and interest cost during the project construction period, are accumulated and shown as Capital Work-in-Progress until the project/assets commences commercial production. Assets under construction are not depreciated. Expenditure arising out of trial run is part of pre operative expenses included in Capital Work-in-Progress.

##### **D. Depreciation**

Depreciation on Fixed Assets has been provided only on the assets which are put to use by W.D.V. Method of Depreciation at the rates and manner prescribed under Schedule XIV of the Companies Act, 1956 as amended. The depreciation has been provided on pro rata basis for the assets purchased during the period.

#### **E. Revenue Recognition**

Revenue from sale of goods is recognized (net of sales return & trade discounts) on transfer of significant risks and rewards of ownership to the buyer. Other Income if any accounted on accrual basis.

#### **F. Inventories**

The general practice adopted by the Company for valuation of inventory is at cost.

#### **G. Foreign Currency Transactions**

There are no Foreign Currency Transactions in our Company.

#### **H. Investment**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

#### **I. Impairment of Assets**

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 "Impairment of Assets " is recognized wherever the carrying amount of an assets exceeds its recoverable amount, which represent the greater of the net selling price of assets and their value in use. An impairment loss recognized in prior accounting period is reversed if there has been a change in estimate of recoverable amount.

#### **J. Employees Benefit:**

The present value of the obligations under such plan is determined on actuarial valuation and amount paid for the year is recognized in the profit and loss account.

#### **K. Segment Reporting**

The Company does not have reportable Segment as per requirement of "Accounting Standards 17 - Segment Reporting". All the Revenue shown as part of revenue from operations comes from the NBFC / Investing Activities of the company. All other revenues/incomes are show as Other Income.

#### **L. Borrowing cost:**

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing cost is recognized as expenses in the period in which they are incurred.

#### **M. Taxation:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of The Income-tax Act, 1961.

Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.. Deferred Tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be adjusted.

#### N. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### O. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings per share issued by the Institute of Chartered accountants of India. Basic earnings share have been computed by dividend net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

### ANNEXURE V NOTES TO ACCOUNTS

#### 1. Managerial Remuneration

(₹ in lakhs)

Particulars	Sept. 30,		For the Year Ended March 31,			
	2014	2014	2013	2012	2011	2010
<i>Whole Time Directors Remuneration</i>						
Salaries and Allowances	-	-	-	-	-	-
<i>Non Whole Time Directors Remuneration</i>						
Sitting Fees	-	-	-	-	-	-

#### 2. Deferred Tax

Deferred Tax Liability is calculated on the Timing Difference between W. D. V. of Fixed Assets as per Companies Act and as per Income Tax Act and Disallowable Gratuity. Deferred Tax Asset is recognized for business losses as per Income Tax Act and Disallowable Gratuity to the extent that there is virtual certainty that sufficient future taxable income will be taxable against which Deferred Tax Assets can be realized.

(₹ in lakhs)

Particulars	Sept.	For the Year Ended March 31,				
	30, 2014	2014	2013	2012	2011	2010
Opening Balance of Deferred Tax Assets	0.02	0.02	0.02	0.02	0.01	0.00
Diff. In Depreciation between accounting books and tax return for the year end	0.01	0.01	0.01	0.01	0.03	0.03



Provision for gratuity disallowable u/s. 43B of the Income Tax Act, 1961	-	-	-	-	-	-
Tax Rate	30.90%	30.90%	30.90%	30.90%	30.90%	30.90%
<b>Closing Bal. of Deferred Tax (Liability) / Asset</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.01</b>

**3. Remuneration to Statutory Auditors:***(₹ in lakhs)*

Particulars	For the year ended March 31,					
	Sept. 30, 2014	2014	2013	2012	2011	2010
Audit Fees	0.15	0.15	0.11	0.08	0.02	0.02
Taxation Matters	-	-	-	-	-	-
ROC Matters	-	-	-	-	-	-
<b>Total</b>	<b>0.15</b>	<b>0.15</b>	<b>0.11</b>	<b>0.08</b>	<b>0.02</b>	<b>0.02</b>

4. The balance of sundry debtors, Creditors, Loans & advances are subject to their confirmation and reconciliation if any.
5. The Company has not received any intimation from suppliers regarding their status under micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the yearend as required under the said Act have not been furnished.
6. In the opinion of Board of Directors, the value of realization of current assets, loans and advances in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.
7. The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
8. There no audit qualification in last five years.

**9. Accounting for taxes on income**

Provision for current tax is made based on the tax payable under the current provisions of the tax laws applicable in the jurisdiction where the income is assessable.

**10. Contingent Liability**

There are no Contingent Liabilities in the Company as on March 31, 2014

**11. Earnings Per share**

Basic & Diluted Earnings per Share is calculated on Weighted Average number of Equity shares during the year.

12. Previous year figures have been re-grouped and reclassified wherever necessary to confirm to the current year classification.

**13. Information regarding Foreign Exchange earnings and expenditure:**

Earning in Foreign Exchange: NIL

Expenditure in Foreign Exchange: NIL



**ADJUSTMENTS MADE OF RESTATED FINANCIAL STATEMENTS DUE TO REPRESENTATION UNDER NEW FORMAT OF SCHEDULE VI OF THE COMPANIES ACT, 1956**  
(₹ in lakhs)

Particulars	Sept. 30, 2014	For the Year Ended March 31,				
		2014	2013	2012	2011	2010
<b>RECONCILIATION OF CURRENT ASSETS AND LOANS &amp; ADVANCES</b>						
<b>As per Balance Sheet</b>						
Current Assets					9.93	3.99
Loans & Advances					-	5.50
<b>Total</b>					<b>9.93</b>	<b>9.49</b>
<b>Restated as follows</b>						
Cash and Cash Equivalents	N. A	N. A	N. A	N. A	9.76	3.81
Trade Receivables					0.17	0.17
Short Term Loans and Advances					-	5.51
Other Current Assets					-	-
<b>Total</b>					<b>9.93</b>	<b>9.49</b>
<b>RECONCILIATION OF CURRENT LIABILITIES &amp; PROVISIONS</b>						
<b>As per Balance Sheet</b>						
Current Liabilities & Provisions					0.03	0.14
<b>Total</b>					<b>0.03</b>	<b>0.14</b>
<b>Restated as follows</b>						
Trade Payables	N. A	N. A	N. A	N. A	0.02	0.13
Short Term Provisions					0.01	0.01
<b>Total</b>					<b>0.03</b>	<b>0.14</b>
<b>RECONCILIATION OF EXPENSES</b>						
<b>As per Profit &amp; Loss A/c</b>						
Audit fee					0.02	0.02
Accounting Charges					-	-
Office expenses					-	-
Legal & Professional Charges					0.02	0.01
Printing and Stationary					0.01	0.02
Salary Expenses					-	-
Other Administrative Expenses					0.06	0.04
<b>Total</b>	N. A	N. A	N. A	N. A	<b>0.11</b>	<b>0.09</b>
<b>Restated as follows</b>						
Employee Benefit Expenses					-	-
Finance Cost					0.01	-
Other Administrative Expenses					0.10	0.09
<b>Total</b>					<b>0.11</b>	<b>0.09</b>
<b>Difference in PAT</b>		-	-	-	-	-



**OTHER ADJUSTMENTS MADE IN RESTATED FINANCIAL STATEMENTS**

(₹ in lakhs)

Particulars	Sept. 30,	For the Year Ended March 31,				
	2014	2014	2013	2012	2011	2010
<b>RECONCILIATION OF CURRENT LIABILITIES &amp; PROVISIONS</b>						
<b>As per Balance Sheet</b>						
Trade Payables	631.83	614.27	549.26	11.32		
Short Term Provisions	35.74	7.72	2.99	0.16		
<b>Total</b>	<b>667.57</b>	<b>621.99</b>	<b>552.25</b>	<b>11.48</b>		
<b>Restated as follows</b>						
Trade Payables	631.83	614.27	549.26	11.32		
Short Term Provisions	35.74	7.72	2.99	0.16		
Other Current Liabilities			0.50			
<b>Total</b>	<b>667.57</b>	<b>621.99</b>	<b>552.75</b>	<b>11.48</b>		
<b>Difference in Current Liabilities &amp; Provision</b>			<b>0.50<sup>(1)</sup></b>			
<b>RECONCILIATION OF CURRENT ASSETS AND LOANS &amp; ADVANCES</b>						
<b>As per Balance Sheet</b>						
Cash & Bank Balances	59.55	87.69	51.79	4.34		
Inventories	6.48	6.48	-	-		
Trade Receivables	173.12	3.50	(0.50)	-		
Short Term Loans & Advances	3,370.07	3,461.12	3,173.99	396.05		
<b>Total</b>	<b>3,609.22</b>	<b>3,558.79</b>	<b>3,225.28</b>	<b>400.39</b>		
<b>Restated as follows</b>						
Cash and Cash Equivalents	59.55	87.69	51.79	4.34		
Inventories	6.48	6.48	-	-		
Trade Receivables	173.12	3.50	-	-		
Short Term Loans and Advances	3344.49	3,444.54	3,165.95	395.53		
Other Current Assets	25.58	16.58	8.04	0.52		
<b>Total</b>	<b>3,609.22</b>	<b>3,558.79</b>	<b>3,225.78</b>	<b>400.39</b>		
<b>Difference in Current Assets and Loans &amp; Advances</b>			<b>(0.50)<sup>(1)</sup></b>			

(₹ in lakhs)

Particulars	Sept. 30,	For the Year Ended March 31,				
	2014	2014	2013	2012	2011	2010
<b>RECONCILIATION OF INCOME</b>						
<b>As per Profit &amp; Loss A/c</b>						
Sales						
Interest Income						
Revenue from Operations	115.05	102.82	104.39	5.37		
<b>Total</b>	<b>115.05</b>	<b>102.82</b>	<b>104.39</b>	<b>5.37</b>		
<b>Restated as follows</b>						
Sales	-	8.65	14.88	-		
Interest Income on Loans	115.05	94.16	89.51	5.37		
<b>Total</b>	<b>115.05</b>	<b>102.81<sup>(2)</sup></b>	<b>104.39</b>	<b>5.37</b>		
<b>Difference in PAT</b>	-	-	-	-		



<b>RECONCILIATION OF EXPENSES</b>						
<b>As per Profit &amp; Loss A/c</b>						
Employee Benefit Expenses	5.66	3.72	7.14	3.31		
Depreciation & Amortization	0.19	0.19	0.19	0.20		
Other Administrative Expenses	18.51	2.54	1.67	1.33		
<b>Total</b>	<b>24.36</b>	<b>6.45</b>	<b>9.00</b>	<b>4.64</b>		
<b>Restated as follows</b>						
Employee Benefit Expenses	5.66	3.72	7.14	3.31	N. A	N. A
Finance Cost	0.03	0.10	0.08	0.02		
Depreciation & Amortization	0.19	0.19	0.19	0.20		
Other Administrative Expenses	18.48	2.44	1.58	1.31		
<b>Total</b>	<b>24.36</b>	<b>6.45</b>	<b>9.00</b>	<b>4.64</b>		
<b>Difference in PAT</b>		-	-	-		

**Note:**

(1) Advances received from customer of ₹ 0.50 lakhs in the FY 2012-13, shown as negative balance under Trade Receivables in the audited financials, now shown as Other Current Liabilities as per the restated financials.

(2) Income from I. T. Refund of ₹ 0.01 lakhs shown as Revenue from Operations in the audited financials for FY 2013-14, rectified and correctly shown as Other Income in the restated financials

**ANNEXURE VI  
RESTATED STATEMENT OF RESERVES AND SURPLUS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
Share Premium Account	2,851.80	2,851.80	2,851.80	2,851.80	2,851.80	320.95
Profit & Loss Account	49.67	1.58	(10.98)	(8.41)	(8.70)	(8.72)
Special Reserves u/s 45-IC of the RBI Act, 1934	20.41	7.87	5.76	4.43	4.35	4.35
<b>Total</b>	<b>2,921.88</b>	<b>2,861.26</b>	<b>2,846.58</b>	<b>2,847.82</b>	<b>2,847.45</b>	<b>316.58</b>

**ANNEXURE VII  
RESTATED STATEMENT OF FIXED ASSETS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
Electrical Instruments	1.56	1.56	1.56	1.56	1.56	1.56
Add: Additions during the year	-	-	-	-	-	-
Less: Deductions during the year	-	-	-	-	-	-
Less: Accumulated Depreciation	1.42	1.39	1.37	1.33	1.30	1.26
<b>Net Block</b>	<b>0.14</b>	<b>0.17</b>	<b>0.19</b>	<b>0.23</b>	<b>0.26</b>	<b>0.30</b>
Furniture & Fixtures	0.12	0.12	0.12	0.12	0.12	0.12
Add: Additions during the year	-	-	-	-	-	-
Less: Deductions during the year	-	-	-	-	-	-



Less: Accumulated Depreciation	0.12	0.12	0.12	0.12	0.11	0.11
<b>Net Block</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>
<b>Total</b>	<b>0.15</b>	<b>0.17</b>	<b>0.19</b>	<b>0.23</b>	<b>0.27</b>	<b>0.31</b>

**ANNEXURE VIII  
RESTATED STATEMENT OF OTHER NON-CURRENT ASSETS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
Deferred Tax Assets	0.03	0.02	0.02	0.02	0.02	0.01
Deferred Revenue Expenses	0.16	0.32	0.49	0.65	-	-
<b>Total</b>	<b>0.19</b>	<b>0.34</b>	<b>0.51</b>	<b>0.67</b>	<b>0.02</b>	<b>0.01</b>

**ANNEXURE IX  
RESTATED STATEMENT OF INVENTORIES**

(₹ in lakhs)

Particular	Sept.30, 2014	2014	For the year ended on March 31,			
			2013	2012	2011	2010
Quoted Equity Shares <sup>(1)</sup>	6.48	6.48	-	-	-	-
Bonds	-	-	-	-	-	-
<b>Total</b>	<b>6.48</b>	<b>6.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> At market value as on the date of the balance sheet

**ANNEXURE X  
RESTATED STATEMENT OF TRADE RECEIVABLES**

(₹ in lakhs)

Particulars	Sept. 30, 2014	For the year ended March 31,				
		2014	2013	2012	2011	2010
<b>Debt outstanding exceeding six months:</b>						
<b>Considered Good</b>						
Receivable from Promoter / Promoter Group Co.	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Sub - Total (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt outstanding not exceeding six months:</b>						
<b>Considered Good</b>						
Receivable from Promoter / Promoter Group Co.	-	-	-	-	-	-
Others	173.12	3.50	(0.50)	-	0.17	0.17
<b>Sub - Total (B)</b>	<b>173.12</b>	<b>3.50</b>	<b>(0.50)</b>	<b>-</b>	<b>0.17</b>	<b>0.17</b>
<b>Total (A+B)</b>	<b>173.12</b>	<b>3.50</b>	<b>(0.50)</b>	<b>-</b>	<b>0.17</b>	<b>0.17</b>



**ANNEXURE XI  
RESTATED STATEMENT OF CASH AND CASH EQUIVALENTS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
Cash in hand	57.85	52.42	35.06	2.92	9.56	0.34
Bank Balances	1.70	35.27	16.73	1.42	0.20	3.47
<b>Total</b>	<b>59.55</b>	<b>87.69</b>	<b>51.79</b>	<b>4.34</b>	<b>9.76</b>	<b>3.81</b>

**ANNEXURE XII  
RESTATED STATEMENT OF LOANS AND ADVANCES**

(₹ in lakhs)

Particular	Sept. 30, 2014	2014	For the year ended on March 31,			
			2013	2012	2011	2010
<b>Short Term Loans and Advances</b>						
Loans	2,346.49	2,394.87	1,519.29	154.45	-	-
Other Advances	998.00	1,049.67	1,646.66	241.08	-	5.51
<b>Total</b>	<b>3,344.49</b>	<b>3,444.54</b>	<b>3,165.95</b>	<b>395.53</b>	<b>-</b>	<b>5.51</b>

**ANNEXURE XIII  
RESTATED STATEMENT OF OTHER CURRENT ASSETS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
<b>OTHER CURRENT ASSETS</b>						
Tax Deducted at Source	25.58	16.58	8.04	0.52	-	-
<b>Total</b>	<b>25.58</b>	<b>16.58</b>	<b>8.04</b>	<b>0.52</b>	<b>-</b>	<b>-</b>

**ANNEXURE XIV  
RESTATED STATEMENT OF LONG TERM PROVISIONS**

Particular	Sept. 30, 2014	2014	For the year ended on March 31,			
			2013	2012	2011	2010
<b>LONG TERM PROVISIONS</b>						
Opening Provision for standard assets	3.82	7.91	-	-	-	-
Add: Addition(W/off) during the year	2.05	(4.09)	7.91	-	-	-
<b>Total</b>	<b>5.87</b>	<b>3.82</b>	<b>7.91</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ANNEXURE XV  
RESTATED STATEMENT OF CURRENT LIABILITIES & PROVISIONS**

(₹ in lakhs)

Particular	Sept. 30, 2014	For the year ended on March 31,				
		2014	2013	2012	2011	2010
<b>Current Liabilities</b>						
Trade Payables	631.83	614.27	549.26	11.32	0.02	0.13
<b>Total (A)</b>	<b>631.83</b>	<b>614.27</b>	<b>549.26</b>	<b>11.32</b>	<b>0.02</b>	<b>0.13</b>
<b>Short Term Provisions</b>						



Provision for income tax	35.74	7.72	2.99	0.16	0.01	0.01
<b>Total (B)</b>	<b>35.74</b>	<b>7.72</b>	<b>2.99</b>	<b>0.16</b>	<b>0.01</b>	<b>0.01</b>

**ANNEXURE XVI  
RESTATED STATEMENT OF CAPITALIZATION**

(₹ in lakhs)

Particular	Pre Issue as at 31st Sept 2014	Post Issue
<b>Debt</b>		
Long Term Debt	-	-
Short Term Debt	-	-
<b>Total Debts (A)</b>	-	-
<b>Equity (Shareholder's funds)</b>		
Equity share capital	72.24	722.24
Reserve and Surplus	2,921.88	2,921.88
<b>Total Equity(B)</b>	<b>2,994.12</b>	<b>3,644.12</b>
<b>Long Term Debt / Equity Shareholder's funds</b>	<b>0.00 : 1</b>	<b>0.00 : 1</b>
<b>Total Debts / Equity Shareholder's funds</b>	<b>0.00 : 1</b>	<b>0.00 : 1</b>

**Notes:**

- The above has been computed on the basis of Restated Summary Statements of the Company.
- The Corresponding Post Issue (IPO) Capitalization data for each of the amounts given in above table is not determinable at this stage pending the Completion of the Book Building Process and hence the same has not been provided in the above Statement.

**ANNEXURE XVII  
RESTATED STATEMENT OF TAX SHELTER**

(₹ in lakhs)

Particular	Sept. 30,		For the year ended on March 31,			
	2014	2014	2013	2012	2011	2010
Normal Corporate tax rates (%)	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Minimum alternative tax rates	18.50%	18.50%	18.50%	18.50%	18.00%	15.00%
Profit before tax as per Restated P/L	90.69	15.31	9.68	0.53	0.03	0.03
Applicable Corporate tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
<b>Notional tax as per tax rate on profits (A)</b>	<b>27.21</b>	<b>4.59</b>	<b>2.90</b>	<b>0.16</b>	<b>0.01</b>	<b>0.01</b>
<b>Tax Adjustment</b>						
<b>Permanent Difference</b>						
Donation & Other Expenses	-	-	-	-	-	-
Cash expenses disallowable u/s 40A(3)	-	-	-	-	-	-
<b>Total Permanent Difference (B)</b>	-	-	-	-	-	-
<b>Timing Difference</b>						
Depreciation - including unabsorbed depn.	0.02	0.03	0.03	0.04	0.04	0.05
Deferred revenue expenses w/off	0.17	0.16	0.16	0.16	-	-
<b>Total Timing Difference (C)</b>	<b>0.19</b>	<b>0.19</b>	<b>0.19</b>	<b>0.20</b>	<b>0.04</b>	<b>0.05</b>
<b>Business Losses not set off in past years (D)</b>	-	-	-	-	-	-
<b>Total Adjustment (E) = (B+C+D)</b>	<b>0.19</b>	<b>0.19</b>	<b>0.19</b>	<b>0.20</b>	<b>0.04</b>	<b>0.05</b>



<b>Tax Expenses / (Saving) thereon (F) = (E)* Tax rate</b>	0.06	0.06	0.06	0.06	0.01	0.01
<b>Tax payable as per normal provisions (other than 115JB) of the Act (G)</b>	27.21	4.59	2.90	0.16	0.01	0.01
<b>MAT tax rate (H)</b>	18.50%	18.50%	18.50%	18.50%	18.00%	15.00%
<b>Tax under MAT (I)</b>	16.78	2.83	1.79	0.10	0.00	0.00
<b>Tax payable for the year maximum of (G) or (I)</b>	27.21	4.59	2.90	0.16	0.01	0.01
<b>Interest under section 234B &amp; 234C (As per income tax return)</b>	-	-	-	-	-	-
<b>Total Tax Payable(*)</b>	<b>27.21</b>	<b>4.59</b>	<b>2.90</b>	<b>0.16</b>	<b>0.01</b>	<b>0.01</b>

\* The above tax payable does not include Surcharge, Education Cess and Higher Education Cess, if any

**Notes:**

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Profit and Loss Account'

**ANNEXURE XVIII  
RESTATED STATEMENT OF ACCOUNTING RATIOS**

(₹ in lakhs)

Particulars	Sept. 30, 2014	As on 31st March				
		2014	2013	2012	2011	2010
Restated PAT as per P & L Account	62.67	10.58	6.68	0.38	0.02	0.03
No. of Equity shares outstanding during the year	7,22,400	7,22,400	7,22,400	7,22,400	7,22,400	2,05,900
Weighted average No. of Equity shares outstanding during the year (Including Bonus / Split effect)	1,73,37,600	1,73,37,600	1,73,37,600	1,73,37,600	49,75,562	33,73,907
Net Worth <sup>#</sup>	2,993.96	2,933.18	2,918.33	2,919.41	2,919.69	336.70
<b>Earnings Per Share:</b>						
Basic & Diluted <sup>@</sup>	0.36	0.06	0.04	0.00	0.00	0.00
Return on Net worth (%)	2.09%	0.36%	0.23%	0.01%	0.00%	0.01%
Net Asset Value per Equity Shares (₹)*	414.45	406.03	403.98	404.13	404.17	163.53

\* The Face Value of the Equity Shares for the year March 31, 2013, 2012, 2011 and 2010 was ₹ 100/-. However, for comparison purposes, the same has been considered as face value of ₹ 10/- per Equity Share and No. of Shares accordingly adjusted.

<sup>#</sup> There is no revaluation reserve in last five years of the Company. Net Worth is Equity Share Capital + Reserves and Surplus – Preliminary expenses not written off.

<sup>@</sup> As there is no dilutive capital in the company, Basic and Diluted EPS are same.

**Notes to Accounting Ratios:**

- a. The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively. b) Formulas used for calculating above ratios are as under:
  - i. Basic EPS is being calculated by using the formula: Net Profit after excluding Extra-ordinary items / Weighted Average No. of outstanding shares.
  - ii. Basic EPS(Including bonus Effect) is being calculated by using the formula: Net Profit after excluding Extra-ordinary items/Weighted Average No. of outstanding shares including bonus effect.

- iii. Net Asset Value is being calculated by using the formula: (Equity Share Capital + Reserves and Surplus)/Number of Equity Shares at year end.
- iv. Return on Net worth is being calculated by using the formula: Profit After Tax/(Equity Share Capital + Reserves and Surplus).
- v. Net Tangible Assets comprises Net Fixed Assets and Net Working Capital.

**ANNEXURE XIX  
RESTATED STATEMENT OF RELATED PARTY TRANSACTIONS**

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

**i. Key Management Personnel**

(₹ in lakhs)

Particulars	Sept. 30, 2014	For the year ended March 31,				
		2014	2013	2012	2011	2010
<b>1) Remuneration Paid Directors:</b>	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**ii. Relatives of KMP**

Nil

**iii. Associate Companies**

Nil

**CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS**

There has been no change in the Accounting Policies in the last three (3) years.

**CHANGE IN ACCOUNTING PERIOD**

There has been no change in the accounting period of the Company.

**SALE OR PURCHASE BETWEEN OUR COMPANY AND GROUP COMPANIES**

There are no Sales or Purchases between our Company and our Group Companies.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act.*

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

### Business Overview

Our Company was incorporated as Franklin Leasing and Finance Private Limited on March 16, 1992 under the Companies Act, 1956, bearing Registration No. 048028 having its Registered Office in Delhi. Subsequently, the Company became a Public Limited Company pursuant to a special resolution passed by the members of our Company at the EGM held on September 10, 2013 and the name of our Company was changed to Franklin Leasing and Finance Limited. A fresh Certificate of Incorporation consequent to conversion to a public limited company was issued on February 13, 2014 by the Registrar of Companies, Delhi.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45-IA of the Reserve Bank of India Act, 1934 bearing Registration no. B-14.02383 dated May 22, 2001.

Our existing promoter i.e. Mr. Pawan Dalmia, and M/s. Confident Financial Advisory Pvt. Ltd. are not the original promoters of the company and have acquired controlling interest in the company in 2013. For details regarding the share capital build-up of our company please see note 1(f) of the chapter titled "Capital Structure" beginning on page 49 of this Draft Prospectus.

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. We have been running on a modest operating scale till the mid of FY 2013-14, however, post the induction of Mr. Pawan Dalmia who is a company secretary by qualification, we have commenced a process of improving our internal systems including but not limited to Trading Strategies, Financial Discipline and better utilization of our fund based portfolio, through which we have posted a Net Profit before tax of ₹90.69 lacs for the period ended September 30, 2014 and ₹15.31 lacs for the year ended March 31, 2014. Our loan portfolio stood at ₹2346.49 lacs and ₹2394.87 lacs respectively in the above mentioned periods.

### Significant Developments after September 30, 2014 that may affect our Future Results of Operations

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in this Draft Prospectus which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months.

### Factors affecting our Result of Operation

Our result of operations depend on various factors, including the following

- **Revenue Generation**
- **Increasing competition in the industry**
- **General Economic and business condition**
- **Our Financial Expenses**

For further details please see Section titled “*Risk Factors*” and Chapter titled “*Industry Overview*” on page 13 and 79 respectively.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **P. Basis of Preparation of Financial Statements**

The Financial Statements are prepared under the Historical Cost Convention and comply in all material aspects with the applicable Accounting Principles in India and Accounting Standards, and the relevant provisions of The Companies Act, 2013.

#### Presentation and disclosure in financial statements

During the year ended March 31, 2012 the revised Schedule VI notified under the companies act 1956, had become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed by the company for preparation of financial statements. However, it has significant impact on presentation and disclosure made in financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in current year.

### **Q. Use of Estimates**

The preparation of Financial Statements required estimates and assumptions to be made that affect the reported amount of Assets and Liabilities on the date of Financial Statement and the reported amount of Revenues and Expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/ materialized.

### **R. Own Fixed Assets**

Fixed Assets are valued at cost less accumulated depreciation and net of CENVAT, unless revalue, for which proper disclosure is made.

All expenditure, including advances given and interest cost during the project construction period, are accumulated and shown as Capital Work-in-Progress until the project/assets commences commercial production. Assets under construction are not depreciated. Expenditure arising out of trial run is part of pre operative expenses included in Capital Work-in-Progress.

### **S. Depreciation**

Depreciation on Fixed Assets has been provided only on the assets which are put to use by W.D.V. Method of Depreciation at the rates and manner prescribed under Schedule XIV of the Companies Act, 1956 as amended. The depreciation has been provided on pro rata basis for the assets purchased during the period.

### **T. Revenue Recognition**

Revenue from sale of goods is recognized (net of sales return & trade discounts) on transfer of significant risks and rewards of ownership to the buyer. Other Income if any accounted on accrual basis.

**U. Inventories**

The general practice adopted by the Company for valuation of inventory is at cost.

**V. Foreign Currency Transactions**

There are no Foreign Currency Transactions in our Company.

**W. Investment**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**X. Impairment of Assets**

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 “Impairment of Assets “ is recognized wherever the carrying amount of an assets exceeds its recoverable amount, which represent the greater of the net selling price of assets and their value in use. An impairment loss recognized in prior accounting period is reversed if there has been a change in estimate of recoverable amount.

**Y. Employees Benefit:**

The present value of the obligations under such plan is determined on actuarial valuation and amount paid for the year is recognized in the profit and loss account.

**Z. Segment Reporting**

The Company does not have reportable Segment as per requirement of “Accounting Standards 17 - Segment Reporting”. All the Revenue shown as part of revenue from operations comes from the NBFC / Investing Activities of the company. All other revenues/incomes are show as Other Income.

**AA. Borrowing cost:**

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing cost is recognized as expenses in the period in which they are incurred.

**BB. Taxation:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of The Income-tax Act, 1961.

Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.. Deferred Tax



assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be adjusted.

#### CC. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### DD. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings per share issued by the Institute of Chartered accountants of India. Basic earnings share have been computed by dividend net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

#### Results of our Operations

(₹ in Lakhs)

Particular	Sept. 30, 2014	%	For the year ended on March 31,							
			2014	%	2013	%	2012	%	2011	%
<b>REVENUE</b>										
<b>Revenue from Operations</b>										
Sales	-	-	8.65	8.41%	14.88	14.25%	-	-	-	-
Interest Income	115.05	100.00%	94.16	91.58%	89.51	85.75%	5.37	100.00%	0.18	100.00%
Other Income	-	-	0.01	0.01%	-	-	-	-	-	-
<b>Total Income</b>	<b>115.05</b>	<b>100.00%</b>	<b>102.82</b>	<b>100.00%</b>	<b>104.39</b>	<b>100.00%</b>	<b>5.37</b>	<b>100.00%</b>	<b>0.18</b>	<b>100.00%</b>
<b>EXPENSES</b>										
Purchases	-	-	87.54	85.14%	85.72	82.12%	-	-	-	-
Changes in Inventories	-	-	(6.48)	(6.30%)	-	-	-	-	-	-
Employee Benefit Expenses	5.66	4.92%	3.72	3.62%	7.14	6.84%	3.31	61.64%	-	-
Financial Cost	0.03	0.03%	0.1	0.10%	0.08	0.08%	0.02	0.37%	0.01	5.56%
Depreciation and Amortization Expenses	0.19	0.17%	0.19	0.18%	0.19	0.18%	0.2	3.72%	0.04	22.22%
Other Administrative Expenses	18.48	16.06%	2.44	2.37%	1.58	1.51%	1.31	24.39%	0.1	55.56%
<b>Total Expenditure</b>	<b>24.36</b>	<b>21.17%</b>	<b>87.51</b>	<b>85.11%</b>	<b>94.71</b>	<b>90.73%</b>	<b>4.84</b>	<b>90.13%</b>	<b>0.15</b>	<b>83.33%</b>
<b>Net Profit/(Loss) Before Tax</b>	<b>90.69</b>	<b>78.83%</b>	<b>15.31</b>	<b>14.89%</b>	<b>9.68</b>	<b>9.27%</b>	<b>0.53</b>	<b>9.87%</b>	<b>0.03</b>	<b>16.67%</b>
<b>Less: Provision for Taxation</b>										
Current Years Income Tax	28.02	24.35%	4.73	4.60%	2.99	2.86%	0.16	2.98%	0.01	5.56%
Deferred Tax (Asset)\Liability	-	-	-	-	0.01	0.01%	(0.01)	(0.19%)	(0.01)	(5.56%)



Prior Period Expenses/(Income)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>28.02</b>	<b>24.35%</b>	<b>4.73</b>	<b>4.60%</b>	<b>3</b>	<b>2.87%</b>	<b>0.15</b>	<b>2.79%</b>	-	-
Net Profit After Tax but Before Extraordinary Items	62.67	-	10.58	10.29%	6.68	6.40%	0.38	7.08%	0.03	16.67%
Extraordinary items	-	-	-	-	-	-	-	-	0.01	5.56%
<b>Net Profit After Extraordinary Items Available for Appropriation</b>	<b>62.67</b>	<b>54.47%</b>	<b>10.58</b>	<b>10.29%</b>	<b>6.68</b>	<b>6.40%</b>	<b>0.38</b>	<b>7.08%</b>	<b>0.02</b>	<b>11.11%</b>

### *Main Components of our Profit and Loss Account*

#### **Income**

Our total income comprises of revenue from operations and other income.

#### *Revenue from Operations*

Our revenue from operations (i.e. our interest income and business activity revenue) as a percentage of total income for the six months period ended September 30, 2014 and for the fiscal year ended 2014, 2013, 2012 was 100.00%, 99.99%, 100% and 100.00% respectively.

#### *Other Income*

Our other income includes interest on I.T. refund. Other income, as a percentage of total income for the six months period ended September 30, 2014 was nil and for the fiscal year ended 2014 was 0.01%.

#### **Expenditure**

Our total expenditure primarily consists of Purchases, Changes in Inventories, Employee Benefit Expenses, Financial Cost, Depreciation and Amortization Expenses and Other expenses.

#### *Purchases*

Costs of purchases are primarily in relation to purchases of bonds and equity shares in listed and / or unlisted companies.

#### *Employee Benefit Expenses*

Expenses in relation to employees' remuneration and benefits include salary, bonus and allowances, workmen and staff welfare costs, Director's remuneration etc.

#### *Other Expenses*

Other expenses primarily include Rent, Advertisement expenses, Legal & Professional fees, Office expenses, etc

#### *Financial Cost*

Financial cost consists of bank charges.

### *Depreciation and Amortization Expenses*

Depreciation and Amortization Expenses primarily consist of depreciation/amortization on the fixed assets and Intangible Assets of our Company which primarily includes Vehicles, Furniture and fixtures, Computers and Office Equipments.

### *Provision for Tax*

Income taxes are accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (“AS-22”), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax, as applicable.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to our Company under the provisions of the I. T. Act.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax asset / liability on such timing differences subject to prudent considerations in respect of deferred tax assets.

### **Review for the six (6) months period ended September 30, 2014**

#### *Income*

Our total income for the six months period ended September 30, 2014 was ₹ 115.05 Lacs or 100.00% of the total income. Other income for said period was nil.

#### *Purchases*

Our purchases for the six months period ended September 30, 2014 was nil.

#### *Employee Benefit Expenses*

Our Employee Benefit Expenses for the six months period ended September 30, 2014 were ₹ 5.66 Lacs. As a proportion of our total income they were 4.92%.

#### *Other Expenses*

Our Other Expenses for the six months period ended September 30, 2014 ₹ 18.48 Lacs. As a proportion of our total income they were 16.06%.

#### *Financial Cost*

Our Financial Cost for the six months period ended September 30, 2014 was 0.03 Lacs.

### *Depreciation and Amortization Expenses*

Our Depreciation and Amortization Expenses for the six months period ended September 30, 2014 were ₹0.19 Lacs. As a proportion of total income they were 0.17%.

*Profit before Tax*

Profit before Tax for the six months period ended September 30, 2014 was ₹ 90.69 Lacs.

*Profit after Tax*

Profit after Tax for the six months period ended September 30, 2014 was ₹ 62.67 Lacs.

**Fiscal 2014 compared with fiscal 2013***Income*

In fiscal 2014, our total income decreased by ₹1.57 Lacs or negative 1.50%, from ₹ 104.39 Lacs in fiscal 2013 to ₹102.82 Lacs in fiscal 2014. The major factor for such decrease was due to decrease in sales.

*Purchases*

The purchases in fiscal 2014 were ₹87.54 lacs, an increase of 23.04% as compared to the previous year purchases of ₹85.72 Lacs in fiscal 2013. The above increase was mainly due to increase in investments.

*Employee Benefit Expenses*

Our staff cost decreased by ₹3.42 Lacs or positive 47.90%, from ₹7.14 lacs in fiscal 2013 to ₹3.72 lacs in fiscal 2014. This decrease was mainly due to better utilization of existing staff.

*Other Expenses*

Other expenses increased by ₹ 0.86 Lacs from ₹ 1.58 Lacs in fiscal 2013 to ₹ 2.44 Lacs in fiscal 2014. The major factor for such increase in expenses was due to business promotion expenses.

*Financial Cost*

Financial Cost increased by ₹ 0.02 Lacs from ₹ 0.08 Lacs in fiscal 2013 to ₹ 0.10 Lacs in fiscal 2014. The cause of increase in these expenses was majorly due to bank charges.

*Depreciation and Amortization Expenses*

Depreciation expenses are negligible for the fiscal year 2014 and 2013 at 0.19 lacs. This is as per WDV method of depreciation.

*Profit before Tax*

Due to better profit margin and operational efficiency our PBT increased by ₹5.64 Lacs from ₹9.67 Lacs in fiscal 2013 to ₹15.31 Lacs in fiscal 2014.

*Profit after Tax*

Our profit after tax increased by ₹3.90 Lacs from ₹6.68 Lacs in fiscal 2013 to ₹10.58 Lacs in fiscal 2014.

**Fiscal 2013 compared with fiscal 2012**

### *Income*

Our total income increased by ₹99.02 Lacs or 1843.95% from ₹5.37 Lacs in fiscal 2012 to ₹104.39 Lacs in fiscal 2013. The major factor for such increase was due to increase in operations and higher operational efficiency. Other income increased was nil for both the fiscal years.

### *Purchases*

Purchases in fiscal 2013 were ₹85.72 Lacs. This was mainly due to fresh investment made in the fiscal year 2013.

### *Employee Benefit Expenses*

Our staff costs increased by ₹3.83 Lacs or 115.71%, from ₹ 3.31 Lacs in fiscal 2012 to ₹ 7.14 Lacs in fiscal 2013. This increase in our staff cost were driven by addition in staff.

### *Other Expenses*

Other Expenses increased by ₹0.27 Lacs from 1.31 Lacs in fiscal 2012 to 1.58 lacs in fiscal 2013. The cause of increase in these expenses was due to increase in business promotion expenses and higher operational scale in the year 2013.

### *Financial Cost*

Financial cost increased by 300% from ₹0.02 Lacs in fiscal 2012 to ₹0.08 Lacs in fiscal 2013. The cause of increase in these financial costs was majorly due to bank charges.

### *Depreciation Expenses*

Depreciation expenses decreased by 5%, from ₹ 0.20 Lacs in fiscal 2012 to ₹ 0.19 Lacs in fiscal 2013 as there is negligible difference as per WDV method of depreciation

### *Profit before Tax*

Due to better profit margin and operational efficiency our PBT increased to ₹9.15 Lacs as compared from ₹0.53 Lacs in fiscal 2012 to ₹9.68 Lacs in fiscal 2013.

### *Profit after Tax*

PAT increased to ₹6.30 Lacs as compared from ₹0.38 Lacs in fiscal 2012 to ₹6.68 Lacs in fiscal 2013.

## **Fiscal 2012 compared with fiscal 2011**

### *Income*

Our total income increased by ₹5.19 Lacs or 2883.33% from ₹0.18 Lacs in fiscal 2011 to ₹5.37 Lacs in fiscal 2012. The major factor for such increase was due to increase in operations and higher operational efficiency. Other income was nil for both the fiscal years.

### *Purchases*

Nil.

#### *Employee Benefit Expenses*

Our staff costs were ₹3.31 Lacs in fiscal 2012. In the fiscal 2011 it was nil.

#### *Other Expenses*

Other expenses increased to ₹1.21 Lacs, from ₹0.10 Lacs in fiscal 2011 to ₹1.31 Lacs in fiscal 2012. The cause of increase in business promotional expenses.

#### *Financial Cost*

There was increase in financial cost by 100%, from ₹0.01 Lacs in fiscal 2011 to ₹0.02 Lacs in fiscal 2012. The cause of increase was due to bank charges.

#### *Depreciation Expenses*

Depreciation expenses were ₹0.04 Lacs in fiscal 2011 as compared to ₹0.20 Lacs in fiscal 2012. This increase was due to purchases of fixed assets.

#### *Profit before Tax*

Due to better profit margin and operational efficiency our PBT increased to ₹0.50 Lacs as compared from ₹0.03 Lacs in fiscal 2011 to ₹0.53 Lacs in fiscal 2012.

#### *Profit after Tax*

Our profit after tax increased by ₹0.36 Lacs from ₹0.02 Lacs in fiscal 2011 to ₹0.38 Lacs in fiscal 2012.

#### *Cash Flows*

(₹ in Lakhs)

Particulars	6 months period ended September 30, 2014	Year ended March 31			
		2014	2013	2012	2011
Net Cash from Operating Activities	29.86	(217.10)	(2,229.80)	(383.86)	5.45
Net Cash from Investing Activities	(58.00)	253.00	2,277.25	378.44	(2,582.00)
Net Cash used in Financial Activities	-	-	-	-	2,582.50
Net Increase / (Decrease) in Cash and Cash equivalents	(28.14)	35.90	47.45	(5.42)	5.95

#### *Cash Flows from Operating Activities*

Net cash from operating activities for the six months period ended September 30, 2014 was at ₹ 29.86 lacs as compared to the PBT of ₹ 90.69 lacs for the same period. This is primarily on account of increase in receivables and decrease in loans and advances.

Net cash from operating activities in fiscal 2014 was negative 217.10 lacs as compared to the PBT of ₹ 15.31 lacs for the same period. This difference is primarily on account of increase in loans and advances and increase in receivables.

Net cash from operating activities in fiscal 2013 was negative ₹ 2,229.80 lacs as compared to the PBT of ₹ 9.68 lacs for the same period. This difference is primarily on account of increase in loans and advances.

Net cash from operating activities in fiscal 2012 was negative ₹383.84 lacs as compared to the PBT of ₹ 0.53 lacs for the same period. This difference is primarily on account of increase in loans and advances.

Net cash from operating activities in fiscal 2011 was ₹ 5.45 lacs as compared to the PBT of ₹ 0.03 lacs for the same period. This difference is primarily on account of decrease payables.

### ***Cash Flows from Investment Activities***

For the six months period ended September 30, 2014, the net cash invested in Investing Activities was negative ₹ 58.00 lacs, mainly on account of other investments.

In fiscal 2014, the net cash invested in Investing Activities was ₹ 253.00 lacs. This expenditure was on account of other investments.

In fiscal 2013, the net cash invested in Investing Activities was ₹ 2,277.25 lacs. This expenditure was on account other investments.

In fiscal 2012, the net cash invested in Investing Activities was ₹ 378.44 lacs. This expenditure was on account other investments.

In fiscal 2011, the net cash invested in Investing Activities was negative ₹ 2,582.00 lacs. This expenditure was on account other investments.

### ***Cash Flows from Financing Activities***

Net cash from financing activities for the six months period ended September 30, 2014 was nil.

Net cash from financing activities in fiscal 2014 was nil.

Net cash from financing activities in fiscal 2013 was nil.

Net cash from financing activities in fiscal 2012 was nil.

Net cash from financing activities in fiscal 2011 was ₹ 2582.50 lacs primarily due to proceeds from issue of share capital and application money.

## **OTHER MATTERS**

### **1. Unusual or infrequent events or transactions**

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### **2. Significant economic changes that materially affected or are likely to affect income from continuing Operations**

Other than as described in the Section titled “*Financial Information*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, beginning on pages 136 and 154 respectively of this Draft Prospectus respectively, to our knowledge there are no Significant economic changes that materially affected or are likely to affect income from continuing Operations.

### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations**

Other than as described in the chapter titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Result of Operations*”, beginning on pages 13 and 154 respectively of this Draft Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

### **4. Future relationship between Costs and Income**

Other than as described in the chapter titled “*Risk Factors*” beginning on page 13 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

### **5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices**

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

### **6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is a textile based Company and is in the business of processing grey fabric to manufacture finished fabric for various uses. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page 79 of this Draft Prospectus.

### **7. Status of any publicly announced new products or business segments**

Please refer to the chapter titled “*Business Overview*” beginning on page 87 of this Draft Prospectus.

### **8. The extent to which the business is seasonal.**

Our business is not seasonal in nature.

### **9. Any significant dependence on a single or few suppliers or customers**



The revenues from our top 10 customers constituted approximately 69.22 % for FY 2014.

#### **10. Competitive Conditions**

Despite the fact that we are not affected by competition in the short-term, our results of operations could be affected by competition in the textile industry in India and in abroad in the future. We expect competition to intensify due to possible changes in government policy, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established fabric processing companies. This we believe may impact our financial condition and operations.

## **SECTION VII – LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*There are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956 or Schedule V of the Companies Act, 2013) against the Company, our Directors and our Promoter that would have a material adverse effect on our business. There are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.*

#### **PART 1: LITIGATION RELATING TO OUR COMPANY**

##### **A. LITIGATIONS FILED AGAINST OUR COMPANY**

###### **1. Litigation Involving Civil Laws:**

NIL

###### **2. Litigation Involving Criminal Laws.**

NIL

###### **3. Litigation involving Securities and Economic Laws**

NIL

###### **4. Litigation involving Statutory Laws**

NIL

###### **5. Litigation involving Labour Laws**

NIL

##### **B. LITIGATIONS FILED BY OUR COMPANY**

###### **1. Litigation involving Civil Laws:**

NIL

###### **2. Litigation Involving Criminal Laws:**

NIL

###### **3. Litigation Involving Securities and Economic Laws:**

NIL

**4. Litigation Involving Statutory Laws:**

NIL

**5. Litigation Involving Labour Laws:**

NIL

**C. PAST PENALTIES**

NIL

**PART 2: LITIGATION RELATING TO OUR DIRECTORS**

**A. LITIGATIONS FILED AGAINST OUR DIRECTORS**

**1. Litigation involving Civil/Statutory Laws**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Economic Offences.**

NIL

**4. Litigation involving Tax Liabilities.**

NIL

**B. LITIGATIONS FILED BY OUR DIRECTORS**

**1. Litigation involving Civil/Statutory Laws**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Economic Offences.**

NIL

**4. Litigation involving Tax Liabilities.**

NIL

**C. PAST PENALTIES**

NIL

**PART 3: LITIGATION RELATING TO OUR PROMOTERS**

**A. LITIGATION FILED AGAINST OUR PROMOTERS**

**1. Litigation involving Civil/Statutory Laws.**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Securities and Economic Laws.**

NIL

**B. LITIGATION FILED BY OUR PROMOTERS**

**1. Litigation Involving Civil/Statutory Laws.**

NIL

**2. Litigation Involving Criminal Laws.**

NIL

**3. Litigation Involving Securities and Economic Laws.**

NIL

**C. PAST PENALTIES**

NIL

**PART 4: LITIGATION RELATING TO OUR GROUP COMPANIES**

**A. LITIGATION FILED AGAINST OUR GROUP COMPANIES**

**1. Litigation involving Civil/Statutory Laws.**

NIL

**2. Litigation involving Criminal Laws.**

NIL

3. **Litigation Involving Securities and Economic Laws.**  
NIL

**B. LITIGATION FILED BY OUR GROUP COMPANIES**

1. **Litigation Involving Civil/Statutory Laws.**

NIL

2. **Litigation Involving Criminal Laws.**

NIL

3. **Litigation Involving Securities and Economic Laws.**

NIL

**C. PAST PENALTIES**

NIL

**PART 5: LEGAL NOTICES**

1. **Legal notices issued to our Company**

NIL

2. **Legal Notices issued by our Company**

NIL

3. **Legal notices issued to our Directors**

NIL

4. **Legal Notices issued by our Directors**

NIL

5. **Legal notices issued to our Promoters**

NIL

6. **Legal Notices issued by our Promoters**

NIL

7. **Legal notices issued to our Group Companies**

NIL

**8. Legal Notices issued by our Group Companies**

NIL

**PART 6: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

There are no outstanding dues payable to Small scale industries and other creditors amounting to ₹1,00,000/- (Rupees One Lakh) or more which are pending for more than 30 (thirty) days from the due date.

**PART 7: MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE, i.e. MARCH 31, 2014**

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

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*The Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by us for carrying on its present business activities.*

*In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required to continue those activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.*

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

### I. Approvals Pertaining to this Issue

This Issue of Equity Shares has been authorized by the Board of Directors of the Company at their meeting held on December 15, 2014 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held on January 10, 2015 in accordance with the provisions of Section 62 (1)(c) of the Companies Act, 2013.

### II. Corporate related approvals

1. Certificate of Incorporation dated March 16, 1992 issued by the Registrar of Companies, Delhi (“RoC”) in the name of “Franklin Leasing and Finance Private Limited”.
2. Certificate of change of name of the Company from “Franklin Leasing and Finance Private Limited” to “Franklin Leasing and Finance Limited” dated February 13, 2014 issued by the RoC upon the conversion of the Company into a Public Limited Company.
3. The Corporate Identity Number (CIN) of the Company is U74899DL1992PLC048028.

### III. Business Approvals

Sr. No.	Particulars	Granting Authorities	Registration/ Approval / Code No. / Artistic Work No.	Date of Issue	Period of Validity if specified
1.	Certificate from RBI to carry on business as a NBFC, under Section 45IA of the RBI Act, 1934	RBI	B -14.02383	May 22, 2001	Valid until cancelled
2.	Registration Certificate of Establishment	Department of Labour Government of National Capital Territory of Delhi	2015000583	January 5, 2015	Valid until cancelled

#### IV. Tax Approvals

Sr. No.	Particulars	Granting Authorities	Registration/ Approval / Code No. / Artistic Work No.	Period of Validity if specified
1.	Permanent Account No. (PAN)	Income Tax Department, Government of India	AAACF0784B	Valid until cancelled
2.	Tax Deduction Account No. (TAN)	Income Tax Department (Government of India)	DELF05547D	Valid until cancelled

#### V. Pending Approvals :

##### 1. Relating to Intellectual Property

Sr. No.	Nature of License/Approvals	Applicant	Application No.	Date of Filing	Class
(a)	 Finance Limited	Franklin Leasing and Finance Limited	2882897	January 13, 2015	36

2. The Company has obtained a Certificate of Registration dated May 22, 2001 from the RBI bearing No.B – 14 .02383 to carry on business as NBFC, under Section 45-IA of the Reserve Bank of India Act, 1934. Pursuant to the change of name of the Company from “Franklin Leasing and Finance Private Limited” to “Franklin Leasing and Finance Limited” the Company has made an application to the RBI for recording the change of name in its records and for issue of a fresh Certificate of Registration thereafter.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have vide resolution dated December 15, 2014 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62 (1) (c) of the Companies Act, 2013.

The shareholders have authorized the Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held on January 10, 2015 in accordance with the provisions of Section 62 (1) (c) of the Companies Act, 2013.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Draft Prospectus for listing of equity shares on the SME platform of the BSE. BSE is the designated stock exchange.

### Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, its Directors, Promoters and entities forming part of our Promoter Group from accessing the capital market or operating in the capital markets under any order or direction passed by SEBI.

We further confirm that none of our Company, its Promoters, its Group Companies or the relatives of our Promoters and Group Companies was ever identified as wilful defaulters by RBI or other authorities.

### Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time except as stated under the chapters titled “*Risk Factors*”, “*Our Promoter and Promoter Group*” and “*Outstanding Litigations and Material Developments*” beginning on pages 13, 124 and 166 respectively, of this Draft Prospectus.

### Eligibility for the Issue

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

This Issue is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see the chapter titled “*General Information*” on page 42 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire

application money will be refunded within such time which shall be prescribed by the SEBI. If the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of thirty days from the date of issue of this Draft Prospectus, or such other period as may be specified by the Securities and Exchange Board, the amount received under sub-section (3) of Section 39 shall be returned within such time and manner as may be prescribed under the Companies Act, 2013.

- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, we have not filed any Draft Prospectus with SEBI nor has SEBI issued any observations on our Draft Prospectus. Also, we shall ensure that our Lead Manager submits the copy of this Draft Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing this Draft Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of Market Making, please see the chapter titled “General Information” on page 42 of this Draft Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

- e) Our Company has Net Tangible assets of at least ₹ 1 crore as per the latest audited financial results
- f) The Net worth (excluding revaluation reserves) of our Company is at least ₹ 1 crore as per the latest audited financial results
- g) Our Company has track record of distributable profits in terms of sec. 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months.
- h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for the year ended as at March 31, 2014, 2013 and 2012 is as set forth below:

(₹ in lacs)

Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012
Distributable Profit <sup>(1)</sup>	10.58	6.68	0.38
Net tangible Assets <sup>(2)</sup>	0.17	0.20	0.23
Net Worth <sup>(3)</sup>	2933.50	2918.82	2920.06

<sup>(1)</sup> Distributable profits have been computed in terms Section 123 of the Companies Act, 2013.

<sup>(2)</sup> Net Tangible Assets are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

<sup>(3)</sup> Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

- i) As on the date of this Draft Prospectus, our Company has a paid up capital of ₹ 1155.84 lacs (₹11.56 crores), which is in excess of ₹ 1 crore, and the Post Issue Capital shall also be in excess of ₹ 1 crore.

- j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- k) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed
- l) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to BSE for listing on SME segment
- m) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
- n) We have a website: [www.franklinleasing.in](http://www.franklinleasing.in)

#### **Disclosure**

The Issuer, our Promoters, Promoter Group and the members of our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other Governmental Authority.

#### **Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] 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 THIS DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE,**

**PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- A. THIS DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD /TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THIS DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THIS DRAFT PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT**

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

- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THIS DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. \*\***
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT PROSPECTUS:**
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND**
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS**

**BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
- 16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR (PLEASE SEE “ANNEXURE A” FOR FURTHER DETAILS).**
- 17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.**

*\*\*Section 29 of the Companies Act, 2013 provides inter alia that every company making public offers shall issue securities only in dematerialized form by complying with the provisions of the Depositories Act, 1996 and the regulations made there under.*

**THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

**ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

- 1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THIS DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THIS DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- 3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE**

4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

#### **Disclaimer Clause of the SME Platform of BSE**

As required, a copy of this Draft Prospectus shall be submitted to the SME Platform of BSE. The Disclaimer Clause as intimated by the SME Platform of BSE to us, post scrutiny of this Draft Prospectus, shall be included in this Draft Prospectus prior to the filing with RoC.

#### **Disclaimer from our Company and the Lead Manager**

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

*For details regarding the track record of the Lead Manager to the Issue, please see the website of the Lead Manager [www.afsl.co.in](http://www.afsl.co.in).*

#### **CAUTION**

The Lead Manager accept no responsibility, save to the limited extent as provided in the MoU for Issue Management entered into among the Lead Manager and our Company dated February 09, 2015 the Underwriting Agreement dated February 13, 2015 entered into among the Underwriters and our Company and the Market Making Agreement dated February 13, 2015, entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

**Note:**

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

**Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. This Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform 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 Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Disclaimer Clause of Reserve Bank of India**

RBI HAS ISSUED CERTIFICATE OF REGISTRATION DATED MAY 22, 2001 CLASSIFYING THE COMPANY AS A "NON DEPOSIT TAKING" NBFC. IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS PROSPECTUS NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT AND THE RBI DOES NOT TAKE ANY RESPONSIBILITY OR GUARANTEE THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED BY THE COMPANY IN THIS CONNECTION AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY THE COMPANY.

**Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the

United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Filing**

This Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at the Corporation Finance Department , 5<sup>th</sup> Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi- 110 001.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi- 110 019.

### **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. The allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

**Price Information of past issues handled by the Lead Manager**

S. No	Issue Name	Issue size (₹ in lacs)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	Vishal Fabrics Ltd.	1563.30	45.00	20/08/14	45.20	46.90	4.22%	26314.29	48.05	26638.11	51.50	27057.41	50.50	27,090.42
2	Dhanuka Commercial Ltd.	444.00	10.00	11/06/14	9.75	9.75	(2.50)%	25473.89	8.90	25105.51	8.75	25516.35	9.75	25024.35
3	Karnimata Cold Storage Ltd.	303.60	20.00	18/03/14	29.05	30.00	50.00%	21832.61	22.15	22339.97	22.15	22343.45	22.15	22628.84
4	Suyog Telematics Ltd.	453.00	25.00	22/01/14	25.20	25.25	1.00%	21337.67	25.20	20513.85	25.00	20363.37	25.50	20700.75
5	Stellar Capital Services Ltd.	900.00	20.00	01/11/13	20.10	19.10	(4.50)%	21196.81	16.90	20666.15	15.30	20635.13	14.55	20791.93
6	S R G Securities Finance Ltd.	501.60	20.00	29/10/13	23.90	24.25	21.25%	20929.01	20.50	20666.15	20.10	20850.74	20.00	20425.02
7	Kushal Tradelink Ltd.	2,774.80	35.00	04/09/13	35.00	35.80	2.29%	18567.55	35.30	19732.76	35.30	19920.21	43.10	19915.95
8	India Finsec Ltd.	600.00	10.00	11/06/13	10.00	10.50	5.00%	19143.00	9.55	19245.70	10.00	18629.15	10.00	18629.15
9	SRG Housing Finance Ltd.	700.80	20.00	11/09/12	20.30	20.30	1.50%	17852.95	21.00	18349.25	20.15	18823.91	20.10	18804.75
10	Jupiter Infomedia Ltd.	408.00	20.00	16/08/12	22.00	22.05	10.25%	17657.21	21.95	17783.21	22.40	17313.34	23.15	18464.27
11	Sangam Advisors Ltd.	506.88	22.00	09/08/12	22.10	22.00	0.00%	17560.87	22.10	17728.20	22.20	17783.21	22.00	17313.34
12	VKS Projects Ltd.	5500.00	55.00	18/07/12	55.80	55.05	0.09%	17185.01	55.50	16839.19	53.10	17601.78	52.00	17691.08



S. No	Issue Name	Issue size (₹ in lacs)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
13	BCB Finance Ltd.	885.00	25.00	13/03/12	27.00	25.70	2.80%	17813.62	25.27	17361.74	25.35	17478.15	25.00	17332.62

### Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in lakhs)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2014-15 <sup>#</sup>	2	2,007.30	-	-	1	-	-	2	-	-	1	-	-	1
2013-14	6 <sup>@</sup>	5,533.00	-	-	1	-	1	4	-	1	-	-	-	3
2012-13	4 <sup>*</sup>	7,115.68	-	-	-	-	-	3	-	-	1	-	-	1
2011-12	1 <sup>^</sup>	885.00	-	-	-	-	-	1	-	-	-	-	-	-

<sup>#</sup> Details indicated in 2014-15 are for the IPOs completed as on date

<sup>@</sup> As on the 30th Calendar day from the listing day, the price of India Finsec Limited and S R G Securities Finance Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

<sup>\*</sup> As on the listing day, the price of Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount; As on the 30th Calendar day from the listing day, the price of SRG Housing Finance Ltd. and Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

^As on the 30th Calendar day from the listing day, the price of BCB Finance Limited is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

**Notes:**

(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, or if the stock was not traded on the said calendar days from the date of listing, the share price and benchmark index is taken of the immediately preceding working day.

(b) BSE SENSEX has been considered as the benchmark index.

**Track record of past issues handled by the Lead Manager**

For details regarding the track record of the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please see the website of the Lead Manager – [www.afsl.co.in](http://www.afsl.co.in).

**Consents**

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, Refund Banker, Peer Review Auditor, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, M/s. V. N. Purohit & Co. Chartered Accountants, Peer Review Auditors, have provided their written consent to the inclusion of their reports dated January 05, 2015 on Restated Financial Statements and Statement of Tax Benefits, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consents and reports have not been withdrawn up to the time of filing of this Draft Prospectus.

**Expert Opinion**

Except for the below stated reports and certificate included in this Draft Prospectus, our Company has not obtained any expert opinions:

1. Statutory Auditor – Statement of Tax Benefits
2. Peer Review Auditor – Restated Financial Statements

**ISSUE RELATED EXPENSES**

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB’s commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees

Sr. No.	Particulars	Amount (₹ in lacs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	25.00

Sr. No.	Particulars	Amount (₹ in lacs)
2	Printing & Stationery, Distribution, Postage, etc.	4.00
3	Advertisement and Marketing Expenses	4.00
4	Regulatory and other Expenses	12.00
<b>Total</b>		<b>45.00</b>

### **Commission Payable to Non Syndicate Registered Brokers**

Subject to the cap as mentioned below, the commission payable to the Non Syndicate Registered Brokers shall be as follows:

- Size of the Bid cum Application Form Commission Payable up to ₹ 100,000: ₹ 10 per Bid cum Application Form which is considered eligible for Allotment in the Issue.
- Greater than ₹ 100,000: ₹ 15 per Bid cum Application Form which is considered eligible for Allotment in the Issue.

The total Non Syndicate Registered Broker Commission to be paid to the Non Syndicate Registered Brokers for the Bid cum Application Forms procured by them which are considered eligible for Allotment in the Issue (“Eligible Bid cum Application Forms”) calculated as per the table above, shall be capped at 0.25% and 0.15% of the product of the number of Equity Shares Allotted to Retail Individual Investors and Non-Institutional Investors, respectively, and the Issue Price in relation to the Eligible Bid cum Application Forms procured by them (the “Maximum Brokerage”). In case the total Non Syndicate Registered Broker Commission payable to the Non Syndicate Registered Brokers exceeds the Maximum Brokerage, then the commission paid to the Non Syndicate Registered Brokers per Eligible Bid cum Application Form as per the table above would be proportionately adjusted such that the total Non Syndicate Registered Broker Commission payable to them does not exceed the Maximum Brokerage. The terminal from which the Bid has been uploaded will be taken into account in order to determine the commission payable to the relevant Non Syndicate Registered Broker. The Non Syndicate Registered Broker Commission payable to Non Syndicate Registered Brokers shall be inclusive of all taxes.

### **Fees, Brokerage and Selling Commission Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MOU dated February 09, 2015, the Underwriting Agreement dated February 13, 2015 and the Market Making Agreement dated February 13, 2015 among the Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

### **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 refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company and the Registrar to the Issue dated February 04, 2015.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

**Capital Issue during the last three years**

Franklin Leasing and Finance Limited not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

**Previous Public and Rights Issues**

We have not made any previous rights and public issues, and we are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

**Previous Issues of Equity Shares otherwise than for Cash**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 49 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

**Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

**Companies under the same Management**

There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, that has made any public issue (including any rights issues or composite issues to the public) during the last three years.

**Promise v. Performance – Associates**

Our Company and its Promoter Group have not made any previous rights and public issues.

**Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments issued by the Company**

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

**Stock Market Data for our Equity Shares**

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

**Mechanism for Redressal of Investor Grievances**

The Company has appointed M/s Skyline Financial Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on January 20, 2015 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Grievance Committee is as follows:

Name of the Member	Nature of Directorship	Designation in Committee
Shilpi Agarwal	Non Executive Independent Director	Chairman
Pushpaben Kothari	Non Executive Independent Director	Member
Ramesh Kumar Dalmia	Non Executive Director	Member

For further details, please see the chapter titled "*Our Management*" beginning on page 112 of this Draft Prospectus.

The Company has also appointed Miss Shanu Jain as the Company Secretary and Compliance Officer for this Issue and he may be contacted at the Corporate Office of our Company. The contact details are as follows:

**Name:** Ms. Shanu Jain

**Address:** Unit/Shop No.205, 2nd Floor, Aggarwal City Mall,  
Road No. 44, Pitampura, Delhi - 110034

**Tel No.:** +91-11-42351486

**Tele Fax No.:** +91-11-42351486

**Email:** info.franklinleasing@gmail.com

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

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

### **Disposal of Investor Grievances by Listed Companies under the same Management as the Company**

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act, 1956 has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.



### **Change in Auditors**

Except as mentioned below, there have not been any other changes in our auditors in the last three years:

<b>Financial year</b>	<b>Statutory Auditor</b>
2012	P.K. Singh & Associates, Chartered Accountants
2013	Anil Hariram Gupta & Co., Chartered Accountants
2014	Anil Hariram Gupta & Co., Chartered Accountants

Further, for the purpose of the Restated Financial Statements to be disclosed in the Public Issue Offer Documents, we have appointed M/s. Anil Hariram Gupta & Co. as Independent Auditors (having valid peer review certificate) for certifying and complying with the necessary financial reporting requirements of SEBI (ICDR) Regulations, 2009.

### **Capitalisation of Reserves or Profits**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 49 of this Draft Prospectus, our Company has not capitalised our reserves or profits during the last five years.

### **Revaluation of Assets**

We have not revalued our assets in the last 5 years.

## **SECTION VIII – ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

*The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

#### **Authority for the Issue**

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on December 15, 2014 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held on January 10, 2015 in accordance with the provisions of Section 62 (1)(c) of the Companies Act, 2013.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please see the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 223 of this Draft Prospectus.

#### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 2013. For further details, please see the chapter titled "*Dividend Policy*" beginning on page 134 of this Draft Prospectus.

#### **Face Value and Issue Price**

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Draft Prospectus at the price of ₹ 15 per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled "*Basis for Issue Price*" beginning on page 66 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation;
- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association of our company*" beginning on page 223 of this Draft Prospectus.

### **Minimum Application Value; Market Lot and Trading Lot**

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

As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialized form only.

Trading of the Equity Shares will happen in the minimum contract size of 8,000 Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 8,000 Equity Share subject to a minimum allotment of 8,000 Equity Shares to the successful applicants.

### **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 Working days of closure of issue.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 72 (1) & 72 (2) of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 (3) of the Companies Act, 2013, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in accordance to Section 72 (4) of the

Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the Company, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the issuer does not receive the subscription of 100% of the Issue through this Offer Document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

### **Arrangements for Disposal of Odd Lots**

The trading of the Equity Shares will happen in the minimum contract size of 8,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 223 of this Draft Prospectus.

### **Option to receive Equity Shares in Dematerialized Form**

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares will be made only in dematerialized form. As per SEBI’s circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Platform of BSE.

### **Migration to Main Board**

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.
- If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please see the chapter titled "*General Information*" beginning on page 42 of this Draft Prospectus.

### **New Financial Instruments**

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

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "Terms of the Issue" and "Issue Procedure" beginning on pages 189 and 196 respectively, of this Draft Prospectus.

Following is the issue structure:

*Public issue of 42,24,000 Equity Shares of ₹ 10 each (the "Equity Shares") for cash at a price of ₹ 15 per Equity Share aggregating to ₹ 633.60 lacs ("the Issue") by Franklin Leasing and Finance Limited ("FLFL" or the "Company" or the "Issuer").*

*The issue comprises a Net Issue to Public of 40,00,000 Equity Shares of ₹ 10 each ("the Net issue"), and a reservation of 2,24,000 Equity Shares of ₹ 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").*

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	40,00,000 Equity Shares	2,24,000 Equity Shares
Percentage of Issue Size available for allocation	94.70% of the Issue Size	5.30% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 8,000 Equity Shares and further allotment in multiples of 8,000 Equity Shares each.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<i>For QIB and NII:</i> Such number of Equity Shares in multiples of 8,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000.  <i>For Retail Individuals:</i> 8,000 Equity Shares	2,24,000 Equity Shares
Maximum Application Size	<i>For QIB and NII:</i> Such number of Equity Shares in	2,24,000 Equity Shares



Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
	<p>multiples of 8,000 Equity Shares such that the Application Size does not exceed 40,00,000 Equity Shares.</p> <p><i>For Retail Individuals:</i></p> <p>Such number of Equity Shares in multiples of 8,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000.</p>	
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	8,000 Equity Shares	8,000 Equity Shares, However the Market Maker may buy odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

\* 50 % of the shares offered are reserved for allocation to applications below or equal to ₹ 2 lacs and the balance for higher amount applications.

#### Withdrawal of the Issue

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

- The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- The final RoC approval of this Draft Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

#### Issue Programme

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



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

## ISSUE PROCEDURE

### Fixed Price Issue Procedure

This Issue is being made under Regulation 106 (M) (2) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit them to the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications based on technical grounds only.

**Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

### Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSBs authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

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

## Who Can Apply?

1. Indian nationals resident in India, who are not minors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applications portion;
9. VCFs registered with SEBI;
10. FVCIs registered with SEBI;
11. Eligible QFIs;
12. Multilateral and bilateral development financial institutions;
13. State Industrial Development Corporations;
14. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
15. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
16. Insurance companies registered with Insurance Regulatory and Development Authority;
17. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;

18. Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
19. Limited liability partnerships;
20. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
21. Nominated Investor and Market Maker
22. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India
23. Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**Applications not to be made by:**

1. Minors
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

**Availability of Prospectus and Application Forms:**

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

**Option to Subscribe in the Issue**

- a. Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

**Participation by Associates of Lead Manager**

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the Lead Manager may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

**Application by Indian Public including eligible NRIs applying on Non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors, Foreign Nationals, Non Residents (except for those applying on

non-repatriation), Trusts (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, Partnership firms or their nominees. In case of HUFs application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

### **Application by Mutual Funds**

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

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

**Multiple Applications:** In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

### **Applications by Eligible NRIs/FIIs on Repatriation Basis**

Application Forms have been made available for Eligible NRIs at our registered Office. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws. The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

### **As per the current Regulations, the following Restrictions are applicable for investments by FIIs:**

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside India through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of this Draft Prospectus, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 (“SEBI FII Regulations”), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the Lead Manager that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

### **Applications by Eligible QFIs**

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depository participants (“DP”) in equity shares of Indian companies which are offered to the public in India in accordance with SEBI regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

### **Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest

its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended (“LLP Act”) a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

### **Applications by Insurance Companies**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment Scheme) (5th Amendment) Regulations, 2013, as amended (the “IRDA Investment Regulations”), are broadly set forth below:

- a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) the entire group of the investee company: the least of 15% of the respective fund in case of a life insurer or a general insurer or reinsurer or 15% of investment assets in all companies belonging to the group; and
- c) The industry sector in which the investee company operates: the least of 15% of the respective fund in case of a life insurer or a general insurer or reinsurer or 15% of investment assets.

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, i.e. December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

### **Application by Provident Funds/ Pension Funds**

In case of applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

### **Application under Power of Attorney**

In case of applications made pursuant to a power of attorney by Limited Companies, Corporate Bodies, Registered Societies, Mutual Funds, Eligible QFIs, Insurance Companies and Provident Funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

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

- a) With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- c) With respect to applications made by provident funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores, a certified copy of a certificate from a Chartered Accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

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

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

***The above information is given for the benefit of the Applicants. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.***

## Maximum and Minimum Application Size

### *a) For Retail Individual Applicants:*

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

### *b) For Other Applicants (Non-Institutional Applicants and QIBs):*

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 8,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Applications (both in terms of number of Equity Shares applied for and Application Amount) at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Issue under the QIB Portion shall not be made public during the subscription Period. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

*Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.*

## Information for the Applicants

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

## **ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS**

*This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.*

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant (“ASBA Account”) is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

### **Who can apply?**

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

### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorize the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the

SCSB. Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

### **ESCROW MECHANISM**

For details of the escrow mechanism and payment instructions, see chapter titled “*Issue Procedure – Payment Instructions*” on page 196 of this Draft Prospectus.

### **ELECTRONIC REGISTRATION OF APPLICATIONS**

1. The Broker / Sub Broker and SCSBs will register the Applications 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 Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Brokers and the SCSBs, (ii) the Applications uploaded by the Brokers and the SCSBs, (iii) the Applications accepted but not uploaded by the Brokers and the SCSBs or (iv) with respect to ASBA Applications, Applications accepted and uploaded without blocking funds in the ASBA Accounts.
2. The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs and (iv) with respect to Applications by ASBA Applicants, Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account.
3. In case of apparent data entry error either by the Broker / Sub Broker or the collecting bank in entering the Application Form number in their respective schedules other things remaining unchanged, the Application

Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).

4. The Brokers / Sub Brokers and SCSBs will undertake modification of selected fields in the Application details already uploaded within one Working Day from the Issue Closing Date.
5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Brokers and the SCSBs during the Issue Period. The Brokers / Sub Brokers and the Designated Branches can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Issue Closing Date, the Brokers and the Designated Branches shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Brokers / Sub Brokers on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
6. At the time of registering each Application and each ASBA Application submitted by an ASBA Applicant, the Brokers and the Designated Branches shall enter the following details of the investor in the on-line system, as applicable:
  - Name of the Applicant
  - IPO Name
  - Application Form number
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Cheque Details in case of Applications other than ASBA Application and Bank Account details in case of ASBA Applicants;
  - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.

In case of submission of the Application by an ASBA Applicant through the Electronic Mode, the ASBA Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.

7. A system generated TRS will be given to the Applicant as a proof of the registration of the application. It is the Applicant's responsibility to obtain the TRS from the Brokers / Sub Brokers or the Designated Branches. The registration of the Application by the Brokers / Sub Brokers or the Designated Branches does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.

10. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Brokers / Sub Brokers will be given up to one day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Beneficiary Account Number and PAN, then such Applications are liable to be rejected.

#### **SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING**

Our Company and the Underwriters shall enter into an Underwriting Agreement as per the terms of Regulation 106P of the SEBI (ICDR) Regulations, 2009 amendments thereto from time to time.

#### **Filing of the Prospectus with the RoC**

Our Company will file a copy of the Prospectus with the RoC at 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Palace, New Delhi – 110 019, as required under the Companies Act.

#### **ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper, one widely circulated Hindi language national daily newspaper and one widely circulated regional daily newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price.

#### **ISSUANCE OF A CONFIRMATION OF ALLOCATION NOTE (“CAN”)**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Issue shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

#### **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

1. Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the

Designated Date, our Company will ensure the credit to the successful Applicant's depository account is completed within Twelve Working Days from the date of closure of the Issue.

2. In accordance with section 29(1) of the Companies Act, 2013, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees 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 credited to their depository account pursuant to this Issue.**

## **GENERAL INSTRUCTIONS**

### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue / SCSB.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

## **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

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

## **Applicant's Depository Account and Bank Details**

*Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.*

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the Lead Manager or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

## **Applications by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis**

Applications and revision to Applications must be made in the following manner:

1. On the 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 overleaf.
2. In a single name only.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Applications by Eligible NRIs for an amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

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

**As per the existing policy of the Government of India, OCBS are not permitted to participate in the Issue.**

**There is no reservation for Eligible NRIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Applicants other than ASBA Applicants**

Our Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall make out the cheque or demand draft in respect of his or her Application and/or revision of the Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Applicants shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account opened with the Public Issue Account Bank. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

**The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.**

### **Terms of Payment / Payment Instructions**

The entire Issue Price of ₹ 10 per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicants.

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

Cash/ Stock invest/ Money Orders/ Postal orders will not be accepted.

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

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

- 1) The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - Indian Public including eligible NRIs applying on non-repatriation basis: "Escrow Account – FLFL – R".
  - In case of Non-Resident Retail Applicants applying on repatriation basis: "Escrow Account – FLFL – NR"
- 2) In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that this Draft has been issued by debiting to NRE Account or FCNR Account.
- 3) Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the amount payable by the Pay-In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
- 4) On the Designated Date and no later than 12 Working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

**For Terms of Payment / Payment Instructions for ASBA Applicants, please see “Issue Procedure for ASBA Applicants” under the chapter “Issue Procedure” on page 196 of this Draft Prospectus.**

#### **Payment by Stock Invest**

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

#### **SUBMISSION OF APPLICATION FORM**

All Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Brokers / Sub Brokers at the time of submission of the Application. With regard to submission of Application Forms, please refer to the chapter titled “Issue Procedure” on page 196 of this Draft Prospectus.

**Kindly note that the Brokers / Sub Brokers at the Collection Centers may not accept the Application if there is no branch of the Escrow Collection Banks at that location.**

No separate receipts shall be issued for the money payable on the submission of Application Form or Revision Form. However, the collection centre of the Brokers / Sub Brokers will acknowledge the receipt of the Application Forms or Revision Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the

Applicant. In case of ASBA Applications, an acknowledgement from the Designated Branch or concerned Brokers / Sub Brokers, as the case may be, for submission of the Application Form may be provided.

## **OTHER INSTRUCTIONS**

### **Joint Applications in the case of Individuals**

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

### **Multiple Applications**

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

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

- a. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- b. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- c. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

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

### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are

liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

### **Right to Reject Applications**

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

### ***Grounds for Technical Rejections***

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

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares applied 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. Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
4. PAN not mentioned in the Application Form;
5. GIR number furnished instead of PAN;
6. Applications for lower number of Equity Shares than specified for that category of investors;
7. Applications at a price other than the Fixed Price of the Issue;
8. Applications for number of Equity Shares which are not in multiples of 8,000;
9. Category not ticked;
10. Multiple Applications as defined in this Draft Prospectus;
11. In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
12. Applications accompanied by Stock invest/ money order/ postal order/ cash;
13. Signature of sole Applicant is missing;
14. Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;

15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
16. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
17. Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
18. Applications by OCBs;
19. Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
20. Applications not duly signed;
21. Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
22. Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
23. Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
24. Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
25. Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000 received after 3.00 pm on the Issue Closing Date;

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE SCSBs DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 29 (1) of the Companies Act, 2013, the allotment of Equity Shares in this Issue shall be only in de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, the Company is in the process of signing two agreements with the respective Depositories and the Registrar to the Issue:

1. Agreement dated [•] with NSDL, the Company and the Registrar to the Issue;
2. Agreement dated [•] with CDSL, the Company and the Registrar to the Issue.

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

1. An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
3. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
4. Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository.
5. If incomplete or incorrect details are given under the heading 'Investors Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
6. The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
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 our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Allotment advice or refund orders will be directly sent to the Applicants by the Registrar to the Issue.

### **Communications**

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within twelve working days of date of closure of the Issue.

In case of applicants who receive refunds through ECS, Direct Credit or NEFT, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Issue Closing Date would be ensured; and

The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) working days time period as mentioned, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

## **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:**

“Any person who:

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447 of the said Act.”

## **BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- 1) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- 2) The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- 3) For applications where the proportionate allotment works out to less than 8,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 8,000 equity shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- 4) If the proportionate allotment to an applicant works out to a number that is not a multiple of 8,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 8,000 equity shares subject to a minimum allotment of 8,000 equity shares.
- 5) If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allocated Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 8,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
- 6) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - b) The balance net offer of shares to the public shall be made available for allotment to (i) individual applicants other than retails individual investors and (ii) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.



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

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to the Lead Manager and the Registrar to this Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

### **PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES**

The Issue will be conducted through the "Fixed Price Method" pursuant to which the Brokers / Sub-Brokers and SCSBs will accept Applications for the Equity Shares during the Issue Period. The Issue Period will commence on [●] and expire on [●]. Following the expiration of the Issue Period, our Company, in consultation with the Lead Manager, will determine the basis of allotment and entitlement to allotment based on the applications received and subject to the confirmation by the Stock Exchanges. Successful Applicants will be provided with a confirmation of their allocation for the Equity Shares within a prescribed time. The SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful Applicants within 12 days of the expiration of the 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.

### **LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBs**

The Registrar to the Issue shall give instructions for credit of the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Issue Closing Date. Applicants residing at the centers where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and NEFT. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Applicant's sole risk within 12 Working Days of the Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Issue Closing Date. In case of ASBA Applicants, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

### **REFUNDS**

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

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

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

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

### **Payment of Refund**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the Lead Manager shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **MODE OF MAKING REFUNDS**

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** - Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
- 2) **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- 3) **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

- 4) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

#### **INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS OR REFUND ORDERS / INSTRUCTION TO THE SCSBs BY THE REGISTRAR**

The issuer agrees that as far as possible allotment of securities offered to the public shall be made within twelve (12) days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen (15) per cent per annum if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within fifteen days from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

#### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 (twelve) working days of closure of the Issue;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) That adequate arrangements shall be made till the securities offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;
- 8) That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act, 2013;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## **WITHDRAWAL OF THE ISSUE**

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchanges where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Issue after the Application Closing Date, the Company will be required to file a fresh Draft Offer Document with the Stock Exchange.

## 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, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI ("DIPP") by circular 1 of 2013, with effect from April 05, 2013 ("Circular 1 of 2013"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2013 will be valid until the DIPP issues an updated circular.

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares by an Indian resident to 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 Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met.

The transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to inter alia sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.**

## **SECTION IX – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Table F in Schedule I of the Companies Act, 2013, the main provisions of the Articles of Association of our Company are detailed below:*

### **III. SHARE CAPITAL, VARIATION OF RIGHTS & BUY BACK**

- 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. with power to Board of Directors to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. 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. with power to Board of Directors to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. If and whenever the capital of the Company is divided into shares of different classes, the tights of any such class may be varied, modified, affected, extended, abrogated or surrendered as provided by the said Act or by Articles of Association or by the terms of issue, but not further or otherwise. Provisions of Section 43, 47 of the Act to apply
- 5 The provisions of Section 43, 47 of the Act in so far as the same may be applicable to issue of share capital shall be observed by the Company.
- 6 The Directors shall have regard to the restrictions on the allotment of shares imposed by Section 39 and 40 of the said Act so far as those restrictions are binding on the Company.
- 7 (1) (i) The Company may at any time pay a commission to any person in consideration of his subscribing, or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares in or debentures of the Company and the provisions of Section 40 of the said Act shall be observed and complied with. Such commission shall not exceed the maximum permissible rate as prescribed in the Rules. Such commission may be paid in cash or by the allotment of Securities.
  - (ii) Company shall not pay any commission to any underwriter on securities which are not offered to public for subscription.
  - (iii) The number of shares or debentures which persons have agreed to for commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid.
- (2) Nothing in this clause shall affect the power of the Company to pay such brokerage as it may consider reasonable.
- (3) A Vendor to, promoter of, other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission the payment of which, if made directly by the Company, would have been legal under this Articles.

(4) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash or in share, debentures or debenture stock of the Company, (whether fully paid or otherwise) or in any combination thereof.

- 8 Except as provided by the Act, the Company shall not, except by reduction of capital under the provision of Sections 66 or Section 242 of the said Act, buy its own shares nor 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 a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company.

Provided that nothing in this Article shall be taken to prohibit :

8.1 (i) the provision of money in accordance with any scheme approved by the Company through Special Resolution and in accordance with the requirements specified in the relevant Rules, for the purchase of, or subscription for, fully paid up Shares in the Company, if the purchase of, or the subscription for the Shares held by trustees for the benefit of the employees or such Shares held by the employee of the Company;

(ii) the giving of loans by the Company to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for an amount not exceeding their salary or wages for a period of six months with a view to enabling them to purchase or subscribe for fully paid up Shares in the Company to be held by them by way of beneficial ownership. Nothing in this clause shall affect the right of the Company to redeem any shares issued under Section 55.

8.2 Notwithstanding what is stated in Articles 8.1 above, in the event it is permitted by the Law and subject to such conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought back.

- 9 The Company shall have power to issue Securities at a premium and shall duly comply with the provision of Sections 52 of the said Act.
- 10 The Company may, subject to the provisions of Section 55 of the said Act, issue preference shares which are liable to be redeemed and may redeem such shares in any manner provided in the said section and may issue shares up to the nominal amount of the shares redeemed or to be redeemed. Where the Company has issued redeemable preference shares the provisions of the said section shall be complied with. The manner in which such shares shall be redeemed, shall be as provided by Article 80 unless the terms of issue otherwise provide.

#### **IV. SHARES AND SHAREHOLDERS**

- 11 (1) The Company shall cause to be kept and maintained the following registers namely:
- (a) Register of members indicating separately for each class of equity and preference shares held by each member residing in India or outside India;
  - (b) Register of debenture-holders; and
  - (c) Register of any other security holders;
  - (d) including an index in respect of each of the registers to be maintained in accordance with Section 88 of the Act.
- (2) The Company shall also comply with the provisions of Sections 92 of the Act as to filing Annual Returns.

- (3) The Company shall duly comply with the provisions of Section 94 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.
- 12 The shares in the capital shall be numbered progressively according to their several classes. Shares at the disposal of the Directors
- 13 Subject to the provisions of the said Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons on such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 54 of the Act) at a discount and at such times as they may from time to time think fit and proper and with the sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company either at par or at premium or subject aforesaid at a discount during such time and for such consideration and such option being exercisable at such times as the Directors think fit and may allot and issue shares in the capital of the Company in lieu of services rendered to the Company or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid up shares.
- 14 (1) The shares or other interest of any member in the Company shall be movable property transferable in the manner provided by the Articles of the Company.
- (2) Each share in the Company having a share capital shall be distinguished by its appropriate number.
- (3) A certificate under the Seal of the Company specifying any shares held by any Member shall be prima facie evidence of the title of the Member to such shares.
- 15 (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those Shares shall be transferred to an amount to be called "the securities premium account", and the provisions of the Act relating to the reduction of the Share Capital of a company shall except as provided in this clause, apply as if the securities premium account were paid-up share capital of the Company.
- (2) The securities premium account may be applied by the Company for the purposes permissible pursuant to the Act.
- 16 The Company shall comply with the provisions of Section 62 of the Act with regard to increasing the subscribed capital of the Company.
- 17 If and whenever as the result of issue of new shares or any consolidation or subdivision of shares, any shares become held by members in fractions the Directors shall subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale.
- 18 An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of shares therein, shall be an acceptance of shares within the meaning of these Articles;. The Directors shall comply with the provisions of Sections 39 and 40 of the Act so far as applicable.
- 19 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 deposits, calls or otherwise in respect of any shares allotted by them, shall,

immediately on the inscription of the name in the Register of Members 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.

- 20 Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares, falling under the same class.

Explanation: - For the purpose of this provision shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

- 21 The Directors shall cause to be made the returns as to all allotments from time to time made in accordance with the provisions of Section 39 of the said Act.

- 22 If, by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when, due, be paid to the Company by the person who for the time being and from time to time shall be of the shares or his legal representative.

- 23 Every member, or his executors or administrators or other representative, shall pay to the Company the portion of the capital represented by his share or shares, which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

- 24 If any share stands in the names of two or more persons all the joint-holders of the share shall be severally as well as jointly liable for the payment of all deposits, installments, and calls due in respect of such shares, and for all incidents thereof according to the Company's regulations; but the persons first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter by the said Act or herein otherwise provided, be deemed the sole holder thereof.

- 25 Save as herein or by laws otherwise expressly provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any benami trusts whatsoever or equitable, contingent, future, partial or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof; the Directors shall, however be at liberty, at their sole discretion, to register any share in the joint names of any two or more persons, and the survivor or survivors of them.

## V. CERTIFICATES

- 26 Subject to any statutory or other requirement having the force of law governing the issue and signatures to and sealing of certificate to shares and applicable to this Company for the time being in force the certificate of title to shares and the duplicate thereof when necessary shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (1) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

- 27 (1) (i) Every member shall be entitled without payment to the certificate for all the Shares of each class or denomination registered in his name, or if the Board, so approve (upon paying such fees as the Board may from time to time determine) to several certificates, each for one or of such Shares and the Company shall complete such certificate within two months after the allotment or such period as may be determined at the time of the issue of such capital whichever is longer or within one month after registration of the transfer thereof as provided by Section 56 of the Act. Every certificate of shares shall have its distinctive number

and be issued under the Seal of the Company and shall specify the number and denoting number of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Board shall prescribe or approve provided that in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and the delivery of a certificate for a share or shares to one of several joint-holders shall be deemed to be sufficient delivery to all.

(ii) A certificate of shares registered in the names of two or more persons, unless otherwise directed by them in writing, may be delivered to any one of them on behalf of them all.

(2) (i) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.

(ii) Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

(iii) Notwithstanding anything contained herein, in the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such shares or other marketable securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply. Further, the provisions relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

- 28 If any certificate be worn out, defaced, destroyed or lost or if there be no further space on the back thereof for endorsement of transfer, then upon production thereof to the Board, they, may order the same to be cancelled, and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. A sum not exceeding ₹50/- shall be paid to the Company for every certificate issued under this clause, as the Board may fix from time to time, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, worn, decrepit out or where the cages on the reverse for recording transfers have been fully utilised.
- 29 The Board may waive payment of any fee generally or in any particular case.
- 30 Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Board in that behalf.
- 31 The Board shall comply with requirements prescribed by any Rules made pursuant to the said Act; relating to the issue and execution of share certificates.

## VI. CALLS ON SHARES

- 32 Subject to the provisions of Section 49 of the said Act, the Board may, from time to time, by means of resolution passed at its meetings make such calls as they may think fit upon the members in respect of moneys unpaid on the share held by them respectively and 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 and place appointed by the Board. A call may be made payable by installments.
- 33 A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by members on a subsequent date to be specified by Directors.



- 34 Fourteen day's notice at least of every call made payable otherwise than on allotment shall be given by the Company in the manner hereinafter provided for the giving of notices specifying the time and place of payment, and the person to whom such call shall be paid. Provided that before the time for payment of such call the Board may by notice given in the manner hereinafter provided revoke the same. The Board may, from time to time at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who, the Board may deem fairly entitled to such extension; but no member shall be entitled to any such extension, except as a matter of grace and favour.
- 35 If by the terms of issue of any share or otherwise any amount is payable at any fixed time or by installments at fixed times, whether on account of the share or by way of premium, every such amount or installments shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly.
- 36 If the sum payable in respect of any call or such other amount or installments be not paid on or before the day appointed for payment thereof or any extension thereof as aforesaid, the holder for the time being of the share, in respect of which the call shall have been made, or such amount or installment shall be due, shall pay interest for the same, from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum, as shall from time to time be fixed by the Board. Nothing in this Article shall however, be deemed to make it compulsory on the Board to demand or recover any such interest, and the payment of such interest, wholly or in part, may be waived by the Board if they think fit so to do.
- 37 Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.
- 38 Neither a judgement nor a decree in favour of the Company for calls of other moneys due in respect of any shares nor any part-payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the forfeiture of such shares as hereinafter provided.
- 39 On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives to recover any moneys claimed to be due to the Company for any call or other sum in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the shares in respect of which such money is sought to be recovered, and that the amount claimed is not entered as paid in the books of the Company or the Register of Members and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his legal representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the meeting of the Board at which such call was made, nor that the meeting at which such call was made duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debts, and the same shall be recovered by the Company against the member or his representatives from whom the same is sought to be recovered unless it shall be proved, on behalf of such member or his representatives against the Company that the name of such member was improperly inserted in the register, or that the money sought to be recovered has actually been paid.
- 40 (1) The Board may, if they think fit, subject to the provisions of Section 50 of the Act receive from any member willing to advance the same, either in money or money's worth the whole or any part of the amount remaining unpaid on the shares held by him beyond the sum actually called up and upon the moneys so paid or satisfied in advance, or so much thereof, as from time to time and at any time thereafter

exceeds the amount of the calls then made upon and due respect of the shares on account of which such advances have been made, the Company may pay or allow interest at such rate as the member paying such advance and the Board agree upon; provided always that if at any time after the payment of any such money the rate of interest so agreed to be paid to any such member appears to the Board to be excessive, it shall be lawful for the Board from time to time to repay to such member so much of money as shall then exceed the amount of the calls made upon such shares, unless there be an express agreement to the contrary; and after such repayment such member shall be liable to pay, and such advance had been made, provided also that if at any time after the payment of any money so paid in advance, the Company shall go into liquidation, either voluntary or otherwise, before the full amount of the money so advanced shall have become due by the member to the Company for installments or calls, or any other manner, the member making such advance shall be entitled (as between himself and the other members) to receive back from the Company the full balance of such moneys rightly due to him by the Company in priority to any payment to members on account of capital.

(2) The member making such advance shall not, however, be entitled to any voting rights in respect of the moneys so advanced by him until the same would, but for such payment, become presently payable.

#### **VII. FORFEITURE OF AND LIEN ON SHARES**

- 41 If any member fails to pay any money due from him in respect of any call made or amount or installment as provided in Article 35 on or before the day appointed for payment of the same, or any such extension thereof as aforesaid or any interest due on such call or amount or installment or any expenses that may have been incurred thereon, the Directors or any person authorised by them for the purpose may, at any time thereafter, during such time as such money remains unpaid, or a judgement or a decree in respect thereof remains unsatisfied in whole or in part, serve a notice in the manner hereinafter provided for the serving of notices on such member or any of his legal representatives or any of the persons entitled to the share by transmission, requiring payment of the money payable in respect of such share, together with such interest and all expenses (legal or otherwise) incurred by the Company by reason of such non-payment.
- 42 The notice shall name a day (not earlier than the expiration of fourteen days from the date of the notice) and a place or places on or before and at which the money due as aforesaid is to be paid. The notice may also state that in the event of the non-payment of such money at or before the time and the place appointed, the shares in respect of which the same owed will be liable to be forfeited.
- 43 If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which the notice is given may, at any time thereafter before payment of all calls or amounts or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture.
- 44 When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture or to any of his legal representatives, or to any of the persons entitled to the share by transmission and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members. The provisions of this Article are, however, directory only and no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
- 45 Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same, either to the original holder thereof or to any other persons, and either by public auction or by private sale and upon such terms and in such manner as the Directors shall think fit.
- 46 In the meantime, and until any share so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may at the discretion and by a resolution of the Board, be remitted or

annulled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit.

- 47 Any member whose shares have been forfeited shall, notwithstanding the forfeiture, remain liable to pay and shall forthwith pay to the Company all calls, amounts, installments, interest expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the time of the forfeiture until payment, at the rates, not exceeding ten percent per annum as the Board may determine, in the same manner in all respects as if the shares had not been forfeited, without any deduction or allowance for the value of the shares at the time to the forfeiture and the Board may enforce the payment thereof if they think fit (but without being under any obligation so to do) without entitling such member or his representative to any remission of such forfeiture or to any compensation for the same, unless the Directors shall think fit to make such compensation, which they shall have full power to do, in such manner and on such terms on behalf of the Company as they shall think fit.
- 48 The forfeiture of a share shall involve the extinction of all interest in and of all claims and demands against the Company of the member in respect of the share and all other right of the member incident to the share except only such of those rights as by these Article are expressly saved.
- 49 The Directors may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering those on such terms as they think fit.
- 50 A certificate in writing, under signature of one Director and countersigned by any other person who may be authorised for the purpose by the Board, that the call, amount or installment in respect of a share was made or was due or the interest in respect of a call, amount or installment was or the expenses were payable, as the case may be, the notice thereof as aforesaid was given and default in payment was made and that the forfeiture of the share was made by a resolution of the Board to the effect, shall be conclusive evidence of the facts stated therein as against all persons entitled to or interested in such share.
- 51 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 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 the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.
- 52 The Company shall have a first and paramount lien upon all the shares not being fully paid-up shares, registered in the name of each member (whether solely or jointly with another or others) and upon the proceeds of sale thereof, for all moneys from time to time due or payable by him to the Company for calls made and all amounts or installments as provided by Article 35 payable in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 25 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Board may at any time declare any shares to be exempt, wholly or partially from the provisions of this Article.
- 53 For the purpose of enforcing such lien, the Directors may sell, the shares subject thereto in such manner as they think fit and transfer the same to the name of the purchaser, without any consent and notwithstanding any opposition on the part of the indebted member or any other person or persons interested therein and a complete title to the shares which shall be sold and transferred shall be acquired by the purchaser, by virtue of such sale and transfer, against such indebted member and all persons claiming with or under him whether he may be indebted to the Company in point of fact or not. But no such sale shall be made until notice in writing stating the amount due or specifying the liability of engagement and demanding payment or fulfillment or discharge thereof and of the intention to sell in default shall have been served upon such member or his heirs, executors, administrators, representatives or persons and default shall have been

made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after such notice.

- 54 The net proceeds of any such sale after payment of the costs of such sale, shall be applied in or towards the satisfaction of such debts liabilities or engagements and the residue (if any) paid to such or any of his executors, administrators, representatives or assigns or any of the persons (if any) entitled by transmission to the shares sold.
- 55 Upon any sale after forfeiture or upon any sale for enforcing a lien, in purported exercise of the powers hereinbefore given, the Directors may appoint some person or persons to execute an instrument of transfer of the shares sold.
- 56 Upon any such sale after forfeiture or for enforcing a lien in purported exercise of powers the Board shall cause the purchaser's name to be entered in the Register in respect of the shares sold and shall issue to the purchaser a certificate such as is specified in Article 50 hereof in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

#### **VIII. TRANSFER AND TRANSMISSION OF SHARES**

- 57 The Company shall keep a book called the 'Register of Transfers' and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share in the Company.
- 58 No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer (which shall be in the form specified in the Rules) shall be duly stamped, dated and shall be executed by or on behalf of the transferor and the transferee and in the case of a share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint-holders or by all such joint transferees, as the case may be, several executors or administrators of a deceased member proposing to transfer the shares registered in the name of such deceased member shall all sign the instrument of transfer in respect of the share as if they were the joint-holders of the share. The instrument of transfer shall specify the name, address and occupation, if any, of the transferee.
- 59 In the case of the death of any one or more of the persons named in the Register as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of the deceased joint-holder from any liability on the shares held by him jointly with any other person.
- 60 (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (2) Where there is no, nominee, the executors or administrators of a deceased member not being one of several joint-holders shall be the only persons recognised by the Company as having any title to the shares registered in the name of such deceased member, and the Company shall not be bound to recognise such executors or administrators, unless they shall have first obtained probate or letters of administration or other legal representation, as the case may be, provided nevertheless, the Directors, in any case where they in their absolute discretion think fit, may dispense with the production of Probate or Letters of Administration or such other legal representation, upon such terms as to indemnity or otherwise as they may deem fit and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member in respect of such shares.

- 61 Subject to the provisions of the last preceding Article, any person to whom the right to any share has been transmitted in consequence of the death or insolvency of any member or otherwise by operation of law may, with the consent of the Board (which they shall not be under any obligation to give) and upon his producing such evidence that he sustains the character in respect of which he proposes to act under the Article and of his title as the Directors think sufficient be registered as a member in respect of such shares . This clause is hereinafter referred to as the “transmission clause”. A transfer of the share or other interest in the Company of a 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 effecting the transmission.
- 62 Every transmission of a share shall be verified in such a manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified 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, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
- 63 A person entitled to share by transmission may, until the Directors otherwise determine as provided in Article 129, receive and give discharge for any dividends, bonuses or other moneys payable in respect of the share, but he shall not be entitled to vote at any meetings of the Company and to any of the rights and privileges of a member, unless and until he shall have become a member in respect of the shares.
- 64 An application for the registration of a transfer of shares or other interest of a member in the Company may be made either by the transferor or the transferee. Where such application is made by the transferor and relates 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 weeks from the delivery of the notice.
- 65 (1) It shall not be lawful for the Company to register a transfer of any shares unless the proper instrument of transfer duly stamped, dated and executed by or on behalf of the Transferor and by or on behalf of the Transferee and specifying the name and address and occupation of the Transferee has been delivered to the Company along with the scrip and if no such scrip is in existence, along with the letter of allotment of the shares. Where the proper instrument of transfer is not received by the Company within a period of two months from the date on which the instrument is dated, the Directors may at their sole discretion be entitled to seek such documentation including indemnities as it may deem fit, from both the transferor and transferee, or from the person who has lodged the same for transfer, and the Board may at its sole discretion be entitled to give effect to the transfer on receipt of such documentation and indemnities (save where an order of a competent court is produced, the Board shall then give effect to the transfer).
- (2) If the Company refuses to register the transfer of any shares, the Company shall within one month from the date on which the instrument of transfer is lodged with the Company send to the Transferee and the Transferor notice of the refusal as provided in Article 66.
- (3) Nothing in clause (1) shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- (4) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.
- 66 The Board may, at its absolute and uncontrolled discretion and without assigning or being under any obligation to give any reason, decline to register or acknowledge any transfer or transmission of shares and

in particular, may so decline in any case in which the Company has a lien upon the shares or any of them or in the case of shares not fully paid-up whilst any moneys called or payable at a fixed time in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Board. Nothing in Section 56 of the Act shall prejudice this power to refuse 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 registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee, but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board to refuse registration of any further shares applied for. If the Board refuses to register the transfer or transmission of any shares notice of the refusal shall within two months from the date on which the instrument of transfer on intimation of transmission was delivered to the Company be sent to the Transferee and the Transferor or to the person giving intimation of the transmission, as the case may be.

- 67 The Transferor shall be deemed to remain the holder of the shares until the name of the transferee shall be entered in the Register of Members.
- 68 Every instrument of transfer which shall be registered shall remain in the custody of the Company. If the transfer relates to the only share or all the shares comprised in the certificate, such certificate or a new certificate in lieu thereof shall, after the registration of the transfer, be delivered to the transferee and if the transfer relates only to a part of the shares comprised in the certificate, the same shall, on registration of the transfer be retained by the Directors and cancelled and new certificates will be issued to the transferor and the transferee in respect of the shares respectively, held by them.
- 69 The Directors shall have power on giving seven days' notice by advertisement as required by Section 91 of the Act to close the Transfer Book and Register of Members of such period or periods of time in every year as to them may seem expedient, but not exceeding 45 days in any year and not exceeding 30 days at any one time.
- 70 The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made, by an apparent legal owner thereof (as shown or appearing in the Register of Members), to the prejudice of any person or persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right title or interest or prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company; and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books 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.
- 71 The provision of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.

#### **IX. ALTERATION OF SHARE CAPITAL**

- 72 The Company may by Ordinary Resolution so alter the conditions of its Memorandum of Association as :-
- (1) to increase its share capital by such amount as it thinks expedient by issuing new shares;
  - (2) to consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (3) to convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denominations;

(4) to sub-divide its shares or any of them into shares of smaller amount than is fixed by its Memorandum of Association, so however that in the sub-division the proportion between the amount paid and the amount, 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.

(5) to cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

- 73 The Directors may from time to time without any sanction of the Company, whenever all the shares in the issued capital shall not have been subscribed and whether all the shares for the time being subscribed shall have been fully called up or not, issue further shares of such value as they may think fit out of the unsubscribed balance of the issued capital. Such further shares shall be issued upon such terms and conditions (and if preference shares upon such conditions as to redemption) and with such rights and privileges annexed thereto as the Board shall direct and in particular, such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the Company and subject to the provisions of Section 47 of the said Act with a special or without any right of voting and the Board may dispose of such shares or any of them either at par or at a premium, to any members or any class thereof or in such other manner as the Board may think most beneficial to the Company.
- 74 (1) Where it is proposed to increase the subscribed capital of the Company by the issue of new shares:
- (i) such new 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 these shares at that date;
  - (ii) the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice shall contain a statement of this right;
  - (iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.
  - (v) To employees under a scheme of employees' stock option, subject to Special Resolution passed by the company and subject to such conditions as may be specified in the relevant Rules.
  - (vi) To any persons, by way of passing a Special Resolution to that effect, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be specified in the relevant Rules
- (2) Whenever any shares are to be offered to the members the Directors may dispose of any such shares which, by reason of the proportion borne by them to the number of persons entitled to such offer or by reason of any other difficulty in apportioning the same cannot in the opinion of the Directors be conveniently offered to the members.
- (3) The right to issue further shares provided in this clause, shall include a right to the Company, to issue any instrument, including Global Depository Receipt.
- 75 Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by creation of new shares shall be considered as part of the capital and shall be subject to the provisions

herein contained with reference to the payment of calls and installments, transfer, transmission, forfeiture, lien, surrender; voting and otherwise in all respects as if it had been the original capital.

- 76 The Directors shall, whenever there is a change in the share capital, file with the Registrar of Companies notice of the increase of the capital as provided by Section 64 of the said Act within thirty days after the passing of the resolution authorising the increase.
- 77 (1) When any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein or any part of such interest, in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near thereto as circumstances will admit. But the Board may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but with full power, nevertheless, at the discretion to waive such rules in any particular case.
- (2) Notice of such conversion of shares into stock or reconversion of stock into shares shall be filed with the Registrar of Companies as provided in the said Act.
- 78 The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted but no such privileges or advantages, except the participation in profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such aliquot part of, consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special holders of the share and authenticated by such evidence (if any) as the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares and the words "share" and "shareholder" in these presents shall include "stock" and "stock-holder".

#### **X. REDUCTION OF CAPITAL**

- 79 The Company may from time to time by Special Resolution, in such manner specified in the Act and subject to such consents as may be required under any other law for the time being in force, reduce in any manner:
- (1) its share capital
  - (2) any capital redemption reserve account; or
  - (3) any securities premium account.
- 80 (1) Subject to the provisions of Section 55 of the said Act, whenever any preference shares are issued which are or at the option of the Company are to be liable to be redeemed, the following provisions shall take effect :
- (i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.
  - (ii) No such shares shall be redeemed unless are fully paid.
  - (iii) The premium, if any payable on redemption must be provided for out of the profits of the Company or out of the Company's Securities Premium Account before the shares are redeemed.
  - (iv) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall, out of profits which would otherwise have been available for dividend be transferred to the Capital Redemption Reserve Account, a sum equal to the nominal amount of the share redeemed.

(2) Subject to the provisions of Section 55 of the Act and these Articles the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any such terms and conditions in such manner as the Directors may think fit.

(3) The redemption of preference shares under this provision by the Company shall not be taken as reducing the amount of its authorised share capital.

(4) Where the Company has redeemed or is about to redeem any preference shares, it shall never have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those 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 385 of the said Act, be deemed to be increased by the issue of shares in pursuance of this Article. Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not so far as related to stamp duty, be deemed to have been issued in pursuance of this Article unless the old shares are redeemed within one month after the issue of the new shares.

(5) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

#### **XI. MODIFICATION OF RIGHTS**

81 (1) Whenever the share capital by reason of issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act, be varied, commuted, affected, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths of nominal value of the issued shares of the class or is sanctioned by Special Resolution passed at a separate meeting of the holders of the shares of that class and supported by the votes of the holders of not less than three-fourths of the shares of that class.

(2) This Article is not to derogate from any power the Company would have if this Article were omitted and in particular the powers under Chapter XV of the said Act or Chapter V of the Companies Act, 1956, whichever is in force for the time being.

The dissentient members shall have the right to apply to Tribunal in accordance with the provisions of Section 48 of the Act.

#### **XII. JOINT HOLDERS**

82 (1) Where two or more persons are registered as the holders of any Securities they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.

(2) The Company shall be entitled to decline to register more than three persons as the joint holders of any Securities.

(3) The joint holders of any Security shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such Securities.

(4) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

(5) Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such Security.

(6) Only the person whose name stands first in the Register of Members (or the relevant register maintained for that Security) as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such or to receive notices (which expression shall be deemed to include all Documents) from the Company and any notice given to such person shall be deemed notice to all the joint holders.

(7) Any one of two or more joint holders may vote at any meeting (including voting by postal ballot and by electronic voting) either personally or by an agent duly authorised under a power of attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such Security shall alone be entitled to vote in respect thereof. Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person, present by an agent, duly authorised under a power of attorney or by proxy although the name of such persons present by an agent or proxy stands first in the Register in respect of such shares. Several executors of a deceased member in whose (deceased member's) sole name any Security stands shall for the purpose of this sub-clause be deemed joint holders.

### **XIII. GENERAL MEETING**

83 The Company shall, in addition to any other meetings which are hereinafter referred to as “Extraordinary General Meeting”, hold a General Meeting which shall be styled its Annual General Meeting at the intervals and in accordance with the provisions of the Act.

84 The Directors may call Extraordinary General Meetings of the Company whenever they think fit and such meetings shall be held at such place and time as the Directors think fit.

85 (1) If the default is made in holding an Annual General Meeting in accordance with Section 96 of the Act, the Tribunal may, notwithstanding anything in the Act, (or in the Articles of the Company) on the application of any member of the Company, call or direct the calling of a General Meeting of the Company, and give such ancillary or consequential directions as the Central Government thinks expedient in relation to the calling, holding and conducting of the meeting.

Explanation: - The directions that may be given, may include a direction that one member of the Company so present in person or by proxy shall be deemed to constitute a meeting.

(2) A General Meeting held in pursuance of sub-clause (i) shall subject to any directions of the Tribunal be deemed to be an Annual General Meeting of the Company.

86 (1) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in sub-clause (4) forthwith proceed duly to call an Extraordinary General Meeting of the Company.

(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 sent to the Registered Office of the Company.

(3) The requisition may consist of several documents in like form each signed by one or more requisitionists.

(4) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold both on the date of such requisition and on the date of receipt of the requisition not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter.

(5) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (4) shall apply separately in regard to each such matters and the requisition shall accordingly be valid only in respect of these matters in respect to which the conditions specified in that sub-clause is fulfilled.

(6) If the Board does not, within twenty one days from the date of the receipt of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date of receipt of the requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.

Explanation:- For the purposes of this sub-clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of Section 114.

(7) A meeting called under sub-clause (6) by the requisitionists or any of them -

(a) shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board; but

(b) shall not be held after the expiration of three months from the date of the deposit of the requisition.

(c) shall convene meeting at Registered office or in the same city or town where Registered office is situated and such meeting should be convened on working day.

(8) Where two or more persons hold any shares or interest in a Company jointly, a requisition or a notice calling a meeting signed by one or only some of them shall for the purposes of this Section have the same force and effect as if it has been signed by all of them.

(9) Any reasonable expenses incurred by the requisitionists by reasons 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.

87 (1) A General Meeting of the Company may be called by giving at least clear twenty one day's notice in writing or through electronic mode but a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting. Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at meeting and not on others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

(2) Notice of every general meeting of the Company shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted thereat.

(3) Such notice shall be given -

(i) to every member of the Company, legal representative of any deceased Member or the assignee of an insolvent Member;

(ii) to the auditor or auditors of the Company; and

(iii) to every Director of the Company.

(iv) to every trustee for the debenture holder of any debentures issued by the Company.

(4) The accidental omission to give notice to or the non-receipt of notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

(5) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or where that is allowed one or more proxies, to attend and vote instead of himself and that a proxy need not be a member.

(6) Where any items of business to be transacted at the meeting are deemed to be special as provided in Article 88 there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business namely :

(a) The nature of concern or interest, financial or otherwise, if any of the following persons, in respect of each item of:

- (i) every Director and the Manager; if any;
- (ii) every other Key Managerial Personnel; and
- (iii) relatives of the persons mentioned in sub-clause (i) and (ii);

(b) Any other information and facts that may enable members to understand the meaning, scope and implementation of the items of business and to take decision thereon.

(7) Where any item of business consists of the according of approval to any document by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid.

88 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 Financial Statements, (including the consolidated financial statements, if applicable), and the Reports of the Board of Directors and 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. In the case of any other meeting all business shall be deemed special.

89 Upon a requisition of members complying with Section 111 of the said Act, the Directors shall comply with the obligations of the Company under the said Act relating to circulation of members' resolutions and statements.

90 A certificate in writing, signed by the Secretary or by a Director or some officer or agent appointed by the Board for the purpose, to the effect that according to the best of its belief the notices convening the meeting have been duly given shall be prima facie evidence thereof.

91 The Board, and the persons authorised by it, shall have the right to take and/or make suitable arrangements for ensuring the safety of any meeting-whether a general meeting or a meeting of any class of Security, or of the persons attending the same, and for the orderly conduct of such meeting, and notwithstanding anything contained in this Articles, any action, taken pursuant to this Article in good faith shall be final and the right to attend and participate in such meeting shall be subject to the decision taken pursuant to this Article.

#### **XIV. PROCEEDINGS AT GENERAL MEETINGS AND ADJOURNMENT THEREOF**

92 No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business a statement of which has not been specified in the notice convening the meeting except as provided in the said Act.

93 No business shall be transacted at any General Meeting, unless the requisite quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the presence in person of such number of members as specified in Section 103 of the Act. Subject to Article 82(7) when more than one of the joint-holders of a share is present only one of them shall be counted for ascertaining the

quorum. Several executors or administrators of a deceased person in whose sole name shares stand shall for the purpose of this clause be deemed joint holders thereof.

- 94 If, within half an hour from the time appointed for holding the meeting, a quorum of members is not present, the meeting if convened by or upon such requisition of members as aforesaid shall be dissolved, but in any other case it shall stand adjourned pursuant to the provisions of sub-section (2) of section 103 of the Act.
- 95 If at such adjourned meeting a quorum of members is not present within half an hour from the time appointed for holding the meeting, the members present, whatever their number, shall be a quorum and may transact the business and decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place, if a quorum had been present thereat.
- 96 The Chairman of the Board (whether Member or not) shall if present and willing, be entitled to take the chair at every General Meeting, whether Annual or Extraordinary, but if there be no such Chairman or in case of his being present or being unwilling or failing to take the chair within fifteen minutes of the time appointed for holding such meeting, the members present shall choose another Director (whether Member or not) as Chairman and if all the Directors present decline to take the chair or if there be no Director present, then the members present shall choose one of their own members to be Chairman of the meeting. If a poll is demanded it shall be taken forthwith in accordance with the provisions of sub-section (2) of section 104. The Chairman elected on a show of hands shall exercise all the powers of the Chairman for the purpose of such poll. If some other person is elected Chairman as a result of such poll, he shall be the Chairman for the rest of the meeting.

The Chairman be permitted to hold the position of both the Chairman of the Board and/or General Meeting as well as Managing Director/CEO/equivalent position thereof in the Company as per the recommendations of the appropriate committee of the Directors and approved by the Board of Directors and as permitted by applicable laws from time to time.

- 97 No business shall be transacted at any General Meeting, except the election of Chairman, whilst the chair is vacant.
- 98 The Chairman may, with the consent of a majority of the members personally present at any meeting, adjourn such meeting from time to time and from place to place in the city, town or village where the Registered Office of the Company be situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. A resolution passed at an adjourned meeting of the Company shall be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
- 99 Whenever any meeting is adjourned for thirty days or more notice of such adjourned meeting shall be given as in the case of an original meeting.
- 100 (1) At any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded under Section 109, or if the voting is carried out electronically be decided on a show of hands. Such voting in a general meeting or by postal ballot shall also include electronic voting in a General Meeting or Postal Ballot as permitted by applicable laws from time to time.
- (2) A declaration by the Chairman in pursuance of clause (1) hereof that on a show of hands a resolution has or has not been carried or has or has not been carried either unanimously or by a particular majority and an entry to that effect in the book 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.

101 In case of an equality of votes the Chairman of any meeting shall both on the show of hands and at a poll (if any) held pursuant to a demand made at such meeting, have a second or casting vote.

102 (1)( a) The Company shall cause minutes of all proceedings of General Meetings of any class of shareholders or creditors, and every resolution passed by postal ballot and of all proceedings at meetings of its Board of Directors or of committees of the Board, to be entered in books kept for the purpose

(b) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(c) All appointments of officers made at any time of the meetings aforesaid shall be included in the minutes of the meeting.

(d) In case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain :

(i) the names of the Directors present at the meeting; and the names of the Directors who are present through video or other audio-visual means.

(ii) in the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring on the resolution.

(e) There shall not be included in the minutes, any matter which, in the opinion of the Chairman of the meeting :

(i) is or could reasonably be regarded as defamatory of any person;

(ii) is irrelevant to the interests of the Company; or

(iii) is detrimental to the interests of the Company.

Explanation: -

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.

(2) Any such minute, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

(3) Where the minutes have been kept in accordance with clause (1) hereof; then until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and the resolution passed by circulation, postal ballot or other permitted means shall be construed to have been duly passed, and in particular all appointments of Directors, Key Managerial Personnel, Auditors or Company Secretary in practice, made at the meeting shall be deemed to be valid, including the matters that are required to be transacted at a meeting of the Board as specified in Section 179 of the said Act.

103 (1) The books containing the minutes of the proceedings of General Meetings of the Company shall -

(a) be kept at the registered office of the Company; and

(b) be open during business hours to the inspection of any member without charge subject to such reasonable restrictions as the Company may impose so however that not less than two hours in each day are allowed for inspection.

(2) Any member shall be entitled to be furnished within seven working days after he has made request in that behalf to the Company with a copy of any Minutes referred to in sub-clause (1) on payment of ₹10/-

for every page or part thereof required to be photocopied and that the Company shall comply with provisions of Section 119 of the Act.

- 104 The provisions contained in Article 103 shall mutatis mutandis apply to other registers maintained under the provisions of the said Act, that can be inspected by an eligible person.
- 105 No document purporting to be a 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 Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

## **XV. VOTING RIGHTS AND PROXY**

- 106 No member shall be entitled to exercise any voting right on any question either personally or by proxy or upon poll (including voting by electronic means) in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has or has exercised any right of lien.
- 107 A member is not prohibited from exercising his voting right on the ground that he has held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 106.
- 108 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 at a poll by his committee or other legal guardian and not otherwise, and any such committee or guardian may, on a poll, vote by proxy.
- 109 Notwithstanding anything contained in this Articles, where the title to any Securities is under dispute before any court, where no injunction subsists (or direction made) as to the exercise of voting rights or other rights of a member including the rights attached to such Securities, the Board shall be entitled to suspend any such right aforesaid.
- 110 A Member being a Body Corporate (whether a company within the meaning of the said Act or not) may by resolution of its Board of Directors or other governing body authorise such persons as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Body Corporate which he represents as that body could exercise if it were a member, creditor or holder of debentures of the Company.
- 111 (1) Subject and without prejudice to any special privileges or restrictions or conditions for the time being attached to or affecting the preference or other special classes of shares, if any, issued by and for the time being forming part of the capital of the Company every member, entitled to vote under the provisions of these presents and not disqualified by the provisions of Articles 106, 108 and 109 or by any other Article shall on a show of hands have one vote and upon a poll every member, present in person or proxy or agent duly authorised by a power-of-attorney or representative duly authorised and not disqualified as aforesaid, shall have voting rights in proportion to his share of the paid-up equity capital of the Company subject however to any limits imposed by law. But no member shall have voting right in respect of any moneys paid in advance as provided by Article 40(b).
- (2) No member not personally present shall be entitled to vote on a show of hands unless such member is a Body Corporate present by proxy or by a representative duly authorised under Section 113 of the Act in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

- (3) A Member may exercise his vote, in respect of items of business to be transacted for which notice is issued, by electronic means in accordance with Section 108, and shall vote only once.
- 112 On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses. A member or his proxy who votes shall be deemed to have used all his votes unless he expressly gives written notice to the contrary at the time he casts any votes.
- 113 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 and shall not be entitled to vote except on a poll. A person shall (a) not act as proxy for more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Company; (b) not act as proxy for more than one Member, if that Member holds more than 10% of the total share capital of the Company.
- 114 The instrument appointing a proxy shall be in writing and shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a Body Corporate such instrument shall be under its seal or be signed by an officer or an attorney duly authorised by it, or by the persons authorised to act as the representative of such company under Article 110. Any instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in the demand for a poll on behalf of the appointer, where a poll has not been ordered to be carried out electronically.
- 115 No instrument of proxy shall be treated as valid and no person shall be allowed to vote or act as proxy at any meeting under an instrument of proxy, unless such instrument of proxy and power-of-attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall have been deposited at the Registered Office of the Company at least forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the persons named in such instrument proposes to vote. An instrument appointing a proxy or an attorney permanently or for a certain period once registered with the Company need not be again registered before each successive meeting and shall be in force until the same shall be revoked. Notwithstanding that a power-of-attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the member or to attorney at least seven days before the date of a meeting require him to produce the original power-of-attorney or authority and unless the same is thereupon deposited with the Company the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non-production and deposit.
- 116 If any such instrument of appointment be confined to the objects of appointing an attorney or proxy or substitute, it shall remain, permanent or for such time as the Directors may determine in the custody of the Company and if embracing other objects, a copy thereof, examined with the original shall be delivered to the Company to remain in the custody of Company.
- 117 The instrument appointing a proxy whether for a specified meeting or otherwise shall be in Form MGT-11
- 118 (1) A vote given in pursuance of an instrument of proxy shall be valid, notwithstanding the previous death of the principal or the revocation of the proxy or any power-of-attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the vote is given.
- (2) In case of e-voting, a Member shall be deemed to have exercised his voting rights by himself, even if any other person had voted using the login credentials of that Member.

- 119 No objection shall be made to the validity of any vote except at the meeting or adjourned meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, and not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.
- 120 The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The Chairman shall be assisted by a scrutinizer, appointed by the Board for this purpose.

#### **XVI. CAPITALISATION OF PROFITS AND DIVIDENDS AND ISSUE OF BONUS SHARES**

- 121 The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and may fix the time for the payment thereof.
- 122 Any share holder whose name is entered in the Register of Members of the Company shall enjoy the rights and be subject to the same liabilities as all other shareholders of the same class.
- 123 No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
- 124 Unless the Company otherwise resolves, dividends shall be paid in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some share than on others. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall unless otherwise resolved be only entitled the holder of such share to a proportionate amount of such dividend from the date of payment.
- 125 Capital paid-up in advance of calls shall not confer a right to dividend or to participate in profits.
- 126 No dividends shall be payable except out of profits of the Company of the year or any other undistributed profits and no dividend shall carry interest against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
- 127 The Directors may, from time to time, declare and pay to the members such interim dividend as in their judgment the position of the Company justifies.
- 128 No member shall be entitled to receive payment of any dividend in respect of any share or shares on which the Company has a lien, or whilst any amount due or owing from time to time to the Company, either alone or jointly with any other person or persons, in respect of such share or shares, or on any other account whatsoever, remains unpaid, and the Directors may retain, apply and adjust such dividend in or towards satisfaction of all debts, liabilities, or engagements in respect of which the lien exists, and of all such money due as aforesaid.
- 129 The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member, or which any person under the same clause is entitled to transfer, until such person shall become a member in respect thereof or shall duly transfer the same.
- 130 (1) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
- (2) No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his bankers or any other person as permitted by applicable law.
- 131 All dividends shall be paid by the cheque, or warrant in respect thereof shall be posted within thirty days of the date on which such dividend is declared by the Company. 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 transmission or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.

132 Notice of the declaration of any dividend whether interim or otherwise, shall be given to the members in the manner hereinafter provided for giving of notice to member.

133 The Directors may, if they think fit, call upon the members, when applying for dividends, to produce their share certificates to such person or persons appointed by them in that behalf.

134 Any one of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

135 No dividend shall be payable except in cash.

Provided that nothing herein shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

Provided further that any dividend payable in cash may be paid in cheque or warrant or in any electronic mode to the Member entitled to the payment of the dividend.

136 Any General Meeting declaring a dividend may make a Call on the Members of such amount as the meeting fixes and so that the Call be made payable at the same time as the dividend, and the dividend may, if so resolved by the Company in General Meeting be set off against the Calls.

137 (1) A General Meeting of the Members, In a meeting in person or proxy or, through Postal Ballot or, by any other means, as may be permitted may on the recommendation of the Board, direct capitalisation of the whole or any part of the undivided profits for the time being of the Company or the whole or any part of the Reserve Fund or other funds of the Company including the moneys in the Securities Premium Account and the Capital Redemption Reserve Account or the premiums received on the issue of any shares, debentures or debenture-stock of the Company and that such sum be accordingly set free for the purpose, (1) by the issue and distribution, among the holders of the shares of the Company or any of them, in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up thereon, of paid-up shares, debentures, debenture-stock bonds or other obligations of the Company, or (2) by crediting any shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid up thereon respectively, with the whole or any part of the same.

(2) For the purposes above set out the Company may, subject to the provisions contained in section 63, apply: (i) its free reserves, (ii) the Securities Premium Account subject to the provisions of Section 52(2) of the said Act; (iii) the Capital Redemption Reserve Fund subject to the provisions of Section 55(4) of the said Act; and (iv) such other reserves or account as may be applied for issue of bonus shares.

138 The Board shall have the right to fix a date for the purpose of determining the Members who are entitled to the payment of the dividend, or shares pursuant to the capitalisation of reserves, and for any other action of the Company that requires determination of the details of Members.

## **XVII. ACCOUNTS**

139 (1) The Directors shall keep or cause to be kept at the Registered Office of the Company or at such place in India as the Board thinks fit proper books of accounts in respect of:

(i) all sums of money received and expended by the Company, and the matters in respect of which the receipt and expenditure take place;

(ii) all sales and purchase of goods by the Company; and

(iii) the assets and liabilities of the Company.

(iv) The items of cost, if any- as specified in the relevant Rules.

(2) Proper books of account shall also be kept at each branch office of the Company, whether in or outside India, relating to the transactions of that office and proper summarised returns made up to dates at intervals of not more than three months shall be sent by each branch office to the Company at its Registered Office of the Company or the other place referred to in clause (1) hereof.

(3) The books of account referred to in clause (1) and (2) shall be such books as are necessary to give a true and fair view of the state of affairs of the Company or such branch office and to explain its transaction.

(4) The books of accounts and other Books and Papers shall be open to inspection by any Directors during business hours.

(5) The Directors shall comply in all respects with Sections 128, 129, 133, 134, 136, to 138 of the said Act and any statutory modifications thereof.

140 The Directors shall, from time to time, determine whether and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of the members not being Directors; and no member (not being a Director) shall have any right of inspection of any account or book or document of the Company except as conferred by law or authorised by the Directors.

141 Subject to Section 129 of the Act at every Annual General Meeting of the Company the Directors shall lay before the Company a Financial Statements for each financial year.

142 The Financial Statements shall give a true and fair view of the state of affairs of the Company at the end of the period of the account.. Financial Statements shall comply with the provisions of Section 129 and 133 of the said Act.

143 The Financial Statements shall be signed in accordance with the provisions of Section 134 of the said Act.

144 The Directors shall make out and attach to every Balance Sheet laid before the Company in General Meeting a Report of the Board of Directors which shall comply with the requirements of and shall be signed in the manner provided by Section 134 of the said Act.

145 (1) A copy of every Financial Statements (including consolidated Financial Statements, the Auditors' Report and every other document required by law to be annexed or attached, as the case may be, to the Financial Statement) which is to be laid before the Company in General Meeting shall not less than twenty one days before the date of meeting be sent to every member, every trustee for the debenture holder of any debentures issued by the Company, to the Auditors of the Company, and every director of the Company.

If the copies of the documents aforesaid are sent less than twenty one days before the date of the meeting they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by ninety five percent of the members entitled to vote at the meeting.

The accidental omission to send the documents aforesaid, to or the non-receipt of the documents aforesaid by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

(2) Any member or holder of debentures of the Company whether he is or is not entitled to have copies of the Company's Financial Statements sent to him, shall on demand, be entitled to be furnished without charge, and any person from whom the Company has accepted a sum of money by way of deposit shall on demand accompanied by the payment of a fee of fifty rupees, be entitled to be furnished with a copy of the last Financial Statements and every other documents required by law to be annexed or attached thereto.

146 The Directors shall arrange to maintain at the Registered office of the Company a Register of Directors, Key Managerial Personnel, containing the particulars and in the form prescribed by Section 170 of the Act. It shall be the duty of every Director and other persons regarding whom particulars have to be maintained in such Registers to disclose to the Company any matters relating to himself as may be necessary to comply with the provisions of the said sections.

147 A Director may receive remuneration by way of fee not exceeding such amount as may be permissible under the Rules for attending each meetings of the Board or Committee thereof; or of any other purpose whatsoever as may be decided by the Board.

148 Subject to the provisions of Section 197 of the said Act :

(1) Any one or more of the Directors shall be paid such additional remuneration as may be fixed by the Directors for services rendered by him or them and any one or more of the Directors shall be paid further remuneration if any as the Company in General Meeting or the Board of Directors shall from time to time determine. Such remuneration and/or additional remuneration may be paid by way of salary or commission on net profits or turnover or by participation in profits or by way of perquisites or in any other manner or by any or all of those modes.

(2) If any director, being willing shall be called upon to perform extra services, or to make any special exertion for any of the purposes of the Company, the Company in General Meeting or the Board of Directors shall, subject as aforesaid, remunerate such Director or where there is more than one such Director all or such of them together either by a fixed sum or by a percentage of profits or in any other manner as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.

149 The Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Directors in terms of these articles not exceeding such amount as is permissible under the Rules, per meeting attended by him.

150 The Board of Directors may allow and pay to any Director fair compensation for his travelling and other expenses incurred in connection with the business of the Company including attendance at meeting of the Board or Committee thereof.

### **XIX. APPOINTMENT AND ROTATION OF DIRECTORS**

151 a. The following shall be the first Directors of the Company:-

1. Jasbir Singh Dham
2. Harbhajan Singh
3. Daunder pal Singh
4. Bhavna Wadhwa

152 b. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

153 A person shall not be capable of being appointed Director of the Company, if :-

(i) he has been found to be unsound mind by court of competent jurisdiction.

(ii) he is an undischarged insolvent;

(iii) he has applied to be adjudicated as an insolvent and his application is pending;

(iv) he has been convicted by a Court in India of any offence involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than 6 months, and a period of five years has not elapsed from the date of expiry of the sentence;

(v) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others and six months have elapsed from the last day fixed for the payment for the call; or

(vi) an order disqualifying him for appointment as Director has been passed by a Court or Tribunal and the order is in force,

(vii) he has been convicted of the offence dealing with related party transactions under Section 188; or.

(viii) he has not complied with sub-section 3 of section 152.

154 (1) The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors. Independent Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him a sum not exceeding ₹ 2500/- (Rupees Two Thousand Five Hundred).

(2) Not less than two-thirds of the total number of Directors of the Company shall :

(i) be persons whose period of office is liable to determination by retirement of Directors by rotation; and

(ii) save as otherwise expressly provided in the said Act; be appointed by the Company in General Meeting.

Explanation:- for the purposes of this Article “total number of Directors” shall not include Independent Directors appointed on the Board of the Company.

(3) The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit.

155 (1) Subject to the provisions of Section 152 of the Act at every 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 or a multiple of three, then the number nearest to one-third, shall retire from office.

(2) The Directors to retire by rotation 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 lot. A retiring Director shall be eligible for re-election.

(3) (i) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(ii) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a holiday, at the same time and place.

(iii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :-

(i) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;

(ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

(iii) he is not qualified or is disqualified for appointment;

(iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the said Act; or

(v) Section 162 is applicable to the case.

156 The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be reappointed a Director by the Board of Directors.

157 A person who is not a retiring Director shall subject to the provisions of the said Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him has, not less than fourteen days before the meeting, left at the Registered Office of the Company a notice in writing under his hand signifying his candidature for the office of Directors or as the case may be, the intention of such Member to propose him as a candidate for the office, along with deposit of one lakh rupees or such other amount as may be specified in the relevant Rules.

158 The amount so deposited shall be refunded to such person or, as the case may be, to the Member, if the person proposed gets elected as a Director or gets more than 25% of total valid votes.

159 A person appointed as a Director shall not act as a Director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as prescribed in the relevant Rules.

160 (1) At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that is shall be so made has first been agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of clause (1) shall be void, whether or not objection was taken at the time to its being so moved;

(3) For the purpose of this Article a motion for approving a person's appointment or for nominating a person for appointing shall be treated as a motion for his appointment.

161 The Directors shall have power at any time and from time to time, to appoint any person other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time. Each such Additional Director shall hold office only up to the date of the next following Annual General Meeting, or the last date on which the annual general meeting should have been held, whichever is earlier, but shall be eligible for appointment by the Company at that meeting as a Director.

162 (1) If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board.

(2) Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it has not been vacated as aforesaid.

163 (1) The Board of Directors may appoint a person, not being a person holding any alternate directorship for any other Director in the Company, to act as an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India.

(2) No person shall be appointed as an alternate director for an Independent Director unless he is qualified to be appointed as an Independent Director.

(3) An Alternate Director shall be entitled to notice of meetings of the Directors, and to attend and vote thereat accordingly.

(4) An Alternate Director shall vacate office if and when the Original Director returns to India.

(5) If the term of office of the Original Director is determined before he so returns to India as aforesaid any provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

(6) An Alternate Director may be removed by the Board of Directors which may appoint another Alternate Director in his place.

164 The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below three, the continuing Directors may act for the purpose of increasing the number of Directors to the said number, or of summoning a General Meeting of the Company, but for no other purpose.

## **XX. RESIGNATION OF OFFICE BY DIRECTORS**

165 Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.

## **XXI. PROCEEDINGS OF BOARD OF DIRECTORS**

166 A minimum number of four meetings of the Directors shall have been held in every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meeting and proceedings, as they think fit, and may determine the quorum necessary for the transaction of business.

167 The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board meetings through such video conferencing or other permitted means

the procedures and the precautions as laid down in the relevant Rules shall be adhered to. With regard to every meeting conducted through video conferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.

168 Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means. The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.

169 The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two directors whichever is higher and the directors participating by video conferencing or by other permitted means shall also counted for the purposes of this Article.

Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.

Explanation:

The expressions “interested Director” shall have the meanings given in Section 184(2) of the said Act and the expression “total strength” shall have the meaning as given in Section 174 of the Act.

170 (1) If a meeting of the Board could not be held for want of a quorum then the meeting shall automatically stand adjourned to the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a National Holiday at the same time and place.

(2) The provisions of Article 169 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which has been called in compliance with the terms of that Article could not be held for want of a quorum.

171 A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and directions by law or under the Articles and regulations for the time being vested in or exercisable by the Directors generally.

172 The Chairman may, and manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

173 Questions arising at any meeting of the Directors shall be decided by a majority of votes, and in case of an equality of votes, the Chairman thereat shall have a second or casting vote.

174 The Directors may elect a Chairman of their meetings, and determine the period for which he is to hold office, and unless otherwise determined the Chairman shall be elected annually. If no Chairman is elected, or if at any meeting the Chairman is not present within five minutes of the time appointed for holding the same, or is unwilling to preside, the Directors present may choose one of their members to be the Chairman of such meeting.

175 Subject to the provisions of Section 179 of the said Act, the Directors may delegate any of their powers, other than powers which by reason of the provisions of the said Act cannot be delegated to committees

consisting of such member or members of their body as they may think fit, and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes. Every Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors, and all acts done by any such Committee in conformity with such regulations and in fulfillment of the purpose of their appointment, but not otherwise, shall have the like force and effect as if done by the Board.

176 The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded by the express terms of the appointment of any such Committee, or by any regulations made by the Directors.

177 A resolution not being a resolution required by the said Act or otherwise to be passed at a meeting of the Directors, may be passed without any meeting of the Directors or of a committee of Directors provided that the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.

178 All acts done by a person as a Director shall be valid, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in the said Act or in these Articles. Provided that this Article shall not give validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated.

179 The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these presents and section 118 of the Act.

180 (1) The Directors shall cause to be kept at the Registered Office (a) a Register mentioned in Article 152 and (b) a Register of Contracts or arrangements of which they are interested, containing the particulars required by Section 189 of the Act.

(2) The provisions contained in Article 103 (1)(b) and 103(2) relating to inspection and taking copies shall be mutatis mutandis be applicable to the registers specified in this Article.

## **XXII. APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

181 (1) Subject to the provisions of the Act :

(i) A Key Managerial Personnel may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Key Managerial Personnel so appointed may be removed by means of a resolution in the Board Meeting.

(ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

## **XXIII. BORROWING POWERS OF DIRECTORS**

182 (1) Subject to clause (2) hereof the Directors may, from time to time at their discretion raise or borrow, or secure the repayment of any loan or advance taken by the Company. Any such moneys may be raised and the payment or repayment of such moneys maybe secured in such manner and upon such terms and conditions in all respects as the Directors may think fit and, in particular by promissory notes, or by opening current accounts or by receiving deposits and advances at interest, with or without security, or by

the issue of debentures of debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by mortgaging, charging or pledging any lands, buildings, machinery, plants, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

(2) The Board of Directors shall not, except with the consent of the Company in General Meeting, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. No debt by the Company in excess of limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that Article has been exceeded.

(3) 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.

(4) Any such debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

(5) If any other offer is made to the public to subscribe for or purchase debentures the provisions of the said Act relating to a prospectus shall be complied with.

(6) (i) Any such debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and on condition (with the consent of the Company in General Meeting) and they may have a right to allotment of or be convertible into shares of any denominations, and with any special privileges and conditions as to redemption (or being irredeemable), surrender, drawings, re-issue, attending at General Meeting of the Company, appointment of Directors, and otherwise, provided that no debentures, debenture-stock, bonds or other securities may be issued carrying voting rights.

(ii) The Company shall have power to re-issue redeemed debentures.

(iii) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a Deed for specific performance.

(iv) The Company, shall within two months after the allotment of any of its shares, and six months after the allotment of any debentures or debenture-stock, and within one month after the application for the registration of the transfer of any shares, debentures or debenture-stock have completed and have ready for delivery the certificates of all shares, the debentures and the certification of all debenture-stock allotted or transferred, unless the conditions of issue of the shares, debentures of debenture-stock otherwise provide

The expression "transfer" of the purpose of the sub clause means a transfer duly stamped, dated and otherwise valid, and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

(7) (i) A copy of any trust deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment of rupees fifty (₹ 50/-);

(ii) The Court may also, by order, direct that the copy required shall forthwith be sent to the person requiring it.

(iii) The Trust Deed referred to in sub-clause (i) shall be open inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the register of members of the Company.

183 If any uncalled capital of the Company is included in or charged by any mortgagor other security, the Directors may, by instrument under the Company's seal, authorise the person in whose favour such mortgage or other security is executed, or any other person in trust for him to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to call shall mutatis mutandis apply to calls under such authority, and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently, and either to the exclusion of the Directors power or otherwise, and shall be assignable if expressed so to be.

184 If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

185 The Company may exercise the power to keep foreign register of members or debenture holders or other security holders or beneficial owners residing outside India as provided in Section 88 of the Act.

#### **XXIV. POWER OF DIRECTORS**

186 (1) Subject to the provisions of Section 135, 179, 180, 181, 182, 183, 184, 185, 186, 188 and 203 of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers, give all such consents, make all such arrangements, be nearly do all such acts and things as are or shall be by the said Act, and the memorandum of association and these precedents directed or authorized to be exercised, given, made or done by the Company and are not thereby expressly directed or required to be exercise, given, made or done by the Company in General Meeting, but subject to such regulations being (if any) not inconsistent with the said provisions as from time to time may be prescribed by the Company in General Meeting provided that no regulation so made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if the regulations had not been made.

(2) Save as provided by the said Act or by these presents and subject to the restrictions imposed by Section 179 of the said Act, the Directors may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them.

187 Subject to the provisions of Articles 189 but without prejudice to the General Powers thereby conferred and so as not in any way to conferred by these presents, it is hereby expressly declared that the Directors shall have the following powers and authorities, that is to say power and authority :

(1) (i) to enter into agreements with foreign components and other persons for obtaining by granting licence or other terms, formulae and other rights and benefits and to obtain financial and or technical collaboration, technical information, knowhow and expert advice in connection with the activities and business permitted under the Memorandum of Association of the Company.

(ii) to take over and acquire the industrial licence, import licence, permit and other rights on payment of actual and out of pocket expenses incurred thereof, and compensation for technical services rendered in connection therewith :

(iii) to pay and charge to the Capital / Revenue Account of the Company the legal and other costs, charges and expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company including the stamps and fees paid in respect thereof :

(iv) to pay and charge to the Capital / Revenue Account of the Company any commission or interest lawfully payable under the provisions of the said Act :

(v) To carry out activities that are specified in Schedule VII of the Act, and for this purpose expend / incur the monies of the Company, and all monies so expended or incurred for this purpose shall also be construed to be for the purpose of the Company's business.

(2) to purchase in India or elsewhere any machinery plant, stores and other articles and things for all or any of the objects or purpose of the Company;

(3) to purchase, take on lease or otherwise acquire in India any lands (whether freehold, leasehold or otherwise) and with or without houses, buildings, structures or machinery (fixed or loose) and any moveable property, rights or privileges (including intellectual property rights) from any person including a Director in furtherance of or for carrying out its objects, at or for such price or consideration and generally on such terms and conditions and with such titled thereto as they may think fit or may believe or be advised to be reasonable satisfactory.

(4) to purchase, or otherwise acquire from any person and to resell, exchange, and repurchase any patent for or licence for the use of any invention.

(5) to purchase or otherwise acquire for the Company any other property, formule, concessions, rights and privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit.

(6) in any such purchase or other acquisition to accept such titled as the Directors may believe or may be advised to be reasonably satisfactory. At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partly in cash or in shares, or in both, or in bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any bonds, debentures, mortgages or other securities, may be either specifically charged upon all or any part of the property of the Company, and its uncalled capital or not so charged.

(7) to sell for cash or on credit or to contract for the sale and future delivery of or to and for sale in any part of India or elsewhere any products or Articles produced, manufactured or prepared by the Company as the Directors may deem advisable.

(8) to erect, construct, and build and factories, warehouses, godowns, engine houses, tanks, wells, or other constructions, adopted to the objects of the Company or may be considered expedient or desirable for the objects or purposes of the Company or any of them;

(9) to sell from time to time any articles, materials, machinery, plant, stores and other articles and things belonging to the Company as the Directors may think proper and to manufacturer, prepare and sell waste and by-products;

(10) from time to time to extend the business and undertaking of the company by adding to, altering, or enlarging all or any of the building, factories, workshops, premises, plant and machinery, for the time being the property or in the possession of the Company, or by erecting new or additional buildings, and to expend such sums of money for the purposes aforesaid or any of them, as may be thought necessary or expedient;

(11) to remove all or any of the machinery, plant and other movable property of the Company for the time being in or upon lands, buildings, or premises of the Company to other lands, buildings, or premises;

(12) to negotiate for, and subject to the approval of the Company in General Meeting, contract for the sale and transfer of all or any part of the property and undertaking of the Company as a going concern, subject or not subject to all or any of the obligations and liabilities of the Company;

(13) to undertake on behalf of the Company the payment of all rents the performance of all covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company, and to purchase the reversion or reversions, and otherwise to acquire the freehold or fee-simple of all or any of the lands of the Company for the time being held under lease, or for an estate less than a free hold estate;

(14) to improve, manage, develop, exchange, lease, sell, re-sell and re- purchase, dispose of, deal with or otherwise turn to account and property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested;

(15) to secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such manner as they may think fit.

(16) to accept from any member, on such terms and conditions as shall be agreed upon and as far as may be permissible by law, a surrender of his shares or any part thereof;

(17) to determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsement, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes;

(18) to make advances and loans without any security, or on such security as they may think proper and to take security for already existing debts, and otherwise to invest and deal with any of the moneys of the Company not immediately required for the purpose thereof in Government or Municipal securities, fixed deposits in banks and in such other manner as they may think fit and from time to time vary or realise such investments, and for the purpose aforesaid to authorise such persons within limits to be fixed from time to time by the Board.

(19) to make and give receipts, releases and other discharges for moneys payable to, or for goods or property belonging to the Company, and for the claims and demands of the Company;

(20) subject to the provisions of Section 179, 180 and 186 of the said Act, to invest and deal with any moneys of the Company not immediately required of the purposes thereof, upon such security (not being shares of the Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments, Save as provided in Section 187 of the said Act all investments shall be made and held in the Company's own name;

(21) to give to any officer or other person employed by the Company including any Directors so employed, a commission on the profits of any particular business or transaction, or a share in general or particular profits of the Company, and such commission or share of profits shall be treated as part of the working expenses of the Company and to pay commissions and make allowances to any person introducing business to the Company or otherwise assisting its interests;

(22) subject to the provisions of Section 187 of the said Act to appoint any person or persons (whether incorporated or not) to accept and hold in trusts for the Company any property belonging to the Company, or in which the Company is interested or for any other purposes and to execute and do all such acts, deeds and things as may be requisite in relation to any such trust, and to provide for the remuneration of such trustee or trustees;

(23) to insure and keep insured against loss or damage or fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or conjointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

(24) to attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions as to the transfer thereof as they think fit;

(25) to execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon;

(26) to institute, conduct, defend, compound, abandon or refer to arbitration any action, suit, appeals, proceedings, for enforcing decrees and orders and other legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, to compound or compromise and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer the same or arbitration, to observe and perform any awards made there on; to act on behalf of the Company in all matters relating to bankrupts and insolvents;

(27) The person duly authorised by the Directors shall be entitled to make, give, sign and execute all and every warrant to use or defend on behalf of the Company, and all and every legal proceedings and compositions or compromise, agreements, and submission to arbitration and agreement to refer to arbitration as may be requisite, and for the purposes aforesaid, the Secretary or such other person may be empowered to use their or his own name on behalf of the Company, and they or he shall be saved harmless and indemnified out of the funds and property of the Company, from and against all costs and damages which they or he may incur or be liable to by reason of their or his name so used as aforesaid.

(28) to provide for the welfare of the employees or ex-employees of the Company, and the wives, widows and families or the dependants or connects of such persons and to give, award or allow any pension, gratuity, compensation, grants of money, allowances, bonus, stock options (including other stock related compensation) or other payment to or for the benefit of such persons as may appear to the Directors just and proper, whether they have or have not a legal claim upon the Company, and before recommending any dividends to set aside portions of the profits of the Company to form a fund to provide for such payments and in particular to provide for the welfare of such persons, by building or contributing to the building of houses, dwelling or chawls, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility;

(29) before recommending any dividend, to set aside, out of the profits of the Company such sums for depreciation as provided in Section 123 of the said Act and such sums as they think proper for creating reserves, general or specific or special funds to meet contingencies or to repay debentures or debenture-stock or to pay off preference of other shareholders subject to the sanction of the Court when the same is required by law on for payment of dividends or equalising dividend or for special dividends or bonus or for repairing, improving, extending and maintaining any part of the property of the Company and for such

other purposes (including the purposes referred to in the preceding clause) as the Directors may in their absolute discretion think conducive to the interest of the Company and from time to time to carry forward such sums as may be deemed expedient and to invest and deal with the several sums to set aside or any part thereof as provided in Clause (18) of this Article as they think fit, and from time to time to deal with and vary such investment and dispose of and apply and expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matter to which the Directors apply or upon which they expend the same or any part thereof may be matters to and upon which the capital money of the Company might rightly be applied or expended and the Directors may divide the Reserve or any Fund into such special funds and transfer any sum from one fund to another as they may think fit and may employ the assets constituting all or any of the above funds including the Depreciation Fund or any part thereof in the business of the Company or in the purchase or repayment of debentures or debenture-stock or preference shares or in payment of special dividend or bonus and that without being bound to keep the same separate from the other assets, and without being bound to pay interest for the same with power however to the Directors at their discretion to pay or allow to the credit of such funds or any of them the interest at such rate as the Directors may think proper not exceeding 9 per cent per annum.

(30) from time to time and at any time to entrust to and confer upon the officers for the time being of the Company, and to authorise, or empower them to exercise and perform and by Power-of-Attorney under seal to appoint any person to be the Attorney of the Company and invest them with such of their powers, authorities, duties and discretion exercisable by or conferred or imposed upon the Directors, but not the power to make Calls or other power which by law are expressly stated to be incapable of delegation as the Directors may think fit, and for such time and to be exercised for such objects and purposes and subject to such restrictions and conditions, as the Directors may think proper or expedient, and either collaterally with or to the exclusion of and in substitution for all or any of the powers, authorities, duties and discretions of the Directors in that behalf, with authority to the Secretary or such officers or attorney to sub-delegate all or any of the powers, authorities, duties, and discretions for the time being vested in or conferred upon them and from time to time to revoke all such appointments of attorney and withdraw, alter or vary all or any of such powers, authorities, duties and discretions;

(31) to appoint, and at their pleasure to remove, discharge, or suspend and to re-employ or replace, for the management, of the business, secretaries, managers, experts, engineers, accountants, agents, subagents, bankers, brokers, muddams, solicitors, officers, clerks, servants and other employees for permanent, temporary or special services as the Directors may from time to time think fit, and to determine their powers and duties and fix their emoluments, salaries, wages, and to require security in such instances and to such amount as they think fit, and to ensure and arrange for guarantee for fidelity of any employees of the Company and to pay such premiums on any policy of guarantee as may from time to time become payable;

(32) from time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration. And from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, other than their power to make a Call and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed, and may annul or vary any such delegation. Any such delegate may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(33) at any time and from time to time by power-of-attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) may be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any Company or the members, Directors, nominees, or Managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors, and any such Power-of-attorney may contain such powers for the protection or convenience of persons dealing with such Attorney as the Directors may think fit.

(34) from time to time to provide for the management transaction of the affairs of the Company outside the Registered Office or in any specified locality in India or outside India, in such manner as they think fit and in particular to appoint any person to be the Attorneys or agents of the Company with such powers, authorities and discretions (including power to sub- delegate) but not exceeding those vested in or exercisable by the Directors, and also not the power to make calls or issue debentures and for such period, and upon such terms and subject to such conditions as the Directors may think fit, and at any time to remove any person so appointed or withdraw or vary any such powers as may be thought fit, and for that purpose the Company may exercise the powers conferred by Section 88 of the Act relating to keep in any State or country outside India a foreign Register respectively and such powers shall accordingly be vested in the Directors.

(35) for or in relation to any of the matters aforesaid or otherwise for the purpose and objects of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute, perform and do and sanction, and authorise all such acts, deeds, matters and things, including matters that are incidental and/or ancillary thereto, in the same and on behalf of the Company as they may consider expedient;

(36) to open accounts with any bank or bankers or with any Company, firm or individual for the purpose of the Company's business and to pay money into and draw money from any such account from time to time as the Directors may think fit.

(37) generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any Key Managerial Personnel, firm, company or fluctuating body of persons as aforesaid.

(38) to authorise the issue of securities (including depository receipts), whether convertible to shares or not, as per applicable laws, either as a primary issue or a secondary offering.

## **XXV. MANAGING DIRECTORS**

188 Subject to the provisions of Section 196, 197, and 203 of the Act, the Directors may from time to time appoint one or more of their body to be Managing Director, Joint Managing Director or Managing Directors, Whole-time Director, Manager or Chief Executive Officer of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office but in any case not exceeding five years at a time and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

189 A managing Director or Joint Managing Director subject to the provisions contained in Article 184 shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire but he

shall, subject to the terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the Directors of the Company, and if he ceases to hold the office of Directors from any cause shall ipso facto and immediately cease to be Managing Director.

190 The remuneration of a Managing Director and Joint Managing Director shall from time to time be fixed by the Directors and may be by way of salary or commission or participating in profits or by way or all of those modes or in other forms shall be subject to the limitations prescribed in Section 197 of the Act.

191 The Directors may from time entrust to and upon a Managing Director or Joint Managing Director for the time being such of the powers exercisable under these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers, unless and until otherwise determined a Managing Director may exercise all the powers exercisable by the Directors, save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

#### **XXVI. SECRETARY**

192 (1) The Directors may from time to time appoint and at their discretion remove, a person (hereinafter called “the Secretary”) to keep the Registers required to be kept by the Company, to perform any other function which by the said Act or by these Articles are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.

(2) The Directors may any time appoint a temporary substitute for the Secretary who shall for the purpose of these Articles be deemed to be the Secretary.

#### **XXVII. INDEMNITY TO AND PROTECTION OF DIRECTORS AND OFFICERS**

193 (1) The Board shall be entitled to meet out of the funds of the Company to defend, every officer of the Company as defined by Section 2(59) of the said Act, or any person (whether an officer of the Company or not) employed by the Company, against all claims made on them (including losses, expenses, fines, penalties or such levies), in or about the discharge of their respective duties.

(2) Every Officer of the Company, as defined by Section 2(59) of the said Act, or any person (whether an Officer of the Company or not) employed by the Company, shall be entitled to direct the company to meet all claims, losses, expenses, fines, penalties or such other levies, expended by them, respectively in or about the discharge of their respective duties, out of the funds of the Company against all such liabilities, including attorney fees, incurred by them in defending any proceedings under the Act, or other laws applicable to the Company, and/or its subsidiaries in any jurisdiction.

(3) The Company may take and maintain any insurance as the Board may think fit on behalf of its directors (present and former), other employees and the Key Managerial Personnel, for insurers to directly meet all claims, losses, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability for any acts in relation to the Company for which they may be liable.

194 No Director of the Company, Manager, Secretary, Trustee, Auditor and other officer or servant of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or servant or for joining in any receipts or other act for the sake of conformity merely or for any loss or expenses happening to the Company through the insufficiency or deficiency in point of titles or value of

any property acquired by the order of the Directors for or on behalf of the Company or mortgaged to the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation to or with whom any moneys, securities or effects of the Company shall be entrusted or deposited or for any loss occasioned by any error of judgement, omission default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution or performance of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.

- 195 An Independent Director, and a non-executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission, by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he has not acted diligently.

### **XXVIII. SEAL**

- 196 (1) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereto and the Directors shall provide for the safe custody of the seal for the time being. The seal of the Company shall never be used except by the authority of a resolution of the Board of Directors and in presence of one of Directors or such other persons as the Board may authorise who will sign in token thereof and countersigned by such officers or persons as the Directors may from time to time resolve.

(2) Any instrument bearing the Common Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

### **XXIX. NOTICES AND SERVICE OF DOCUMENTS**

- 197 It shall be imperative on every member or notify to the Company for registration his place of address in India and if he has no registered address within India to supply to the Company an address within India for giving of notices to him. A member may notify his email address if any, to which the notices and other documents of the company shall be served on him by electronic mode. The Company's obligation shall be satisfied when it transmits the email and the company shall not be responsible for failure in transmission beyond its control.

- 198 Subject to Section 20 of the said Act, a document may be served by the Company on any member thereof by sending it to him by post or by registered post or by speed post or by courier or by delivering at his address (within India) supplied by him to the company for the service of notices to him.

The term courier means person or agency who or which delivers the document and provides proof of its delivery.

- 199 Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by any and every notice and other document in respect of such share which previous to his name and address being entered upon the register shall have been duly given to the person from whom he derives his title to such share.

- 200 Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given, if given by advertisement, once in English and once in a vernacular daily newspaper circulating in the city, town or village in which the registered office of the Company is situate.

- 201 Any notice or document served in the manner hereinbefore provided shall notwithstanding such member be then dead and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service, for all purposes of these presents be deemed a sufficient service of such notice or documents on his heirs, executors, administrators and all person (if any) jointly interested with him in any such shares.
- 202 Any notice given by the Company shall be signed (digitally or electronically) by a Director or by the Secretary or some other officer appointed by the Directors and the signature thereto may be written, facsimile, printed, lithographed, photostat.
- 203 A document may be served on the Company or on an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post or by Registered Post or by leaving it at its Registered Office, or by means of such electronic mode or other mode as may be specified in the relevant Rules.

### **XXX. SECRECY CLAUSE**

- 204 No member shall be entitled to visit any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's working, trading or any matter which is or may be in the nature of a secret, mystery of trade or secret process, which may relate to the conduct of the business of that Company and which in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate to the public.

### **XXXI. WINDING-UP**

- 205 If upon the winding-up of the Company, the surplus assets shall be more than sufficient to repay the whole of the paid-up capital, the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid-up on the shares at the commencement of the winding-up held by them respectively, other than the amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid-up capital, such surplus assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively, other than the amounts paid by them in advance of calls. But this Article is without prejudice to the rights of the holders of any shares issued upon special terms and conditions and shall not be construed so as to or be deemed to confer upon them any rights greater than those conferred by the terms and conditions of issue.
- 206 If the Company shall be wound-up whether voluntarily or otherwise, the following provisions shall take effect:
- (1) the Liquidator may, with the sanction of a Special Resolution, divide among the contributories in specie or kind any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributories or any of them, as the Liquidator with the like sanction shall think fit.
  - (2) If thought fit any such division may be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on any contributory who would be prejudiced thereby shall have the right to dissent and shall have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 319 of the said Act.

(3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares, may, within seven days after the passing of the Special Resolution by notice in writing, direct the Liquidator to sell his proportion and pay him the proceeds and the Liquidator shall, if practicable, act accordingly.

207 Any such Liquidator may, irrespective of the powers conferred upon him by the said Act and as an additional power conferring a general or special authority, sell the undertaking of the Company or the whole or any part of its assets for shares fully or partly paid-up or the obligations of or other interest in any other company and may by the contract of sale agree for the allotment to the members directly of the proceeds of sale in proportion to their respective interests in the Company and in case the shares of this Company shall be of different classes, may arrange for the allotment in respect of preference shares of the Company, to obligations of the purchasing company or of shares of the purchasing company with preference or priority over or with a larger amount paid-up than the shares allotted in respect of ordinary shares of this Company and may further by the contract, limit a time at the expiration of which shares, obligations or other interests not accepted or required to be sold, shall be deemed to have been refused and be at the disposal of the Liquidator.

208 Sale under Sections 319 of the Companies Act, 2013 :

Upon any sale under the last preceding Article or under the powers given by Section 319 of the said Act, no member shall be entitled to require the Liquidator either to abstain from carrying into effect the sale or the resolution authorising the same or to purchase such member's interest in this Company, but in case any member shall be unwilling to accept the share, obligations or interests to which under such sale he would be entitled, he may, within seven days of the passing of the resolution authorising the sale, by notice in writing to the Liquidator, require him to sell such shares, obligations or interests and thereupon the same shall be sold in such manner as the Liquidator may think fit and the proceeds shall be paid over to the member requiring such sale.

#### **XXXII. GENERAL POWERS**

209 Where any provisions of the said Act, provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular transaction, only if it is so authorised in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorises the Company to carry out the same, without the need for any specific or explicit Article in that behalf.

#### **XXXIII. INDEMNITY**

210 Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following contracts which have been entered into or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been attached to the copy of the Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered Office between 10 a.m. and 5 p.m. on all Working Days from Application / Issue Opening Date until the Application / Issue Closing Date.

#### **A. Material Contracts**

1. Memorandum of Understanding dated February 09, 2015 between our Company and the Lead Manager.
2. Memorandum of Understanding dated February 04, 2015 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, the Lead Manager, Escrow Collection Bank(s), Refund bank and the Registrar to the Issue.
4. Market Making Agreement dated February 13, 2015 between our Company, the Lead Manager and the Market Maker.
5. Underwriting Agreement dated February 13, 2015 between our Company and the Lead Manager and the Market Maker.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
7. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

#### **B. Material Documents**

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of Certificate of Incorporation of our Company.
3. Resolution of the Board of Directors meeting dated December 15, 2014, authorizing the Issue.
4. Shareholders' resolution passed at the Extra-Ordinary General Meeting dated January 10, 2015, authorizing the Issue.
5. Consent from the Statutory and Peer Review Auditors for inclusion of their reports on the restated accounts in this Draft Prospectus.
6. Peer Review Auditor's report for Restated Financials dated January 05, 2015, included in this Draft Prospectus.
7. The report on Statement of Tax Benefits dated January 05, 2015 from our Statutory Auditors.

8. Consent of our Directors, Company Secretary and Compliance Officer, Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company, Market Maker and Underwriters, as referred to in their specific capacities.
9. Due Diligence Certificate(s) dated [●] of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.
10. Approval from BSE vide letter dated [●] to use the name of BSE in this Offer Document for listing of Equity Shares on the SME Platform of the BSE.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies



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## DECLARATION

We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified), the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

**Mr. Pawan Dalmia**

(Chairman and Managing Director)

**Mr. Ramesh Dalmia**

(Non-Executive Director)

**Ms. Pushpaben Kothari**

(Non-Executive Independent Director)

**Ms. Shilpi Agrawal**

(Non-Executive Independent Director)

**Mr. Raju Kumar Ram**

(Chief Financial Officer)

Date: March 18, 2015

Place: Delhi