



## ALACRITY SECURITIES LIMITED

Our Company was originally incorporated in Mumbai as a Private Limited Company under the name and style of "Alacrity Securities Private Limited" on December 20, 1994 under the provisions of the Companies Act, 1956 as amended from time to time (the "Companies Act") vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company became a Deemed Public Company w.e.f July 1, 1999 under the erstwhile provisions of Section 43-A (1A) of the Companies Act, 1956. However, the Companies (Amendment) Act, 2000 deleted the provisions of Section 43A and the Management decided to retain the status of the Company as Public Limited and passed a resolution to this effect on 30th June, 2001. Consequently, the name of our Company was changed from "Alacrity Securities Private Limited" to "Alacrity Securities Limited". For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 70 of this Draft Prospectus.

**Registered Office & Corporate Office:** 101, 1st Floor, Hari Dharshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067;

**Tel:** +91-22-28073882, **Fax:** +91-22-28073967,

**Email:** alacritysec@gmail.com; **Website:** www.alacritysec.com

**Contact Person & Compliance Officer:** Ms. Nimita Jain, Company Secretary & Compliance Officer;

**PROMOTERS OF THE COMPANY:** MS. BEENA HEMANSHU MEHTA & MS. POOJA HEMANSHU MEHTA

### THE ISSUE

**PUBLIC ISSUE OF 60,00,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF ALACRITY SECURITIES LIMITED ("ASL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 15/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. 900.00 LACS ("THE ISSUE"), OF WHICH, 4,00,000 EQUITY SHARES OF RS. 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 56,00,000 EQUITY SHARES OF RS. 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 28.57% AND 26.67%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS 1.5 (ONE & HALF) TIMES OF THE FACE VALUE.**

**THIS ISSUE IS BEING IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.**

*For Further Details See "Issue Related Information" Beginning On Page 129 of this Draft Prospectus.*

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page 135 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.

### RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of our Company, there has been no formal market for the securities of the company. The face value of the Equity Shares is Rs. 10/ and the issue price is at 1.50 times of face value. The issue price (as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on "Basis For Issue Price" beginning on page 47 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company or regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS

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

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through Prospectus are proposed to be listed on the BSE SME Platform. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being offered in this issue. However, our company has received an approval letter dated [●] from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

### LEAD MANAGER



**GUINNESS CORPORATE ADVISORS PVT. LTD.**  
Guinness House,  
18, Deshapriya Park Road,  
Kolkata-700 026  
**Tel :** +91-33-3001 5555  
**Fax:** +91-33-2464 6969  
**Email:** gmbpl@guinnessonline.net  
**Website:** www.16anna.com  
**Contact Person:** Ms. Alka Mishra  
**SEBI Regn. No:** INM 000011930

### REGISTRAR TO THE ISSUE



**BIGSHARE SERVICES PRIVATE LIMITED**  
E/2, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka, Andheri (E),  
Mumbai - 400 072.  
**Tel:** +91 022 4043 0200  
**Fax:** +91 022 2847 5207  
**Website:** www.bigshareonline.com  
**E-mail:** ipo@bigshareonline.com  
**Contact person:** Mr. Ashok Shetty  
**SEBI Registration No:** INR000001385

### ISSUE PROGRAMME

**ISSUE OPENS ON: [●]**

**ISSUE CLOSES ON: [●]**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### DEFINITIONS

TERMS	DESCRIPTION
"our Company", "the Company", "ASL", "Alacrity" "we", "us" or "the Issuer"	Alacrity Securities Limited, a Public Limited Company incorporated under the Companies Act, 1956

#### CONVENTIONAL/GENERAL TERMS

TERMS	DESCRIPTION
AOA/Articles/ Articles of Association	Articles of Association of Alacrity Securities Limited
Banker to the Issue	[●]
Board of Directors / Board/Director(s)	The Board of Directors of Alacrity Securities Limited
BSE	BSE Limited (the Designated Stock Exchange)
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996 as amended from time to time
CIN	Company Identification Number
DIN	Directors Identification Number
Depositories	NSDL and CDSL
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time.
Director(s)	Director(s) of Alacrity Securities Limited, unless otherwise specified
Equity Shares / Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
Gol/ Government	Government of India
Statutory Auditor / Auditor	M/s Lalit Kumar Dangi & Co., Chartered Accountants, the Statutory Auditors of our Company.
Promoters	Promoters of the Company being Ms. Beena Hemanshu Mehta & Ms. Pooja Hemanshu Mehta
Promoter Group Companies /Group Companies / Group Enterprises	Unless the context otherwise specifies, refers to those entities mentioned in the section titled "Our Promoter Group / Group Companies / Entities" on page 87 of this Draft Prospectus.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Key Managerial Personnel / Key Managerial Employees	The officers vested with executive powers and the officers at the level immediately below the Board of Directors as described in the section titled "Our Management" on page 73 of this Draft Prospectus.
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Alacrity Securities Limited
Non Resident	A person resident outside India, as defined under FEMA
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.

TERMS	DESCRIPTION
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Registered office of our Company	101, 1 <sup>st</sup> Floor, Hari Dharshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME Platform of BSE/Stock Exchange	The SME platform of BSE for listing of Equity Shares offered under Chapter X-B of the SEBI (ICDR) Regulations
SWOT	Analysis of strengths, weaknesses, opportunities and threats
RoC	Registrar of Companies, Mumbai, Maharashtra

#### ISSUE RELATED TERMS

TERMS	DESCRIPTION
Allotment/Allot	Issue of Equity Shares pursuant to the Issue to the successful applicants as the context requires.
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate application Amount of the ASBA applicant, as specified in the ASBA Application Form
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, non- retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
ASBA Location(s)/Specified Cities	Location(s) at which ASBA Application can be uploaded by the Brokers, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Public Issue Account	An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the Issue and which is described in "Issue Procedure-Basis of Allotment" on page 141 of the Draft Prospectus
Designated Market Maker	[●]
Eligible NRI	NRI from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Issue/Issue size/ initial public issue/Initial Public Offer/Initial Public Offering	Public Issue of 60,00,000 Equity Shares of Rs. 10/- each ("Equity Shares") of Alacrity Securities Limited ("ASL" or the "Company" or the "Issuer") for cash at a price of Rs. 15/- per share (the "Issue Price"), aggregating to Rs. 900.00 Lacs ("the Issue")
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

TERMS	DESCRIPTION
Lead Manager/LM	Lead Manager to the Issue being Guinness Corporate Advisors Private Limited
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker Reservation Portion	The Reserved portion of 4,00,000 Equity Shares of Rs. 10/- each at Rs. 15/- per Equity Share aggregating to Rs. 60 Lacs for Designated Market Maker in the Initial Public Issue of Alacrity Securities Limited
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 56,00,000 Equity Shares of Rs.10/- each at Rs. 15/- per Equity Share aggregating to Rs. 840 Lacs by Alacrity Securities Limited
Business Day	Any day on which commercial banks in Mumbai are open for the business
GCAPL	Guinness Corporate Advisors Private Limited
Depository Act	The Depositories Act, 1996
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A Depository Participant as defined under the Depositories Act, 1956
Designated Market Maker	[•]
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof
Escrow Bankers to the Issue / Escrow Collection Bank (s)	[•]
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which bank the Escrow Account of our Company, will be opened
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 15/-
Mutual Funds	A Mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Memorandum of Understanding	The arrangement entered into on May 7, 2013 between our Company, and Lead Manager pursuant to which certain arrangements are agreed in relation to the Issue
Non - resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.
Issue Account / Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date
Qualified Institutional Buyers or QIBs	The term "Qualified Institutional Buyers" or "QIBs" shall have the meaning ascribed to such term under the SEBI ICDR Regulations and shall mean and include (i) a Mutual Fund, VCF and FVCI registered with SEBI; (ii) an FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; (iii) a public financial institution as defined in Section 4A of the Companies Act; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of Rs. 250 million; (ix) a pension fund with minimum corpus of Rs. 250 million; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and (xii) insurance funds set up and managed by the Department of Posts, India eligible for applying in this Issue.
Registrar/Registrar to the Issue	Registrar to the Issue being Bigshare Services Private Limited, E2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (East), Mumbai - 400 072
Retail Individual Investor(s)	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs. 2,00,000

TERMS	DESCRIPTION
Refund Account	The account opened / to be opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of application Amount (excluding to the ASBA Applicants) shall be made.
Refund bank	[•]
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or the ASBA process, as applicable
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">www.sebi.gov.in/pmd/scsb.pdf</a> or at such other website as may be prescribed by SEBI from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Underwriters	Guinness Corporate Advisors Private Limited
Underwriting Agreement	The Agreement among the Underwriters and our Company
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday
Market Maker	A market maker is a company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid-offer spread, or turn. Market makers are net sellers of an option to be adversely selected at a premium proportional to the trading range at which they are willing to provide liquidity.

#### COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS

TERM	DESCRIPTION
ASL	Alacrity Securities Limited
BSE	Bombay Stock Exchange / BSE Limited
CDSL	Central Depository Services(India) Limited
DP	Depository Participant
ESPS	Employee Stock Purchase Scheme
ESOP	Employee Stock Option Plan
ESOS	Employees' Stock Option Scheme
F&O	Future & Option
FII	Foreign Institutional Investor
FPO	Follow on Public Offer
FT	Financial Technologies
FY	Financial Year
GDP	Gross Domestic Production
HNI	High Net worth Individual
HUF	Hindu Undivided Family
II	Institutional Investors
IP	Intellectual Property
IPO	Initial Public Offer
IS	Information System
IT	Information Technology
KMP	Key Managerial Personnel
LAN	Local Area Network
M&A	Merger & Acquisition
MCX	Multi Commodity Exchange
Net worth	The paid-up share capital of the Company plus free reserves less any miscellaneous expenditure, if any.

TERM	DESCRIPTION
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
SEBI	Security Exchange Board of India
SENSEX	Share Sensitivity Index
STT	Security Transaction Tax
USE	United Stock Exchange of India Ltd

#### ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
B.A	Bachelor of Arts
B.Com	Bachelor of Commerce
B.E.	Bachelor of Engineering
B.Sc.	Bachelor of Science
B.Tech.	Bachelor of Technology
BG/LC	Bank Guarantee / Letter of Credit
CAGR	Compounded Annual Growth Rate
C. A.	Chartered Accountant
CAIIB	Certified Associate of the Indian Institute of Bankers
CC	Cubic Centimeter
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
C.S.	Company Secretary
Cum	Cubic meter
DP	Depository Participant
ECS	Electronic Clearing System
EGM / EOGM	Extra Ordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
EMD	Earnest Money Deposit
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FY / Fiscal	Financial Year
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/ Government	Government of India
HUF	Hindu Undivided Family
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
M. A.	Master of Arts
M.B.A.	Master of Business Administration
SME	Small And Medium Enterprises
M. Com.	Master of Commerce
M.E.	Master of Engineering

ABBREVIATION	FULL FORM
NAV	Net Asset Value
No.	Number
NR	Non Resident
NSDL	National Securities Depository Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra
RONW	Return on Net Worth
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America



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

### **FINANCIAL DATA**

Unless stated otherwise, the financial data in this Draft Prospectus is extracted from the financial statements of our Company for the fiscal years 2012, 2011, 2010, 2009, 2008 and period ended 31<sup>st</sup> December, 2012 and the restated financial statements of our Company for Fiscal Years 2012, 2011, 2010, 2009, 2008 and period ended 31<sup>st</sup> December, 2012 prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Auditors and the SEBI Regulations and set out in the section titled – Financial Information on page 95. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our fiscal years commence on April 1 and end on March 31. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

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

### **CURRENCY OF PRESENTATION**

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

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

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

### **INDUSTRY & MARKET DATA**

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

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

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

## FORWARD LOOKING STATEMENTS

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

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

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

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

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

## SECTION II

### RISK FACTORS

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

*Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Draft Prospectus beginning on pages 61, 111 & 95 respectively. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to fall significantly.*

*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.*

#### INTERNAL RISK FACTORS

1. Our operations are significantly concentrated in Mumbai Suburbs and failure to expand our operations may restrict our growth and adversely affect our business.

We are operating from Kandivali at Mumbai and do not have any other branches either in Mumbai or at any other places in India. As on the date of this Draft Prospectus, our operations are mainly focused in the western suburbs of Mumbai. We believe that future growth in business and revenues will be achieved only through a pan-India footprint.

2. We have incurred losses in F.Y.2008-09 & in the period ended December 31, 2012.

We have incurred losses of Rs. 17.90 Lacs in F.Y. 2008-09 as per our restated financial statements. Further, we have incurred losses of Rs. 86.97 Lacs in the period ended December 31, 2012 and the reason for such loss is attributed to loss in share trading operations. We cannot guarantee that we will not make losses in the future.

3. One of our Group Companies have posted negative profits in last three (3) financial years.

One of our Promoter Group Company Pooja Equiresearch Private Limited incurred losses in the last three financial year. The details of profit/loss are as under:

(Rs. in Lacs)			
Particulars	31 Mar- 12	31 Mar- 11	31-Mar-10
Profit/(Loss) after Tax	(745.87)	(570.37)	(212.99)

4. We have substantial indebtedness and will continue to have debt service obligations following the Issue. The total amounts outstanding and payable by our Company as principal and interest were Rs. 448.31 Lacs as on 31st December, 2012.

The total amounts outstanding and payable by us as principal and interest on account of the loan arrangements with banks and financial institutions as on 31<sup>st</sup> December, 2012 are Rs. 448.31 Lacs. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure 9 of section titled "Financial Information of Our Company" on page 107 of this Draft Prospectus.

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

We have secured our lenders by creating charge over our properties. In the event we default in repayment of the loans availed by us and any interest thereof, our properties may be forfeited by lenders. For further information on the financing and loan agreements along with the total amounts outstanding; please refer to Annexure 9 of section titled “Financial Information of our Company” on page 107 of this Draft Prospectus.

**6. We have reported negative cash flows.**

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

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Net Cash Flow from Operating Activities	7.24	1,413.42	(1,473.89)	706.53	(183.39)	137.88
Net Cash Flow from Investing Activities	(43.42)	(183.43)	33.14	(140.01)	(3.66)	(77.75)
Net Cash Flow from Financing Activities	2.96	(1,561.08)	1,877.63	(33.67)	(306.53)	312.55
Net Increase / (Decrease) in Cash & Cash Equivalents	(33.22)	(331.09)	436.88	532.85	(493.58)	372.68

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

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

**8. In the 12 months prior to the date of filing the Draft Prospectus, the Company had issued Equity Shares at a price, which is lower than the Issue Price.**

Subscriber	Date of Allotment	Number of Equity Shares	Issue Price (Rs.)	Consideration	Reasons for Allotment
Various allottees as per list disclosed on page 34-35 of this Draft Prospectus	29/01/2013	60,00,000	10	Cash	Preferential allotment to infuse funds

In addition to that, we have allotted 60,00,000 Equity Shares as bonus in the ratio of 2:1 to our existing Equity Shareholders pursuant to a Resolution dated 29<sup>th</sup> January, 2013 by capitalization of free reserves.

**9. Our operations are significantly concentrated in the western region and failure to expand our operations may restrict our growth and adversely affect our business.**

We operate from Kandivali, Mumbai. As on the date of this Draft Prospectus, our operations are mainly focused in the western India. We believe that future growth in business and revenues will be achieved through a pan-India footprint. Going forward, we intend to set up branches in Mumbai, Ahmedabad, Surat, Kolkata and Delhi on lease or leave and license basis and for which we have proposed to allocate Rs. 450.00 Lacs out of the total Issue proceeds. However there is no guarantee that the proceeds to be deployed by our Company towards setting up these branches will deliver profitable results. Further failure to expand our operations, either through these proposed branches, business associates or otherwise, may restrict our growth potential and adversely affect our results of operations.

**10. Increases in capital commitments in our trading and other businesses may increase the potential for significant losses.**

The trend in capital markets is towards larger and more frequent commitments of capital by financial brokerage house in many of their activities. We may be subject to increased risk as we commit greater amounts of capital to facilitate primarily client - driven business. We may enter into large transactions in which we commit our own capital as part of our trading business. The number and size of these large transactions may materially affect our results of operations in a given period. We may also incur significant losses from our trading activities due to market fluctuations and volatility from quarter to quarter. We maintain trading positions in equity markets to facilitate client trading activities and at times these positions can be large and concentrated in a single issuer. To the extent that we own assets, i.e., have long positions, a downturn in the value of those assets or in those markets could result in losses. Conversely, to the extent that we have sold assets we do not own, i.e., have short positions, an upturn in those markets could expose us to potentially unlimited losses as we attempt to cover our short positions by acquiring assets in a rising market.

**11. Our professional reputation may be affected adversely and we may be liable to our clients and third parties if our services are not regarded as satisfactory.**

Our Company is dependant to a large extent on our relationships with our clients and our reputation for integrity and the professional services to attract and retain the clients. As a result, if a client is not satisfied with our services, it may affect our business adversely.

**12. Our clients deal in securities and any default by a client could result in substantial losses.**

Our clients are required to deposit a minimum initial margin and then are required to pay the balance settlement amount by the pay-in date for the transaction undertaken by us on their behalf. If a client is unable to pay this balance amount before the pay-in date, we may be required to make the payment on behalf of the defaulting client, which may affect our profitability. In case of high market volatility or adverse movements in share price, it is possible that clients may not honor their commitment, and any inability on our part to pay the margins to the stock exchanges may be detrimental to our business, reputation and profitability.

**13. We are subject to uncertainties associated with the securities industry and to fluctuating revenues.**

As a financial services company, we are subject to uncertainties that are common in the securities industry. These include the volatility of domestic and international financial markets, bond and stock markets, extensive governmental regulation, litigation, intense competition, substantial fluctuations in the volume and price level of securities, and dependence on the solvency of various third parties. As a result, our revenues and earnings may vary significantly from quarter to quarter and from year to year. In periods of low trading volume, profitability is impaired because certain expenses remain relatively fixed. We are much smaller and have much less capital than many competitors in the securities industry and our revenues are likely to decline in such circumstances. If we are unable to correspondingly reduce expenses, our profit margins would erode.

**14. Material changes in the regulations that govern us could cause our business to suffer and the price of our Equity Shares to decline.**

We are regulated by the Companies Act and our operational activities are subject to supervision and regulation by statutory and regulatory authorities including the SEBI, BSE, NSE, and other regulators. For more information please refer the chapter titled "Regulations and Policies in India" on page no. 66 of this Draft Prospectus. In addition, we are subject to changes in Indian law, as well as to changes in regulation, government policies and accounting principles. Any material changes in the regulations that govern us could cause our business to suffer and the price of equity shares may decline.

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

Our Company is dividend paying company during last three financial years. For further details please refer to chapter titled "Dividend Policy" on page no 94 of the Draft Prospectus. However, the amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we

shall have distributable funds or that we will declare dividends. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all.

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

The fund requirement and deployment, as mentioned in the “Objects of the Issue” on page no. 43 of this Draft Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds as stated on page no. 43 under chapter “Objects of the Issue” is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as stated on page no. 45 under chapter “Objects of the Issue” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

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

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “Objects of the Issue” on page no. 43 of this Draft Prospectus.

- 18. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand.**

We believe that continuing to build our brand, particularly in businesses like merchant banking and broking will be critical to achieving widespread recognition of our services. Out of the net proceeds of the Issue, our Company proposed to utilize Rs. 50 Lacs for brand building exercise. For details please refer to chapter “Objects of the issue” on page 43 of this Draft Prospectus. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our financial conditions and results of operations could be adversely affected

- 19. Our contingent liabilities could adversely affect our financial condition.**

We have not provided for certain contingent liabilities as on December 31, 2012, which if materialize could adversely affect our financial position. Our Contingent Liabilities as on December 31, 2012 are as follows:

Particulars	31.12.12
Counter Guarantee Provided to Banks for Bank Guarantee provided to Stock Exchanges	700.00
<b>Total</b>	<b>700.00</b>

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

Our Company faces significant competition from companies seeking to attract clients’ financial assets. In particular, we compete with other Indian and foreign brokerage houses 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.

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;
- Greater brand recognition among consumers;
- Larger customer base in and outside India; or
- More diversified operations which allow profits from certain operations to support others with lower profitability.

This will further increase competition in the brokerage and other markets. 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.

**21. Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on our business.**

Our Company has availed stock brokers' indemnity policies and comprehensive crimes and liabilities policy that provide coverage against incomplete transactions and computer crimes in compliance with byelaws including circulars of the various Indian stock exchanges.. Apart from aforesaid policies, our Company has not availed any other insurance policy to cover any kind of risk. As our arrangements for insurance or indemnification are not adequate, we may be required to make substantial payments in the event of any damage and/or loss incurred. Further there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time.

**22. Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact our profitability.**

As a financial services company, our businesses are materially affected by conditions in the domestic and global financial markets and economic conditions in India and throughout the world. A significant portion of our revenues are derived from equity broking and merchant banking activities. Our revenues, level of operations and, consequently, our profitability are largely dependent on favourable capital market conditions, a conducive regulatory and political environment, investor sentiment, price levels of securities and other factors that affect the volume of stock trading in India and the level of interest in Indian business developments. For example, revenue generated by our broking, merchant banking and advisory business is directly related to the volume and value of the transactions in which we are involved. Many factors or events could lead to a downturn in the financial markets including war, acts of terrorism, natural catastrophes and sudden changes in economic and financial policies. These types of events could affect confidence in the financial markets and impair their ability to function effectively. Substantially all of our revenues in recent years have been derived from capital markets activities, and although we continue to diversify our revenue sources, we expect this business to continue to account for a significant portion of our revenues in the foreseeable future. Capital markets are exposed to additional risks, including liquidity, interest rate and foreign exchange related risks. Any downturn or disruption in the securities markets and the capital markets specifically would have a material adverse effect on our results of operations. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility. A market downturn would likely lead to a decline in the volume of transactions that we execute for our customers as well as a decrease in prices. Any decline in transaction volumes would lead to a decline in our revenues received from commissions. Our results of operations would be adversely affected by any reduction in the volume or value of broking and merchant banking transactions. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. Our ability to grow our recent business ventures such as merchant banking and investment advisory services may also be limited in difficult market conditions. Performance of our capital businesses such as investment of our excess liquidity through our internal operations may be affected due to conditions in the financial markets and economic conditions. We are unable to quantify the impact of any such adverse market conditions on our business and/or financial condition.

**23. Our business is dependent on systems and operations availability and any interruptions in our transaction systems could lead to decline in our sales and profits.**

We are dependent on our technology systems to perform the critical function of gathering, processing and communicating information efficiently, securely and without interruptions. We face risks arising from failures in our systems control processes or technology systems on which our ability to manage our business depends. Additionally, rapid increases in client demand may strain our ability to enhance our technology and expand our operating capacity. At the core of our on-line trading system there is an application based on very small aperture terminals ("VSAT"), /Leased Lines which has a direct connection with the NSE and allows investors to trade securities on-line. The VSAT-based network allows us to provide investors with real-time market data such as streaming quotes from each market due to better connectivity. A breakdown or interruption in the Indian domestic satellite system could have a material adverse effect on our business and client base. Our operations are highly dependent on the integrity of our technology systems and our success depends, in part, on our ability to make timely enhancements and additions to our technology in anticipation of client demands. To the extent we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in client use patterns, technological failure, changes to systems, linkages with third-party systems, and equipment and power failures), it would have a significant impact on our business and operations. While we maintain back up of all records at our offices in Mumbai, any unforeseen events or circumstances beyond our control at this office could result in loss of data and records and adversely affect our results of operations. We currently do not have a disaster recovery system, and will be fully exposed in case of natural or man-made disasters.

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

Our Company has entered into certain transactions with related parties, including our Promoters and Promoter Group. Such transactions or any future transactions with our related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For more details, please refer to chapter titled "Related Party Transactions" on page 93 of the Draft Prospectus

**25. Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons.**

We are highly dependent on our senior management, our directors and other key personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our results of operations and financial condition. Competition in the financial services industry for senior management and qualified employees is intense. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. Our inability to hire and retain such employees could adversely affect our business.

**26. We could be exposed to risks arising from employee and business associate misconduct and trading errors.**

Misconduct by employees could include their binding us to transactions that exceed authorized limits or present unacceptable risks to us, hiding unauthorized or unsuccessful trading activities from us or the improper use of confidential information. These types of misconduct could result in business risks or losses to us including regulatory sanctions and serious harm to our reputation. Furthermore, while our business associates work under our overall supervision and control and that each of their clients are directly registered with us on a revenue sharing basis. Our Business Associates are typically managed by independent entrepreneurs and not by our employees. We have significantly less control over the activities of our business associates than our employees. The precautions we take to prevent and detect these activities may not be effective. For example, some of our clients place orders over the telephone. If employee or Business Associate performs misconduct or commits trading errors, our business operations and reputation could have a material adverse impact.

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



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

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

We would be applying for various licenses, approvals, registrations at various stages of implementation for the Project. Any delay in receipt or non-receipt of licenses or approvals that may be required for the Project could result in cost and time overrun, and accordingly adversely affecting our operations and profitability. For details, please refer to section titled "Government & other Approvals" on page 118 of this Draft Prospectus.

- 29. Our trademark is not registered under the Trade Marks Act our ability to use the trademark may be impaired.**

Our company's business may be affected due to our inability to protect our existing and future intellectual property rights. Currently, we do not have a registered trademark over our name and logo under the Trade Marks Act and consequently do not enjoy the statutory protections accorded to a trademark registered in India and cannot prohibit the use of such logo by anybody by means of statutory protection.

## **EXTERNAL RISK FACTORS**

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

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

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

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

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

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

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

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (“IFRS Convergence Note”). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 32 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period.

**34. Global economic, political and social conditions may harm our ability to do business, increases our costs and negatively affects our stock price.**

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, financial, banking or liquidity crises, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Our profitability may also be adversely affected by fixed costs and the possible inability to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. Additionally, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible for us to obtain funding for additional investments and acquisitions. A general market downturn, or a specific market dislocation, may result in lower investment returns, which would adversely affect our revenues.

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

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

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

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

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

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which our Equity Shares will trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that

investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

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

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

**RISKS RELATING TO THE EQUITY SHARES**

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

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

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

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

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

Prior to the offer, there has been no public market for our Equity Shares, and an active trading market on the SME Platform of BSE. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the fire fighting industry, crushing industry, developments relating to India and volatility in the Exchange and securities markets elsewhere in the world. However, the LM will arrange for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME Platforms under SEBI (ICDR) Regulations, 2009.

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

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

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

Prior to this Issue, there has been no public market for our Equity Shares. [●] is acting as Designated Market Maker for the Equity Shares of our Company. However, the trading price of our Equity Shares may

fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the section titled "General Information - Details of the Market Making Arrangement for this Issue" on page 30 of this Draft Prospectus.

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

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

**PROMINENT NOTES:**

**1) SIZE OF THE ISSUE:**

Public Issue of 60,00,000 Equity Shares of Rs. 10/- each (the "Equity Shares") for cash at a price of Rs. 15/- per Equity Share aggregating to Rs. 900.00 Lacs ("the Issue") by Alacrity Securities Limited ("ASL" or the "Company" or the "Issuer"). Out of the Issue, 4,00,000 Equity Shares of Rs. 10 each at a price of Rs. 15/- each per Equity Share aggregating to Rs. 60.00 Lacs, which will be reserved for subscription by Market Makers to the issue (the "market maker reservation portion") and Net Issue to the Public of 56,00,000 Equity Shares of Rs. 10 each at a price of Rs. 15/- each per Equity Share aggregating to Rs. 840.00 Lacs (hereinafter referred to as the "Net Issue"). The Issue and the Net Issue will constitute 28.57% and 26.67%, respectively, of the post issue paid up Equity Share capital of the Company.

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition Per Share (in Rs.)
Mrs. Beena Hemanshu Mehta	2844700	6.01
Ms. Pooja Hemanshu Mehta	6900000	Nil

*\*The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them, if any. For more information, please refer to the section titled "Capital Structure" on page 33.*

**3) Our Net worth as on 31<sup>st</sup> December, 2012 is Rs. 1251.22 Lacs as per Restated Financial Statements.**

- 4) The Book -Value per share as on 31<sup>st</sup> December, 2012 is Rs. 13.90 as per Restated Financial Statements.
- 5) There was no change in the name of the Company at any time during last three years.
- 6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the BSE Limited, the Designated Stock Exchange. For more information, please refer to "*Basis of Allotment*" on page 141 of the Draft Prospectus. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) Investors are advised to refer to the paragraph on "*Basis for Issue Price*" on page 47 of this Draft Prospectus before making an investment in this Issue.
- 8) No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, key management employee, associate companies, or Group Companies.
- 9) Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarifications/information pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.
- 10) Other than as stated in the section titled "*Capital Structure*" beginning on page 33 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 11) Except as mentioned in the sections titled "*Capital Structure*" beginning on page 33 of this Draft Prospectus, we have not issued any Equity Shares in the last twelve months.
- 12) Except as disclosed in the sections titled "*Our Promoters*" or "*Our Management*" beginning on pages 85 and 73 respectively of this Draft Prospectus, none of our Promoters, our Directors and our Key Managerial Employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- 13) Any clarification or information relating to the Issue shall be made available by the LM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the LM for any complaints pertaining to the Issue. Investors are free to contact the LM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 14) For transactions in Equity Shares of our Company by the Promoter Group and Directors of our Company in the last six (6) months, please refer to paragraph under the section titled "*Capital Structure*" on page 33 of this Draft Prospectus.
- 15) The Details of contingent liabilities are disclosed as Annexure 15 of restated financial statement under the section titled "*Financial Information*" on page 109 of the Draft Prospectus.
- 16) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section titled "*Financial Information*" on page 95 of this Draft Prospectus.
- 17) Except as disclosed in the section titled "*Our Promoter Group / Group Companies / Entities*" on page 87, none of our Group Companies have business interest in our Company.
- 18) For interest of Promoters/Directors, please refer to the section titled "*Our Promoters*" beginning on page 85 of this Draft Prospectus.
- 19) The details of transactions with the Group Companies/ Group Enterprises and other related party transactions are disclosed as Annexure 16 of restated financial statement under the section titled "*Financial Information*" on page 109 of the Draft Prospectus.

## SECTION III: INTRODUCTION

### SUMMARY

*This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Draft Prospectus, including the information on "Risk Factors" and related notes on page 9 of this Draft Prospectus before deciding to invest in Equity Shares.*

### INDUSTRY OVERVIEW

#### The Indian Economy

India is the fourth largest economy in the world after the European Union, United States of America and China in purchasing power parity terms, with an estimated Gross Domestic Product ("GDP") (purchasing power parity) of U.S.\$ 4.46 trillion in 2011 (Source: CIA World Factbook 2011). India rebounded from the global financial crisis, largely because of strong fundamentals and robust banking policies, posting a GDP growth of 7.8% in 2011. The Gross Domestic Product (GDP) in India expanded 0.8 percent in the second quarter of 2012 over the previous quarter. Historically, from 1996 until 2012, India GDP Growth Rate averaged 1.65 Percent reaching an all time high of 6.10 Percent in March of 2010 and a record low of -1.50 Percent in March of 2004.

#### Indian Financial Services Sector

The financial sector in India is characterized by liberal and progressive policies, vibrant equity and debt markets and prudent banking norms. India's financial sector has been one of the fastest growing sectors in the economy. India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets etc. The Indian financial sector attributes its growth to technology up gradation, consolidation of large broking houses, evolution of e-broking business, growth in retail segment, regulatory reforms, diversified asset instruments and foreign investment participation. There is huge growth potential in the Indian financial sector. Sectors such as banking, asset management and brokerage have been liberalized to allow private sector involvement, which has contributed to the development and modernization of the financial services sector.

#### Indian Capital Market

India has a transparent; highly technology enabled and well regulated stock / capital market. A vibrant, well developed capital market facilitates investment and economic growth. Today the stock markets are buoyant and have a range of players including mutual funds, FIs, hedge funds, corporate and other institutions. Domestic savings and capital inflows are channelized in the capital markets. There were over 1,652 listings as of July 2012 on the nse and as of March 2012, there were over 5,133 listed Indian companies and over 8,196 scrips on the stock exchange. In recent years, the capital markets have undergone substantial reforms in regulation and supervision. Reforms, particularly the establishment of SEBI, market-determined prices and allocation of resources, screen-based nation-wide trading, t+2 settlement, scrip less settlement and electronic transfer of securities, rolling settlement and derivatives trading have greatly improved both the regulatory framework and efficiency of trading and settlement. There are presently 23 recognized stock exchanges in India.

#### Primary Security Market

Role of an efficient primary market is critical for resource mobilisation by corporates to finance their growth and expansion. Indian primary market witnessed renewed activity in terms of resource mobilisation and number of issues during 2010-11, continuing its momentum from 2009-10. In view of the recovery witnessed in equity markets post global financial crisis, companies, largely public sector with a divestment mandate, entered the primary market during 2010-11. Investors' response to public issues was encouraging in 2010-11. Capital (equity and debt) was raised to the tune of 67,609 crore through 91 issues during 2010-11, higher than 57,555 crore mobilised through 76 issues during 2009-10. Continued reforms in the primary market further strengthened investors' confidence. The primary market segment witnessed positive trend during 2010-11. Coal India Ltd. came out with India's biggest-ever initial public offering (IPO) having issue size of 15,199.4 crore in October 2010. During 2010-11, a number of public sector undertakings (PSUs) raised money through primary market as part of disinvestment plan of Union Government. The total resource mobilisation by PSUs accounted for 56.5 percent of total resources mobilised by all companies in 2010-11 as against 54.1 percent share in 2009-10. (Source - SEBI Annual Report).

## Secondary Market

Equity market in India witnessed a significant uptrend during 2010-11 till October 2010. This was of significant FII inflows into India and number of IPOs/FPOs of companies like Coal India Ltd, Power Grid Corporation of India Ltd, Tata Steels Ltd, etc. coming to primary market which attracted number of investors to capital market. However, post Diwali in November 2010 when market touched its peak, Indian Securities Market took downward trend from December 2010 to February 2011 on account of significant FII outflows and concerns raised on domestic and international issues. However, the markets got revived in March 2011 as compared to February 2011 on account of easing of concerns on domestic and international issues and FIIs being net investor in Indian Markets in March, 2011 which helped the market sentiments (*Source - SEBI Annual Report*).

## Market Capitalisation

The total market capitalization of securities available for trading on the CM segment increased from 63,350 crore (US \$ 115,606 million) as at end March 1995 to 60,96,518 crore (US \$ 11,10,679.18 million) as at end March 2012. (*Source: NSE Fact book 2012*)

## Derivatives Market

Derivatives are meant to facilitate hedging of price risk of inventory holding or a financial/commercial transaction over a certain period. By providing investors and issuers with a wider array of tools for managing risks and raising capital, derivatives improve the allocation of credit and the sharing of risk in the global economy, lowering the cost of capital formation and stimulating economic growth. The financial derivatives gained prominence in post-1970 period due to growing instability in the financial markets and 27 became very popular, in the recent years, the market for financial derivatives has grown both in terms of variety of instruments available, their complexity and turnover. India's experience with the equity derivatives market has been extremely positive. The derivatives turnover on the NSE has surpassed the equity market turnover. The turnover of derivatives on the NSE increased from 23,654 million in 2000-2001 to 292,482,211 million in 2010-2011, and reached 157,585,925 million in the first half of 2011-2012. The average daily turnover in these market segments on the NSE was 1,151,505 million in 2010-2011 compared to 723,921 in 2009-2010. (*Source: Indian Securities Market, A Review (ISMR) of 2012 by NSE*)

## BUSINESS OVERVIEW

Our Company, Alacrity Securities Limited was founded in December, 1994 as Alacrity Securities Private Limited. Our Company was converted into a Public Limited Company in June 2001 and consequently the name was changed to Alacrity Securities Limited.

We are a diversified financial services company in India offering a wide range of products & services covering equity broking, F & O, currency derivatives and depository participants to all kinds of investors, namely, retail, high net worth individuals and Corporate. Our Company is led by Mr. Hiten Mehta and Mrs. Beena Mehta who have more than 15 years of experience in the financial markets and have steered the growth of the Company.

We are members of Capital Market Segment & Trading Member of Futures & Options Segment of National Stock Exchange of India Ltd. & Bombay Stock Exchange Limited. Also, we are Trading Member of Currency Derivative Segment of MCX-SX and United Stock Exchange of India Ltd. Our business philosophy is always customer oriented and the services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to clients.

Our customer base is a mix of high net worth, and retail investors. This diversified base of customers together with its wide gamut of services provides with the necessary stability and strength to weather the volatility much better than its competitors and maintain high customer service levels throughout. Our Company meets the support needs of this investor base through execution skill sets driven by an experienced sales team and research backed advice generated by a team of experienced analyst.

## SWOT

### Strengths

- Transparent functioning

- Innovative I. T solutions for customers
- Emphasis on building stronger bond with customers
- Services offered include Equity Trading, IPO and Investment Advisory
- Competent management team
- Focus on quality and service

#### **Weaknesses**

- Lack of PAN India presence
- Indians are mostly conservative and prefer investing in Gold and Real Estate

#### **Opportunities**

- High purchasing power and people looking to more investment opportunities
- Growing rural market
- Earning Urban Youth

#### **Threats**

- Stringent Economic measures by Government and RBI
- Entry of foreign firms in Indian Market



# SUMMARY OF FINANCIAL DATA

## STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>Assets</b>						
Fixed Assets-Gross Block	311.78	309.00	303.26	298.90	283.89	280.23
Less: Depreciation	153.81	142.24	123.40	117.10	92.08	67.47
<b>Net Block</b>	<b>157.97</b>	<b>166.76</b>	<b>179.86</b>	<b>181.80</b>	<b>191.81</b>	<b>212.76</b>
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	<b>157.97</b>	<b>166.76</b>	<b>179.86</b>	<b>181.80</b>	<b>191.81</b>	<b>212.76</b>
Capital Work in Progress	-	-	-	-	-	-
<b>Total (A)</b>	<b>157.97</b>	<b>166.76</b>	<b>179.86</b>	<b>181.80</b>	<b>191.81</b>	<b>212.76</b>
<b>Investments</b>						
Investment in Shares & Securities	341.28	302.27	126.11	174.59	49.59	49.59
<b>Total Investments (B)</b>	<b>341.28</b>	<b>302.27</b>	<b>126.11</b>	<b>174.59</b>	<b>49.59</b>	<b>49.59</b>
<b>Current Assets, Loans and Advances</b>						
Receivables	1,604.12	1,015.06	2,440.02	392.63	326.29	834.94
Stock in trade of Shares	20.12	205.08	-	-	-	-
Cash & Bank Balances	925.58	958.81	1,289.90	853.04	320.18	813.76
Deposits & Advances	227.97	217.93	526.55	173.96	194.58	237.17
Other Assets (TDS, Advance Tax etc.)	437.84	430.89	358.56	203.97	195.52	169.99
<b>Total Current Assets ( C )</b>	<b>3,215.63</b>	<b>2,827.77</b>	<b>4,615.03</b>	<b>1,623.60</b>	<b>1,036.57</b>	<b>2,055.86</b>
<b>Total Assets (D) = (A) + (B) + (C)</b>	<b>3,714.88</b>	<b>3,296.80</b>	<b>4,921.00</b>	<b>1,979.99</b>	<b>1,277.97</b>	<b>2,318.21</b>
<b>Liabilities &amp; Provisions</b>						
<b>Loan Funds :</b>						
Secured Loans	448.31	459.82	244.89	167.02	175.46	125.85
Unsecured Loans	224.73	542.50	1,969.00	-	-	323.71
Share Application Money pending allotment	398.00	-	-	-	-	-
Deferred tax liability	10.88	11.14	11.11	13.02	6.50	14.70
<b>Current Liabilities &amp; Provisions:</b>						
Current Liabilities	1,091.05	638.81	1,035.75	981.75	312.57	1,055.68
Provisions	290.69	308.12	307.27	188.09	164.45	161.38
<b>Total Liabilities &amp; Provisions (E)</b>	<b>2,463.66</b>	<b>1,960.39</b>	<b>3,568.02</b>	<b>1,349.88</b>	<b>658.98</b>	<b>1,681.32</b>
<b>Net Worth (D) - (E)</b>	<b>1,251.22</b>	<b>1,336.41</b>	<b>1,352.98</b>	<b>630.11</b>	<b>618.99</b>	<b>636.89</b>
<b>Represented By:</b>						
Share Capital	300.00	300.00	300.00	300.00	300.00	300.00
Reserves & Surplus	958.96	1,045.93	1,052.98	330.11	318.99	336.89
Less: Revaluation Reserve	-	-	-	-	-	-

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Less: Preliminary / Miscellaneous Expenses to the extent not written off	7.74	9.52	-	-	-	-
<b>Total Net Worth</b>	<b>1,251.22</b>	<b>1,336.41</b>	<b>1,352.98</b>	<b>630.11</b>	<b>618.99</b>	<b>636.89</b>

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

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>Income</b>						
Brokerage & Other Charges (Inclusive of Reimbursement of charges and other Income)	70.47	482.42	394.28	148.76	139.87	451.36
Sale of Shares	2,408.59	630.34	-	-	-	-
Other Income	(20.34)	71.14	735.98	48.51	31.95	45.00
Increase in stock in trade	-	205.08	-	-	-	-
<b>Total</b>	<b>2,458.72</b>	<b>1,388.98</b>	<b>1,130.26</b>	<b>197.27</b>	<b>171.82</b>	<b>496.36</b>
<b>Expenditure</b>						
Purchase of shares	2,181.17	827.89	-	-	-	-
Decrease in Stock in Trade	184.96	-	-	-	-	-
Other Administrative & Selling Expenses	70.17	105.91	65.63	48.83	64.01	117.56
Other Expenses	-	41.38	53.48	23.69	35.87	65.96
Employees Costs	28.91	50.18	45.47	33.23	37.93	48.49
Preliminary Expenses Written Off	1.79	2.38	-	-	-	0.04
<b>Total</b>	<b>2,467.00</b>	<b>1,027.74</b>	<b>164.58</b>	<b>105.75</b>	<b>137.81</b>	<b>232.05</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>(8.28)</b>	<b>361.24</b>	<b>965.68</b>	<b>91.52</b>	<b>34.01</b>	<b>264.31</b>
Depreciation	13.19	20.36	17.29	25.01	24.61	18.33
<b>Profit before Interest &amp; Tax</b>	<b>(21.47)</b>	<b>340.88</b>	<b>948.39</b>	<b>66.51</b>	<b>9.40</b>	<b>245.98</b>
Interest & Finance Charges	65.76	320.18	151.75	25.23	32.43	57.82
<b>Net Profit before Tax</b>	<b>(87.23)</b>	<b>20.70</b>	<b>796.64</b>	<b>41.28</b>	<b>(23.03)</b>	<b>188.16</b>
Less: Provision for Taxes	(0.27)	10.31	56.33	12.67	(5.13)	71.97
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>(86.96)</b>	<b>10.38</b>	<b>740.30</b>	<b>28.61</b>	<b>(17.90)</b>	<b>116.19</b>
Extra Ordinary Items (Net of Tax)	-	-	-	-	-	-
<b>Net Profit</b>	<b>(86.97)</b>	<b>10.38</b>	<b>740.30</b>	<b>28.61</b>	<b>(17.90)</b>	<b>116.19</b>

**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net profit before tax	(87.23)	20.70	796.64	41.28	(23.03)	188.16
<b>Adjustment for:</b>						
Add: Depreciation	13.19	20.36	17.29	25.01	24.61	18.33
Add: Preliminary Expenses	1.79	2.38	-	-	-	0.04
Add: Interest & Finance Charges	65.76	320.18	151.75	25.23	32.43	57.82
<b>Operating Profit before Working capital changes</b>	<b>(6.49)</b>	<b>363.62</b>	<b>965.68</b>	<b>91.52</b>	<b>34.01</b>	<b>264.35</b>
<b>Adjustments for:</b>						
Decrease (Increase) in Trade & Other Receivables	(589.06)	1,424.96	(2,047.39)	(66.34)	508.65	(371.86)
Decrease (Increase) in Stock in Trade	184.96	(205.08)	-	-	-	-
Decrease (Increase) in Loans & Advances	(10.03)	308.62	(352.59)	20.62	42.59	100.53
Increase (Decrease) in Current Liabilities	452.24	(396.94)	54.00	669.18	(743.11)	210.86
Increase (Decrease) in provisions (Other than Taxes)	-	-	-	-	-	-
<b>Net Changes in Working Capital</b>	<b>38.11</b>	<b>1,131.56</b>	<b>(2,345.98)</b>	<b>623.46</b>	<b>(191.87)</b>	<b>(60.47)</b>
<b>Cash Generated from Operations</b>	<b>31.62</b>	<b>1,495.18</b>	<b>(1,380.30)</b>	<b>714.98</b>	<b>(157.86)</b>	<b>203.88</b>
<b>Taxes</b>	<b>24.38</b>	<b>81.76</b>	<b>93.59</b>	<b>8.45</b>	<b>25.53</b>	<b>66.00</b>
<b>Net Cash Flow from Operating Activities (A)</b>	<b>7.24</b>	<b>1,413.42</b>	<b>(1,473.89)</b>	<b>706.53</b>	<b>(183.39)</b>	<b>137.88</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Sale / (Purchase) of Fixed Assets	(4.41)	(7.27)	(15.34)	(15.01)	(3.66)	(78.18)
Sale / (Purchase) of Investments	(39.01)	(176.16)	48.48	(125.00)	-	0.43
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(43.42)</b>	<b>(183.43)</b>	<b>33.14</b>	<b>(140.01)</b>	<b>(3.66)</b>	<b>(77.75)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Issue of share capital and Proceeds / (Refund) from Share Application Money	398.00	-	-	-	-	-
Interest & Finance Charges	(65.76)	(320.18)	(151.75)	(25.23)	(32.43)	(57.82)
Increase / (Repayment) of Secured Loans	(11.51)	214.93	77.87	(8.44)	49.61	46.66
Increase / (Repayment) of Unsecured Loans	(317.77)	(1,426.50)	1,969.00	-	(323.71)	323.71
Dividend Paid (Incl. Divident Distribution Tax)	-	(17.43)	(17.49)	-	-	-
Preliminary Expenses incurred	-	(11.90)	-	-	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>2.96</b>	<b>(1,561.08)</b>	<b>1,877.63</b>	<b>(33.67)</b>	<b>(306.53)</b>	<b>312.55</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(33.22)</b>	<b>(331.09)</b>	<b>436.88</b>	<b>532.85</b>	<b>(493.58)</b>	<b>372.68</b>
Cash and cash equivalents at the beginning of the year / Period	958.81	1,289.90	853.04	320.19	813.77	441.08

## ISSUE DETAILS IN BRIEF

### PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

<b>Equity Shares Offered:</b> Fresh Issue of Equity Shares by our Company	Issue of 60,00,000 Equity Shares of Rs. 10 each at a price of Rs. 15 per Equity Share aggregating Rs. 900.00 Lacs
<b>Of Which:</b>	
<b>Issue Reserved for the Market Makers</b>	4,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 15 per Equity Share aggregating Rs. 60.00 Lacs
<b>Net Issue to the Public</b>	56,00,000 Equity Shares of Rs. 10 each at a price of Rs. 15 per Equity Share aggregating Rs. 840.00 Lacs
<b>Equity Shares outstanding prior to the Issue</b>	1,50,00,000 Equity Shares of face value of Rs. 10 each
<b>Equity Shares outstanding after the Issue</b>	2,10,00,000 Equity Shares of face value of Rs. 10 each
<b>Objects of the Issue</b>	Please refer section titled “ <i>Objects of the Issue</i> ” on page 43 of this Draft Prospectus

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please refer to “*Issue Structure*” on page 133 of this Draft Prospectus.

## GENERAL INFORMATION

### ALACRITY SECURITIES LIMITED

Our Company was originally incorporated in Mumbai as a Private Limited Company under the name and style of “Alacrity Securities Private Limited” on December 20, 1994 under the provisions of the Companies Act, 1956 as amended from time to time (the “Companies Act”) vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company became a Deemed Public Company w.e.f. July 1, 1999 under the erstwhile provisions of Section 43-A (1A) of the Companies Act, 1956. However, the Companies (Amendment) Act, 2000 deleted the provisions of Section 43A and the Management decided to retain the status of the Company as Public Limited and passed a resolution to this effect on 30th June, 2001. Consequently, the name of our Company was changed from “Alacrity Securities Private Limited” to “Alacrity Securities Limited”.

#### REGISTERED OFFICE & CORPORATE OFFICE:

Alacrity Securities Limited  
101, 1st Floor, Hari Dharshan,  
B Wing, Bhogilal Fadia Road,  
Kandivali (West),  
Mumbai - 400 067  
Tel: +91-22-28073882/28073982  
Fax: +91-22-28073967  
Email : [alacritysec@gmail.com](mailto:alacritysec@gmail.com)  
Website: [www.alacritysec.com](http://www.alacritysec.com)

**COMPANY REGISTRATION NUMBER: 083912**

**COMPANY IDENTIFICATION NUMBER: U99999MH1994PLC083912**

#### ADDRESS OF REGISTRAR OF COMPANIES

Registrar of Companies, Mumbai, Maharashtra  
100, Everest, Marine Lines, Mumbai- 400002  
Tel.: 91-22-22812627  
Fax.: 91-22-22811977  
Email: [roc.mumbai@mca.gov.in](mailto:roc.mumbai@mca.gov.in)

**DESIGNATED STOCK EXCHANGE:** BSE Limited

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

For details in relation to the changes to the name of our Company, please refer to the section titled “Our *History and Corporate Structure*” beginning on page 70 of this Draft Prospectus.

**CONTACT PERSON:** Ms. Nimita Jain, Company Secretary & Compliance Officer, 101, 1st Floor, Hari Dharshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067; Tel: 91-22-28073882; Fax: 91-22-28073967; E-Mail: [alacritysec@gmail.com](mailto:alacritysec@gmail.com)

#### BOARD OF DIRECTORS:

Our Board of Directors comprise of the following members:

NAME	DESIGNATION	DIN	ADDRESS
Ms. Beena Hemanshu Mehta	Promoter & Executive Director	00413978	401/402, Glan Eagle, 7 Jvpd Scheme, Gulmohar, Vile Parle-West, Mumbai, 400056
Ms. Pooja Hemanshu Mehta	Promoter & Non-Executive Director	03498526	802, Laxmi Sadan Jvpd Scheme, Ns Road 010 Vile Parle(West), Mumbai, 400056

NAME	DESIGNATION	DIN	ADDRESS
Mr. Hiten Ramniklal Mehta	Executive Director	01875252	Abhinav Apts, Mathuradas Rd Extn,, Kandivali (W),, Mumbai, 400067
Mr. Kishore Vithaldas Shah	Executive Director	01975061	23,2nd Floor, Krishna Niwas, Laxmi Narayan Lane,, Mathuradas Road, Kandivali (W), Mumbai, 400067
Mr. Jaiprakash Jaswantraai Jindal	Independent Director	00244802	1003, Lake Castle 'D' Wing, Hiranandani Garden,, Off Adishankaracharya Road, Powai,, Mumbai, 400076
Mr. Ramanand Gulabchand Gupta	Independent Director	03257173	C/108, Sangeet Complex Bldg No.12, Jesal Park, Bhayander East, 401105

For further details of Management of our Company, please refer to section titled "Our Management" on page 73 of this Draft Prospectus.

#### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Nimita Jain,  
Company Secretary & Compliance Officer,  
101, 1st Floor, Hari Dharshan,  
B Wing, Bhogilal Fadia Road,  
Kandivali (West),  
Mumbai - 400 067;  
Tel: 91-22-28073882;  
Fax: 91-22-28073967;  
E-Mail: alacritysec@gmail.com

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

#### STATUTORY AUDITORS

**LALIT KUMAR DANGI & CO.,**  
Chartered Accountants  
77, Mulji Jetha Bldg, 3rd Floor,  
185/187, Princess Street,  
Marine Lines, Mumbai - 400 002  
Tel : +91-22-22066860  
Fax : +91-22-22052224  
E-mail: [lkdangi\\_ca@mtnl.net.in](mailto:lkdangi_ca@mtnl.net.in)  
Contact Person: Mr. Lalit Kumar Dangi  
Firm Registration No.: 112107W

#### LEAD MANAGER

#### GUINNESS CORPORATE ADVISORS PVT. LTD.

Guinness House,  
18, Deshapriya Park Road,  
Kolkata-700 026  
Tel : +91-33-3001 5555  
Fax: +91-33-2464 6969  
Email: [gmbpl@guinnessonline.net](mailto:gmbpl@guinnessonline.net)  
Website: [www.16anna.com](http://www.16anna.com)  
Contact Person: Ms. Alka Mishra  
SEBI Regn. No: INM 000011930

## **LEGAL ADVISORS TO THE ISSUE**

### **SUNIL SHUKLA**

4, Shanti Sadan,  
Opp. Haweli Poddar Road,  
Malad (East),  
Mumbai- 400 097

## **REGISTRAR TO THE ISSUE**

### **BIGSHARE SERVICES PRIVATE LIMITED,**

E2 & 3, Ansa Industrial Estate,  
Saki-Vihar Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.  
Tel: 91-22-2847 0652 | 40430200 | 2847 0653  
Fax: 91-22-2847 5207  
E-mail ID: ipo@bigshareonline.com  
Contact Person: Mr. Ashok Shetty  
SEBI Registration No: INR000001385

## **ESCROW COLLECTION BANK / BANKER TO THE ISSUE AND REFUND BANKER**

[•]

## **SELF CERTIFIED SYNDICATE BANKS**

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

## **CREDIT RATING**

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

## **TRUSTEES**

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

## **IPO GRADING**

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

## **BROKERS TO THE ISSUE**

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

## **APPRAISAL AND MONITORING AGENCY**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 Crores. Since the Issue size is only of Rs. 900.00 Lacs, our Company has not appointed any monitoring agency for this Issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the Equity Shares and the Corporate Governance requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

## **DETAILS OF THE APPRAISING AUTHORITY**

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

## INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Guinness Corporate Advisors Private Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

## EXPERT OPINION

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

## UNDERWRITING AGREEMENT

### Underwriting

This Issue is 100% Underwritten. The Underwriting Agreement is dated May 7, 2013. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Name and Address of the Underwriters	Number of Equity shares Underwritten	Amount Underwritten (Rupees In Lacs)
<b>GUINNESS CORPORATE ADVISORS PVT. LTD.</b> Guinness House, 18, Deshapriya Park Road, Kolkata-700 026 Tel : +91-33-3001 5555 Fax: +91-33-24646969 Email: <a href="mailto:gmbpl@guinessonline.net">gmbpl@guinessonline.net</a> Website: <a href="http://www.16anna.com">www.16anna.com</a> Contact Person: Ms. Alka Mishra SEBI Regn. No: INM 000011930	60,00,000	900.00
<b>Total</b>	<b>60,00,000</b>	<b>900.00</b>

## DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS ISSUE

Our Company has entered into an agreement dated [●] with the Lead Manager and Market Maker to fulfill the obligations of Market Making.

### NAME AND ADDRESS OF THE MARKET MAKER

[●]

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

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs. 1,00,000/- . However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.



3. After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25 %. (Including the 3,00,000 Equity Shares out to be allotted under this Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 3,00,000 Equity Shares would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
4. There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
7. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
8. The Market maker may also be present in the opening call auction, but there is no obligation on him to do so.
9. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market - for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while *force-majeure* will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
10. The Market Maker(s) shall have the right to terminate said arrangement by giving a six months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

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

11. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
12. **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

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

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

- i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
- ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
- iii. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

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

## CAPITAL STRUCTURE

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

(Rs. in Lacs, except share data)

Sr. No	Particulars	Aggregate value at face value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorized Share Capital</b>		
	2, 20,00,000 Equity Shares of face value of Rs.10 each	2200.00	2200.00
<b>B.</b>	<b>Issued, subscribed and paid-up Equity Share Capital before the Issue</b>		
	1,50,00,000 Equity Shares of face value of Rs. 10 each	1500.00	---
<b>C.</b>	<b>Present Issue in terms of the Draft Prospectus</b>		
	Issue of 60,00,000 Equity Shares of Rs. 10 each at a price of Rs. 15 per Equity Share.	600.00	900.00
	<b>Which comprises</b>		
	4,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 15 per Equity Share reserved as Market Maker Portion	40.00	60.00
	Net Issue to Public of 56,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 15 per Equity Share to the Public	560.00	840.00
	<b>Of which</b>		
	28,00,000 Equity Shares of Rs.10/- each at a price of Rs. 15 per Equity Share will be available for allocation for Investors of up to Rs. 2.00 Lacs	280.00	420.00
	28,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 15 per Equity Share will be available for allocation for Investors of above Rs. 2.00 Lacs	280.00	420.00
<b>D.</b>	<b>Equity capital after the Issue</b>		
	2,10,00,000 Equity Shares of Rs. 10 each	2100.00	---
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue		-
	After the Issue		<b>600.00</b>

*\*This Issue has been authorized by the Board of Directors pursuant to a board resolution dated 04<sup>th</sup> January, 2013 and by the shareholders of our Company pursuant to a special resolution dated 29<sup>th</sup> January, 2013 passed at the EGM of shareholders under section 81 (1A) of the Companies Act.*

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

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

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
1	-	10,000 Equity Shares of Rs. 100 each	-	Incorporation
2	10,000 Equity Shares of Rs. 100 each	1,00,000 Equity Shares of Rs. 100 each	23 <sup>rd</sup> January, 1995	EGM
3	1,00,000 Equity Shares of Rs. 100 each	3,00,000 Equity Shares of Rs. 100 each	09/12/1998	EGM
4	3,00,000 Equity Shares of Rs. 100 each	10,00,000 Equity Shares of Rs. 100 each	11/04/2011	EGM
5	10,00,000 Equity Shares of Rs. 100 each	20,00,000 Equity Shares of Rs. 100 each	06/05/2011	EGM

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
6	20,00,000 Equity Shares of Rs. 100 each	Subdivided into 2,00,00,000 Equity Shares of Rs. 10 each	29 <sup>th</sup> January, 2013	EGM
7	2,00,00,000 Equity Shares of Rs. 10 each	2,20,00,000 Equity Shares of Rs. 10 each	29 <sup>th</sup> January, 2013	EGM

## NOTES FORMING PART OF CAPITAL STRUCTURE

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

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Consideration (cash, bonus, consideration on other than cash)	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
Incorporation	20	100	100	Cash	Subscription to MOA	20	2000	NIL
23/01/1995	30430	100	100	Cash	Further Allotment	30450	3045000	NIL
24/04/1994	69550	100	100	Cash	Further Allotment	100000	10000000	NIL
31/03/1999	200000	100	100	Cash	Further Allotment	300000	30000000	NIL
29/01/2013	N.A.	10	N.A.	N.A.	Subdivided Face Value from Rs. 100 to Rs. 10	3000000	30000000	NIL
29/01/2013	6000000	10	N.A.	Consideration on other than cash	Bonus Issue in the ratio of 2:1	9000000	90000000	NIL
29/01/2013	6000000	10	10	Cash	Preferential Allotment	15000000	150000000	NIL

- We have not issued any Equity Shares for consideration other than cash except bonus issue in the ratio of 2:1 on 29<sup>th</sup> January, 2013.
- We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956.
- Issue of Equity Shares in the last one (1) year:

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

Date of Allotment	Number of Equity Shares	Name of the Allottees	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
29/01/2013	19,800	Ms. Nalini Prabhu	None	Bonus issue (in the ratio of 2:1)	10	NIL
29/01/2013	1,06,000	Mr. Hemanshu R Mehta	Relative	Bonus issue (in the ratio of 2:1)	10	NIL
29/01/2013	12,29,800	Mrs. Beena H Mehta	Promoter	Bonus issue (in the ratio of 2:1)	10	NIL
29/01/2013	46,00,000	Ms. Pooja H Mehta	Promoter	Bonus issue (in the ratio of 2:1)	10	NIL
29/01/2013	200	Mr. Anil Prabhu	None	Bonus issue	10	NIL

Date of Allotment	Number of Equity Shares	Name of the Allottees	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
29/01/2013	44,000	Mr. Bharat R Parekh	None	(in the ratio of 2:1) Bonus issue (in the ratio of 2:1)	10	NIL
29/01/2013	200	Mrs. Sangeeta B Parekh	None	Bonus issue (in the ratio of 2:1)	10	NIL
29/01/2013	60,00,000	As per Note (i)	Promoters and Non Promoters	Preferential Allotment to infuse funds in to the Company	10	10

Note (i)

Sr. No.	Name of the Allottees	No. of Equity Shares
1.	Anish D Shah	500000
2.	Manish D Shah	500000
3.	Vipul Ajit Dave	250000
4.	Bharat Dhirajlal Parikh	80000
5.	Rajendra Kumar Lodha	50000
6.	V V Enterprise	37500
7.	Purvi V Bhodia	37500
8.	Nijarali Badruddin Vasaya	70000
9.	Sokat Badruddin Vasaya	70000
10.	Anis Attarwala	105000
11.	Jigar Vora	500000
12.	Sheetal Vora	500000
13.	Mansukh N Makwana	10000
14.	Bina M Makwana	10000
15.	Prakash D Doshi	100000
16.	Pratik D Doshi	150000
17.	Kumar NAgindas Shah	80000
18.	Praful Nagindas Shah	80000
19.	Purvi D Modi	150000
20.	Monica Ramesh Shah	500000
21.	Hitesh Parekh	30000
22.	Saraswatiben Parekh	50000
23.	Harshad Fatehchand Mehta	50000
24.	Rekha Harshad Mehta	50000
25.	Ankush Jindal	50000
26.	Nikky Jindal	50000
27.	Suvidha Arunkumar Tiwari	100000
28.	Rakhi Saurabh Bora	500000
29.	Ramesh Agarwal	100000
30.	Beena H Mehta	1000000
31.	Aditya Agarwal	100000
32.	Sushila Agarwal	100000
33.	Rameshkumar Agarwal HUF	40000

#### 5. Shareholding of our Promoters:

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

1. Mrs. Beena Hemanshu Mehta							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
31/03/2007	Cash	61490	100	115.21	Transfer		
29/01/2013	N.A.	(61490) 614900	(100) 10	N.A.	Subdivision of face value of Equity Shares from of Rs. 100 to Rs. 10 Each		
29/01/2013	Consideration other than cash	1229800	10	Nil	Bonus Issue (in the ratio of 2:1)		
29/01/2013	Cash	1000000	10	10	Preferential Allotment		
<b>Total</b>		<b>2844700</b>				<b>18.96</b>	<b>13.54</b>

2. Ms. Pooja Hemanshu Mehta							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
06/09/2011	Cash	230000	100	Nil	Transfer (Gift from Mr. Hemanshu R Mehta)		
29/01/2013	N.A.	(230000) 2300000	(100) 10	N.A.	Subdivision of face value of Equity Shares from of Rs. 100 to Rs. 10 Each		
29/01/2013	Consideration other than cash	4600000	10	Nil	Bonus Issue (in the ratio of 2:1)		
<b>Total</b>		<b>6900000</b>				<b>46.00</b>	<b>32.86</b>

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

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

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

Name of Promoter	No. of shares locked in	Date of Allotment/ Acquisition/Transfer	Issue Price / Purchase Price /Transfer Price(Rs. per share)	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital

Name of Promoter	No. of shares locked in	Date of Allotment/ Acquisition/Transfer	Issue Price / Purchase Price /Transfer Price(Rs. per share)	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
Mrs. Beena Hemanshu Mehta	614900*	31/03/2007	11.52		
	1229800	29/01/2013	Nil		
Ms. Pooja Hemanshu Mehta	2300000*	06/11/2011	Nil		
	155300	29/01/2013	Nil		
<b>TOTAL</b>	<b>43,00,000</b>			<b>28.67</b>	<b>20.48</b>

\* Mrs. Beena Hemanshu Mehta and Ms. Pooja Hemanshu Mehta were originally allotted 61490 and 230000 Equity Shares of Rs. 100 each. However, upon sub-division of face value from Rs. 100 to Rs. 10 each on 29<sup>th</sup> January, 2013, the number of shares increased to 614900 and 2300000.

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

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

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

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

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

- a) have not been subject to pledge or any other form of encumbrance; or

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

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

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

#### 6. Details of share capital locked in for one year:

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

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

#### 7. Shareholding pattern of our Company:

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

Category of Shareholder	No. of Shareholders	Pre-Issue		Post-Issue		Shares Pledged or otherwise encumbered	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity	Number of shares	As a %
Shareholding of Promoters and Promoter group							
INDIAN							
Individuals/HUFs Directors/Relatives	3	9903700	66.02	9903700	47.16	---	---
Central Govt. / State Govts.	-	---	---	---	---	---	---
Bodies Corporate	-	---	---	---	---	---	---
Financial Institutions/Banks	-	---	---	---	---	---	---
Sub Total A (1)	3	9903700	66.02	9903700	47.16	---	---
FOREIGN							
Bodies Corporate	-	---	---	---	---	---	---
Individual	-	---	---	---	---	---	---
Institutions	-	---	---	---	---	---	---
Any others (specify)	-	---	---	---	---	---	---
Sub Total A (2)	-	---	---	---	---	---	---
Total Shareholding of	3	9903700	66.02	9903700	47.16	---	---



Category of Shareholder	No. of Shareholders	Pre-Issue		Post-Issue		Shares Pledged or otherwise encumbered	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity	Number of shares	As a %
Promoter group A (1) + A (2)							
<b>PUBLIC SHAREHOLDING</b>							
Institutions							
Central Govt. / State Govts.	-	---	---	[•]	[•]	---	---
Financial Institutions/Banks	-	---	---	[•]	[•]	---	---
Mutual Funds/UTI	-	---	---	[•]	[•]	---	---
Venture Capital Funds	-	---	---	[•]	[•]	---	---
Insurance Companies	-	---	---	[•]	[•]	---	---
Foreign Institutions Investors	-	---	---	[•]	[•]	---	---
Foreign Venture Capital Investors	-	---	---	[•]	[•]	---	---
Any Others (Specify)	-	---	---	[•]	[•]	---	---
<b>Sub Total B (1)</b>	-	---	---	[•]	[•]	---	---
Non Institutions	-						
Bodies Corporate	1	37500	0.25	[•]	[•]	---	---
Individuals-shareholders holding normal share capital up to Rs. 1 Lac	4	20600	0.14	[•]	[•]	---	---
Individuals-shareholders holding normal Share capital in excess of Rs.1 Lac	31	5038200	33.59	[•]	[•]	---	---
Trust	-	---	---	[•]	[•]	---	---
Any Other (i) Clearing Member	-	---	---	[•]	[•]	---	---
Directors/Relatives	-	---	---	[•]	[•]	---	---
Employees	-	---	---	[•]	[•]	---	---
Foreign Nationals	-	---	---	[•]	[•]	---	---
NRIs	-	---	---	[•]	[•]	---	---
OCB'S	-	---	---	[•]	[•]	---	---
Person Acting in Concert	-	---	---	[•]	[•]	---	---
<b>Sub Total B(2)</b>	<b>36</b>	<b>5096300</b>	<b>33.98</b>	<b>[•]</b>	<b>[•]</b>	<b>---</b>	<b>---</b>
<b>Total Public Shareholding B(1) + B(2)</b>	<b>36</b>	<b>5096300</b>	<b>33.98</b>	<b>10596300</b>	<b>50.46</b>	<b>---</b>	<b>---</b>
<b>Total A+B</b>	<b>39</b>	<b>15000000</b>	<b>100.00</b>	<b>20500000</b>	<b>97.62</b>	<b>---</b>	<b>---</b>
Shares held by Custodians and against which Depository receipts have been issued (C)	---	---	---	---		---	---
Shares held by Market Makers (D)	---	---	---	500000	2.38	---	---
<b>Grand Total A+B+C+D</b>	<b>39</b>	<b>15000000</b>	<b>100.00</b>	<b>21000000</b>	<b>100.00</b>	<b>---</b>	<b>---</b>

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

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

Sr. No.	Name of the Shareholders	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of Equity Shares	As a % of Issued Share Capital	Number	As a percentage	As a % of grand Total (a)+(b)+(c) of Sub-clause (i)(a)
<b>A</b>	<b>Promoters</b>							
1	Mrs. Beena Hemanshu Mehta	2844700	18.96	2844700	13.54	-	-	-
2	Ms. Pooja Hemanshu Mehta	6900000	46.00	6900000	32.86			
<b>B</b>	<b>Promoter Group, Relatives and other Associates</b>							
3	Mr. Hemanshu Mehta	159000	1.06	159000	0.76	-	-	-
	<b>TOTAL (A+B)</b>	<b>9903700</b>	<b>66.02</b>	<b>9903700</b>	<b>47.16</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Sr. No.	Name of the Shareholders	Pre-Issue		Post-Issue	
		No. of Shares	Shares as % of total no. of shares	No. of Shares	Shares as % of total no. of shares
1	Anish D Shah	500000	3.33	500000	2.38
2	Manish D Shah	500000	3.33	500000	2.38
3	Vipul Ajit Dave	250000	1.67	250000	1.19
4	Jigar Vora	500000	3.33	500000	2.38
5	Sheetal Vora	500000	3.33	500000	2.38
6	Monica Ramesh Shah	500000	3.33	500000	2.38
7	Rakhi Saurabh Bora	500000	3.33	500000	2.38

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

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
Mrs. Beena Hemanshu Mehta	2844700	6.01
Ms. Pooja Hemanshu Mehta	6900000	Nil

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

Name of the Shareholders	No. of Equity Shares	Pre-Issue percentage Shareholding
Mrs. Beena Hemanshu Mehta	2844700	18.96
Ms. Pooja Hemanshu Mehta	6900000	46.00
<b>TOTAL</b>	<b>8903700</b>	<b>64.96</b>

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

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

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Issue Capital
1	Pooja Hemanshu Mehta	6900000	46.00

Sr. No.	Name of the Shareholders	No. of Shares	% age of Pre-Issue Capital
2	Beena Hemanshu Mehta	2844700	18.96
3	Anish D Shah	500000	3.33
4	Manish D Shah	500000	3.33
5	Jigar Vora	500000	3.33
6	Sheetal Vora	500000	3.33
7	Monica Ramesh Shah	500000	3.33
8	Rakhi Saurabh Bora	500000	3.33
9	Vipul Ajit Dave	250000	1.67
10	Hemanshu R Mehta	159000	1.06
	<b>Total</b>	<b>13153700</b>	<b>87.69</b>

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

Sr. No.	Name of the Shareholders	No. of Shares	% age of then Pre-Issue Capital
1	Pooja Hemanshu Mehta	6900000	46.00
2	Beena Hemanshu Mehta	2844700	18.96
3	Anish D Shah	500000	3.33
4	Manish D Shah	500000	3.33
5	Jigar Vora	500000	3.33
6	Sheetal Vora	500000	3.33
7	Monica Ramesh Shah	500000	3.33
8	Rakhi Saurabh Bora	500000	3.33
9	Vipul Ajit Dave	250000	1.67
10	Hemanshu R Mehta	159000	1.06
	<b>Total</b>	<b>13153700</b>	<b>87.69</b>

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

Sr. No.	Name of the Shareholders	No. of Shares @ Face Value Rs. 100	% age of then Pre-Issue Capital
1	Hemanshu R Mehta	235300	78.44
2	Beena H Mehta	61490	20.50
3	K Kondiah	2200	0.73
4	Nalini Prabhu	990	0.33
5	Anil Prabhu	10	0.00
6	K Venkatesalu	5	-
7	K Malikrjun	5	-
	<b>TOTAL</b>	<b>300000</b>	<b>100.00</b>

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

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

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

14. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 141 of this Draft Prospectus.

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

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

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

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

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

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

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

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

22. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.

23. 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 until the Equity Shares to be issued pursuant to the Issue have been listed.

24. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

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

26. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

27. 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.

28. 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.

29. Our Company has Thirty Nine (39) members as on the date of filing of this Draft Prospectus.

## OBJECTS OF THE ISSUE

The objects of this Issue are to raise funds to:-

1. Expand our domestic operations and network of branches
2. Enhancement of margin money maintained with the exchanges
3. Brand building & promotional activities
4. General corporate purposes
5. Public Issue expenses

In addition, our Company expects to receive the benefits of listing the Equity Shares on the SME Platform of BSE Limited.

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

## OUR REQUIREMENT OF FUNDS AND MEANS OF FINANCE

We are a brokerage house, providing a wide range of products & services covering equity broking, currency derivatives and investment advisory to all kinds of investors. We intend to utilize the proceeds of this Issue for financing the growth of our business towards the under-mentioned activities. The details of utilization of proceeds are as per the table set forth below:

(Rs. in Lacs)		
S.N	Particulars	Proposed Utilizations of Issue Proceed
1	Expanding our domestic operations and network of branches	450.00
2	Enhancement of margin money maintained with the exchanges	250.00
3	Brand building & promotional activities	50.00
4	General corporate purposes	90.00
5	Public Issue Expenses	60.00
	<b>Total</b>	<b>900.00</b>

We propose to meet all the requirement of funds entirely from the proceeds of the Issue and, therefore, no amount is required to be raised through means other than the Issue for financing the same. Accordingly, regulation 4(2)(g) of the SEBI (ICDR) Regulations, 2009 (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue) does not apply to the Issue.

The fund requirement and deployment, as mentioned in the “*Objects of the Issue*” on page no. 43 of this Draft Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds towards the Objects of the Issue is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as proposed in the “*Objects of the Issue*” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

## Details of the Objects

1. Expanding our domestic operations and network of branches.

We currently operate from our registered office in Kandivali i.e. western suburb of Mumbai. We believe that organic growth can be achieved only by expanding our geographical presence. Going forward, we intend to set up ten (10) branches in Mumbai, Ahmedabad, Surat, Kolkata and Delhi on leave and license basis.

Sr.No.	Particulars	Amount (Rs. in Lacs)
a)	Setting up ten (10) branch offices	400.00
b)	Contingency	50.00
	<b>Total</b>	<b>450.00</b>

#### a) Setting up branch offices

We want to expand our reach beyond Kandivali by setting up 10 branches on lease / rental basis. The cost involved in setting up a new branch on leave and license basis primarily comprises of deposit/advance rent for leave & license arrangements, expenditure on interiors, furniture and fixtures, electrical, installation of computers, network-connectivity, etc. Except the advance rent/ deposit for leave & license component, the other costs largely remain the same for similar sized branches in all the cities. We intend to utilize approx. Rs. 400 lacs for establishing 10 branches. The details of the cost of the establishing each branch are provided as below:

Particulars	Estimated Cost (Rs. in Lacs)
Deposits/ advance rentals (800-1000 Sq. ft.)	4.00
Furniture & Fixtures	10.00
IT & Other office equipments	10.00
Pre Operative Administrative expenses	6.00
<b>Total</b>	<b>40.00</b>

The time taken to establish a branch may range from 40 to 120 days from the date of identification of the location of the prospective branch. Since the time required in establishing a branch is relatively short, we will be setting up these branches after completing the Issue, therefore, we have not made any arrangements for establishment of any of these branches.

#### b) Contingency

A provision of Rs. 50 Lacs has been provided which will take care of any escalation due to inflation, costs of furniture, fixture, computers and systems, etc. Any escalation in excess of Rs. 50 Lacs on account of any contingencies presently not foreseen will be met from internal resources of the Company.

### 2. Enhancement of margin money maintained with the exchanges

Part of the proceeds of this Issue will be utilized for the margins to be placed with the stock exchanges. The margin requirements with the exchanges are determined on the basis of trading volumes and market volatility and to the extent of open interest in respect of equity/ stock future.

Such margin requirements comprise of “initial margin” representing initial margin paid and “margin deposits”, representing additional margin over and above the initial margin, for entering into contracts for equity index/ stock futures, which are released on final settlement and/or squaring up of underlying contracts. Further, equity index/ stock futures are marked-to-market on a daily basis, in which case, “mark-to-market margin” is required to be provided, representing the net amount paid or received on the basis of movement of price/ stock futures till the balance sheet date. While the initial margin and the margin deposits with the stock exchanges/ professional clearing members can be created by way of deposit of either stock or bank guarantees or fixed deposits with banks or cash, however, the marked-to-market margin is typically created by way of deposit of cash. With the proposed expansion in the operation and branch network and the growth plan envisaged by our Company, we expect our trading volumes to increase leading to additional margin capital requirements for our Company.

Consequently, we propose to deploy Rs. 250 Lacs out of Issue proceeds by financial year 2014-15 towards enhancing the margins with the exchanges through either bank guarantees or fixed deposits with banks or cash. Such capital infusion will enable us to undertake more business in equities and derivatives markets.

### 3. Brand building and promotional activities

Brands are a means of differentiating an entity's products and services from those of its competitors. In the financial services sector, a strong brand will help us to make our services distinct & more reliable in competition. It will also increase awareness about the services provided by our Company. In line with our Company's expansion plans, we propose to establish a recognized brand for our Company. For this purpose, we intend to primarily focus on print media and conduct investment awareness program and account opening campaign etc. The total expenditure to be incurred is estimated to be Rs. 50.00 Lacs based on internal estimates, the details of which are given as under:-

Sr. No.	Particulars	Amount (Rs. in lacs)
a.	Investor awareness programs	15.00
b.	Account opening campaign	15.00
c.	Advertisement in print media and pamphlets	20.00
	<b>Total</b>	<b>50.00</b>

### 4. General Corporate Purposes

We intend to deploy the balance Net Proceeds aggregating Rs.90 Lacs towards the general corporate purposes, including but not restricted to entering into strategic alliances, partnership, investment in other segments of the industry, growth through inorganic route and the strengthening our marketing capabilities or any other purposes as approved by our Board of Directors.

### 5. Issue Related Expenses

The total estimated expenses are Rs. 60 Lacs which is 6.67 % of Issue Size. The details of Issue expenses are tabulated below:

No.	Particulars	(Rs. In Lacs)
		Amount (Rs. In Lacs)
1.	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	35.00
2.	Printing & Stationery, Distribution, Postage, etc	10.00
3.	Advertisement & Marketing Expenses	10.00
4.	Regulatory & other expenses	5.00
<b>Total</b>		<b>60.00</b>

### SCHEDULE OF DEPLOYMENT OF FUNDS

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

Particulars	Already Incurred	(Rs. In Lacs)		
		FY 2013 - 14	FY 2014 - 15	TOTAL
Expanding our domestic operations and network of branches	-	250.00	200.00	450.00
Enhancement of Margin Money maintained with the Exchanges	-	150.00	100.00	250.00
Brand building & promotional activities	-	30.00	20.00	50.00
General corporate Purposes	-	40.00	50.00	90.00
Issue Expenses	3.37	56.63	-	60.00
<b>TOTAL</b>	<b>3.37</b>	<b>526.63</b>	<b>370.00</b>	<b>900.00</b>

## DETAILS OF FUNDS ALREADY DEPLOYED TILL DATE AND SOURCES OF FUNDS DEPLOYED

The funds deployed up to 31<sup>st</sup> December, 2012 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. M/s. Lalit Kumar Dangi & Co., Chartered Accountants pursuant to their certificate dated 25<sup>th</sup> April, 2013 is given below:

(Rs. in Lacs)

Deployment of Funds	Amount
Project related	-
Issue Related Expenses	3.37
<b>Total</b>	<b>3.37</b>

(Rs. in Lacs)

Sources of Funds	Amount
Internal Accruals	3.37
Bank Finance	-
<b>Total</b>	<b>3.37</b>

## APPRAISAL BY APPRAISING AGENCY

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

## BRIDGE FINANCING FACILITIES

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

## SHORTFALL OF FUNDS

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

## INTERIM USE OF FUNDS

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

## MONITORING OF UTILIZATION OF FUNDS

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

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



## BASIS FOR ISSUE PRICE

Investors should read the following basis with the “Risk Factors” beginning on page 9 and the details about the “Business of Our Company” and its “Financial Statements” included in this Draft Prospectus on page 61 & 95 respectively to get a more informed view before making any investment decisions.

### QUALITATIVE FACTORS

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

- **An integrated financial services platform**  
We offer our clients an integrated financial services platform by offering various financial services and products covering equity broking, F&O, currency derivatives and investment advisory. Our integrated service platform allows us to leverage relationships across the lines of businesses and our industry and product knowledge by providing multi-channel delivery systems to our client base, thereby increasing our ability to cross-sell our services.
- **Diversified services**  
We believe that our wide range of products and services enables us to build stronger relationships with our clients and increase business volumes of our company. We continue to explore opportunities to build new businesses and widen our product portfolio by adding other products and services, where we can leverage our existing expertise. We believe that our presence in diverse lines of business of financial services enables us to mitigate risks arising from product and client concentration.
- **Diversified client base**  
We serve more than 600 clients in our broking division alone and are not dependent on small set of high net worth individuals but have exposure to a well diversified client base ranging from retail investors to HNI. We constantly revamp our risk management system in order to avoid any margin shortfall on broking clients or on funding clients. We have deployed adequate policy based monitoring and squaring off not only for mass retail but also for high net worth clients. This helps us in protecting our capital during adverse market movements and also sustains our financial performance.
- **Experienced Management**  
We believe that our senior management and our talented and experienced Team are the principal reason for the growth of our Company. We believe that the extensive experience and financial acumen of our management and staff facilitates us with a significant competitive advantage.
- **Growing client base built on well-recognized brand**  
Our Company believes in maintaining long term relationships with our clients. Our dedicated efforts is to focus on client service and our ability to provide timely solutions enables us to resolve customer complaints, if any well in time. This has helped us to establish long-term relationships with high net worth individual clients. This has helped us to receive repeated business from our clients. We also believe that because of our timely trade execution, competitive pricing and customer service, we enjoy goodwill amongst our customers. The number of registered clients in our Equity Broking, and Currency Derivates is growing at a rapid pace, which we believe gives an indication of the substantial strength of our business activities.

### QUANTITATIVE FACTORS

Information presented in this section is derived from our restated financial statements certified by the Statutory Auditors of the Company.

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

Year	Earnings per Share (Rs.)	Weight
FY 2009-10	0.32	1
FY 2010-11	8.23	2
FY 2011-12	0.12	3
<b>Weighted Average</b>	<b>2.86</b>	
Audited Period ended 31.12.2012	(0.97)	

- EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

## 2. Price / Earnings Ratio (P/E) in relation to the Issue Price Rs. 15.00

- Based on fiscal year as on 31<sup>st</sup> March, 2012; at EPS of Rs. 0.12 as per Restated Financial Statements, the P/E ratio is 125.
- Based on weighted average EPS of Rs. 2.86 as per Restated Financial Statements, the P/E ratio is 5.25.
- Industry PE:

Industry- Finance & Investments	P/E
Highest	658.3
Lowest	1.2
2Industry Composite	12.7

\*Source: Capital Market Volume XXVIII/06 May, 2013; Finance & Investments

## 3. Return on Net Worth

Year	RONW (%)	Weight
FY 2009-10	4.54	1
FY 2010-11	54.72	2
FY 2011-12	0.78	3
<b>Weighted Average</b>	<b>19.39</b>	
Audited Period ended 31.12.2012	(6.95)	

- Minimum return on post Issue Net Worth to maintain the Pre-issue EPS at 31<sup>st</sup> March, 2012 is 0.92 %.

## 5. Net Asset Value per Equity Share

Sr. No.	Particulars	(Rs.)
a)	As on 31 <sup>st</sup> March, 2012	14.85
b)	As on 31 <sup>st</sup> December, 2012	13.90
c)	After Issue	13.10
d)	Issue Price	15.00

## 6. Peer Group Comparison of Accounting Ratios

We are currently engaged in the business of brokerage services and the peer group comparison of accounting ratio is as below:

Name of Company	Face Value (Rs.)	EPS (Rs.)	P/E Multiple	NAV (Rs.)	RONW (%)
Alacrity Securities Limited -Weighted Average	10	0.12	125	14.85	0.78
Peer Group-					
DB International Stock Broking	2	0.6	60.2	7.7	9.1
Microsec Financial Services Limited	10	3.3	11.5	67.5	5.2

\*Source: Capital Market Volume XXVIII/06 May, 2013; Finance & Investments

7. The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. 15 per share is 1.5 (One & Half) times of the face value.
8. The Company in consultation with the Lead Manager believes that the Issue Price of Rs. 15.00 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors  
Alacrity Securities Limited,  
101, Haridarshan, B-Wing,  
Bhogilal fadia Road,  
Kandivali (West), Mumbai - 400 067

Dear Sirs,

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

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

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

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

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The Conditions prescribed for availing the benefits have been or would be met.

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

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

Thanking you,  
Yours faithfully,  
**For Lalit Kumar Dangi & Co.**  
**Chartered Accountants**  
Firm Registration No.-112107W  
Sd/-  
**Lalit Kumar Dangi**  
**M. No. 45611**  
**Partner**  
**Place: Mumbai**  
**Date: 25<sup>th</sup> April, 2013**

## ANNEXURE

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

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

##### **I. Special Benefits available to our Company**

There are no special tax benefits available to the Company.

##### **II. Special Benefits available to the Shareholders of our Company**

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

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

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

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

##### **I. Benefits available to the Company**

###### **1. Depreciation**

As per the provisions of Section 32 of the Act, the Company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

###### **2. Dividend Income**

Dividend income, if any, received by the Company from its investment in shares of another domestic Company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961.

###### **3. Income from Mutual Funds / Units**

As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company.

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

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

###### **4. Income from Long Term Capital Gain**

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

For this purpose, “Equity Oriented Fund” means a fund -

(i) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

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

As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating “book profits” under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax as follows-

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

5. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

6. As per the provisions of Section 112 of the Income Tax Act, 1961, long-term capital gains as computed above that are not exempt under Section 10(38) of the Income Tax Act, 1961 would be subject to tax at a rate of 20 percent (plus applicable surcharge plus education cess plus secondary and higher education cess). However, as per the provision to Section 112(1), if the tax on long-term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge plus education cess plus secondary and higher education cess).

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

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

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

8. As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess )

## 9. Preliminary Expenses

Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.

## 10. Credit for Minimum Alternate Taxes (“MAT”)

Under Section 115JAA (2A) of the Income Tax Act, 1961, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Income Tax Act, 1961 for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

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

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.

2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

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

4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

5. As per section 112 of the Act, if the shares of the company are listed on a recognized stock exchange, taxable long-term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge plus education cess plus secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) without indexation benefits, whichever is less.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long-term specified asset" within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

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

7. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

8. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock

exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

9. As per section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head —Profits and Gains of Business or Profession if income arising from taxable securities transaction is included in such income.

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

1.Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961, received on the shares of the Company is exempt from tax.

2.As per section 10(38) of the Act, long-term capital gains arising to the shareholders from the transfer of a long-term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.

3.Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

4.As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

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

5.Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

6.Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.



7. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:

(i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) (without indexation benefit but with protection against foreign exchange fluctuation).

(ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

(iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

(v) As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.

8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

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

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961 received on the shares of the Company is exempt from tax.

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

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

## Nature of Income & Rate of Tax (%)

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

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

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

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

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

6. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

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

## V. Venture Capital Companies/Funds

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

## **VI. Mutual Funds**

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

### **Under the Wealth Tax Act, 1957**

#### **Benefits to shareholders of the Company**

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

#### **Tax Treaty Benefits**

An investor has an option to be governed by the provisions of the Income Tax Act, 1967 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

#### **Notes:**

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

## SECTION IV

### ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

#### Industry Overview

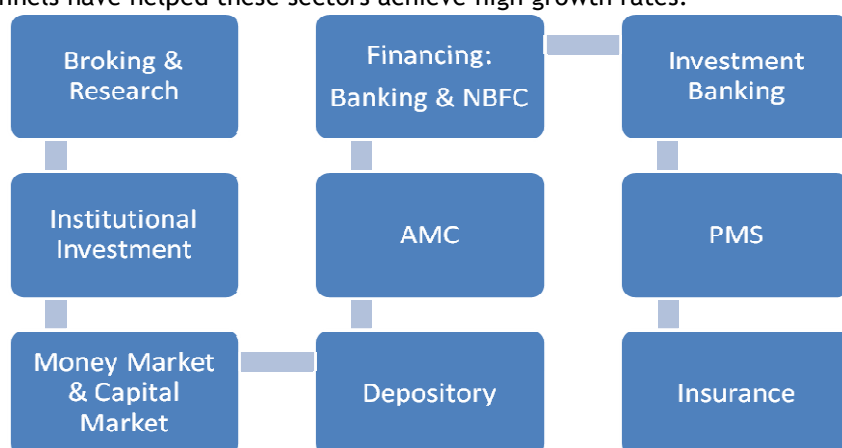
The securities market achieves one of the most important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. Hence in the broader context the people who save and investors who invest focus more towards the economy's abilities to invest and save respectively. This enhances savings and investments in the economy, the two pillars for economic growth. The Indian Capital Market has come a long way in this process and with a strong regulator it has been able to usher an era of a modern capital market regime. The past decade in many ways has been remarkable for securities market in India. It has grown exponentially as measured in terms of amount raised from the market, the number of listed stocks, market capitalisation, trading volumes and turnover on stock exchanges, and investor population. The market has witnessed fundamental institutional changes resulting in drastic reduction in transaction costs and significant improvements in efficiency, transparency and safety.

#### Overview of the Indian Economy

India is the fourth largest economy in the world after the European Union, United States of America and China in purchasing power parity terms, with an estimated Gross Domestic Product ("GDP") (purchasing power parity) of U.S.\$ 4.46 trillion in 2011 (Source: CIA World Factbook 2011). India rebounded from the global financial crisis, largely because of strong fundamentals and robust banking policies, posting a GDP growth of 7.8% in 2011.

#### Indian Financial Services Sector

The financial sector in India is characterized by liberal and progressive policies, vibrant equity and debt markets and prudent banking norms. India's financial sector has been one of the fastest growing sectors in the economy. India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets etc. India. The Indian financial sector attributes its growth to technology up gradation, consolidation of large broking houses, evolution of e-broking business, growth in retail segment, regulatory reforms, diversified asset instruments and foreign investment participation. There is huge growth potential in the Indian financial sector. Sectors such as banking, asset management and brokerage have been liberalized to allow private sector involvement, which has contributed to the development and modernization of the financial services sector. This is particularly evident in the nonbanking financial services sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance services, where new products and expanding delivery channels have helped these sectors achieve high growth rates.



#### Dependence on Securities Market

Three main sets of entities depend on securities market - the corporates, the government & households. While the corporates and governments raise resources from the securities market to meet their obligations, the households invest their savings in securities.

## Primary Market & Secondary Market

The securities market has two interdependent and inseparable segments, the new issues (primary) market and the stock (secondary) market. The primary market provides the channel for creation and sale of new securities, while the secondary market deals in securities previously issued. The Stock market or Equities market is where listed securities are traded in the secondary market. Currently more than 1300 securities are available for trading on the Exchange. There are two major types of issuers who issue securities. The corporate entities issue mainly debt and equity instruments (shares, debentures, etc.), while the governments (central and state governments) issue debt securities (dated securities, treasury bills). The two major exchanges, namely the NSE and the BSE provide trading of securities.

## Indian Capital Markets

The origination of the Indian securities market may be traced back to 1875, when 22 enterprising brokers under a Banyan tree established the Bombay Stock Exchange (BSE). Over the last 125 years, the Indian securities market has evolved continuously to become one of the most dynamic, modern and efficient securities markets in Asia. Today, Indian markets conform to international standards both in terms of structure and in terms of operating efficiency. *Structure and size of the markets* Today India has two national exchanges, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Each has fully electronic trading platforms. Growth of Stock Broking Capital markets all over the world are witnessing major changes. With escalating interests of domestic and international players in India, there is an increasing demand for a more systematic approach. SEBI is also trying to bring transparency in the dealings. Economic growth and liberalisation has opened number of opportunities in various organisations like mutual funds, investment consultancy, broker firms, insurance companies, merchant banks, pension funds and other financial institutions. Foreign institutional investors, mutual funds and even individuals have once again started posing confidence in the capital markets. This has enhanced prospects for brokers, investment and equity analysts. They can also start their own consultancies. Stock exchanges to some extent play an important role as indicators, reflecting the performance of the country's economic state of health. There are three main factors behind the changes in the stock-broking business. First, the shift from floor-based to screenbased trading in 1994. This brought transparency into trade execution and raised the confidence of investors. The result has been lower transaction charges and increased convenience. This has helped both the investors and the brokers. The second change was dematerialisation. Before this, buying or selling shares was a difficult matter. Even when an investor bought shares, he was not sure whether they would be transferred in his name. But now these concerns are no longer there. The introduction of futures and options was the third major factor that has changed the face of the stockbroking business as it is a new avenue for revenue. (Source: *The Hindu Business Line*)

Stocks in India had a negative performance during the month of October 2012. India Stock Market (SENSEX) declined 373 points or 2.00 percent during the last 30 days. Historically, from 1979 until 2012, India Stock Market (SENSEX) averaged 5419 Index points reaching an all time high of 21005 Index points in November of 2010 and a record low of 113 Index points in December of 1979. The SENSEX (BSE30) is a major stock market index which tracks the performance of 30 major companies listed on the Bombay Stock Exchange. The companies are chosen based on the liquidity, trading volume and industry representation. The SENSEX is a free-float market capitalization-weighted index. The Index has a base value of 100 as of 1978-79.

## Wider Scope of Activities

The stock brokers in India have broadened their scope of activities. Equity broking business being cyclical, many players are also entering new areas of activity. Apart from mere broking (buying and selling) of stocks the big players in the industry are concentrating on other aspects like research, portfolio management services, commodity and derivative trading and distribution of financial products including mutual funds and insurance schemes. 33 Expansion Mode BUOYED by booming stock markets and growing retail interest in equity and equity-related investments, Indian stock broking firms are on an expansion drive to increase their network into more cities and towns to lure clients into stock investments.

## The Derivative Market

One of the outstanding features of the Indian Capital Market in recent years is the growth of the equity derivative market. Indian stock exchanges have already started with efforts at building a modern, transparent, well

regulated derivative market. Other aspects of the market such as the increasing sophistication and range of tradable financial products add to the attractiveness of the market as a whole. The availability of derivative products including index futures, index options, individual stock futures and individual stock options re-enforces the overall attractiveness of this market to foreign and domestic investors. The derivatives market in only two years has shown spectacular growth. India's experience with the equity derivatives market has been extremely positive. The derivatives turnover on the NSE has surpassed the equity market turnover. The turnover of derivatives on the NSE increased from 23,654 million in 2000-2001 to 292,482,211 million in 2010-2011, and reached 157,585,925 million in the first half of 2011-2012. The average daily turnover in these market segments on the NSE was 1,151,505 million in 2010-2011 compared to 723,921 in 2009-2010.

India is one of the most successful developing countries in terms of a vibrant market for exchange traded derivatives. This reiterates the strengths of the modern development in India's securities markets, which are based on nationwide market access, anonymous electronic trading, and a predominant retail market. There is an increasing sense that the equity derivatives market plays a major role in shaping price discovery.

## OUR BUSINESS

*In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to Alacrity Securities Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our restated financial information. This section should be read together with "Risk Factors" on page 9 and "Industry Overview" on page 58.*

### BUSINESS OVERVIEW

Our Company, Alacrity Securities Limited was founded in December, 1994 as Alacrity Securities Private Limited. Our Company was converted into a Public Limited Company in June 2001 and consequently the name was changed to Alacrity Securities Limited.

We are a diversified financial services company in India offering a wide range of products & services covering equity broking, F & O and currency derivatives to all kinds of investors viz. retail, high net worth individuals and corporate. Our Company is led by Mr. Hiten Mehta and Mrs. Beena Mehta who have more than 15 years of experience in the financial markets and have steered the growth of the Company.

We are members of Capital Market Segment & Trading Member of Futures & Options Segment of BSE Limited and National Stock Exchange of India Ltd. Also, we are Trading Member of Currency Derivative Segment of MCX-SX and United Stock Exchange of India Ltd. Our business philosophy is always customer oriented and the services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to clients.

Our customer base is a mix of high net worth, and retail investors. This diversified base of customers together with its wide gamut of services provides with the necessary stability and strength to weather the volatility much better than its competitors and maintain high customer service levels throughout. Our Company meets the support needs of this investor base through execution skill sets driven by an experienced sales team and research backed advice generated by a team of experienced analyst.

### OUR STRENGTHS

- ***An integrated financial services platform***

We offer our clients an integrated financial services platform by offering various financial services and products covering equity broking, F & O, currency derivatives and depository participants. Our integrated service platform allows us to leverage relationships across the lines of businesses and our industry and product knowledge by providing multi-channel delivery systems to our client base, thereby increasing our ability to cross-sell our services.

- ***Diversified services***

We believe that our wide range of products and services enables us to build stronger relationships with our clients and increase business volumes of our company. We continue to explore opportunities to build new businesses and widen our product portfolio by adding other products and services, where we can leverage our experience. We believe that our presence in diverse lines of business of financial services enables us to mitigate risks arising from product and client concentration.

- ***Diversified client base***

We serve more than 600 clients in our broking division alone and are not dependent on small set of high net worth individuals but have exposure to a well diversified client base ranging from retail investors to HNI. We constantly revamp our risk management system in order to avoid any margin shortfall on broking clients or on funding clients. We have deployed adequate policy based monitoring and squaring off not only for mass retail but also for high net worth clients. This helps us in protecting our capital during adverse market movements and also sustains our financial performance.

- ***Experienced Management***

We believe that our senior management and our talented and experienced Team are the principal reason for the growth of our Company. We believe that the extensive experience and financial acumen of our management and staff facilitates us with a significant competitive advantage.

- **Growing client base built on well-recognized brand**

Our Company believes in maintaining long term relationships with our clients. Our dedicated efforts is to focus on client service and our ability to provide timely solutions enables us to resolve customer complaints, if any well in time. This has helped us to establish long-term relationships with high net worth individual clients. This has helped us to receive repeated business from our clients. We also believe that because of our timely trade execution, competitive pricing and customer service, we enjoy goodwill amongst our customers. The number of registered clients in our Equity Broking and Currency Derivates is growing at a rapid pace, which we believe gives an indication of the substantial strength of our business activities.

## OUR STRATEGY

- **Continue to build a diversified business platform**

Our Company intends to continue to build a diversified business platform by identifying business opportunities with long term prospects for growth and profitability and offering products and services across a broad spectrum of financial services. We believe that this will enable us to maintain growth and profitability notwithstanding market cycles by limiting our dependence on any particular line of business.

- **Consolidating our position in existing lines of business**

Our Company offers various financial services and products covering equity broking, F & O, currency derivatives and depository participants. We plan to increase the number of client relationships and then leverage those client relationships into offering in a whole suite of financial products. We intend to maintain high growth and profitability by increasing the scope and intensity of activities in our existing lines of business by introducing new products and also intend to start new lines of business. We will continue to focus on advising our investor clients on attractive investment opportunities based upon emerging themes in the economy and the capital markets, backed by our independent research.

- **Client Service**

Our strategy is to provide the most convenient, efficient and value added services to the client at the lowest possible cost and offers the clients with choice and varied access points. We believe that our multiple channel strategy has been particularly effective in the affluent segment where many sophisticated clients like to have an office close-by.

- **Attracting and retaining the highest quality professionals.**

Our people are our most important asset, and it is their reputation, talent, integrity and dedication that results in our success. We offer an entrepreneurial culture with a strong, team-based approach which we believe is attractive to our employees. We have been successful in attracting and retaining key professionals and intend to continue to seek out talent to further enhance and grow our business.

## OUR BUSINESS STREAMS

### BROKING

#### a) Equity Broking

We are members of BSE & NSE and primarily offer secondary market broking services to the retail customers and high net worth individuals. Our dedicated dealers and advisors provide personalized trade and execution services to active traders, retail investors and high net worth investors. As on December 2012, we have approx 650 registered clients. Our strength of broking our operations is also reflected by growth in trading turnover in both cash and derivatives segment at BSE and NSE, which is presented in following table:

Particulars	For the year ended 31 <sup>st</sup> March 2011	For the year ended 31 <sup>st</sup> March 2012	For the period ended 31 <sup>st</sup> December, 2012
Trading turnover - Cash Equity (Rs. in Lacs)	60315.56	10975.81	22840.74
Trading Turnover - Equity Derivatives (Rs. in Lacs)	643499.81	498629.06	229853.30



## **b) Currency Derivative**

Our Company is member of MCX-SX and United Stock Exchange of India Ltd under the currency derivatives segment. Our Company was granted the aforesaid memberships in the year 2011. But our Company has actively started trading in currency segment from fiscal 2012 only. During a short span of one year our Company achieved a turnover of Rs. 3347.54 Lacs in the currency derivative segment.

## **RISK MANAGEMENT**

We believe that effective risk management is of primary importance to the success of our operations. Accordingly, we have deployed necessary resources in terms of technology, people and processes to monitor, evaluate and manage the principal risks we assume in conducting our activities which include market, credit & liquidity, operational, legal and reputation risks.

We analyze factors and reasons causing risk on a periodic basis, plan for control of identified risks, decide on and implement appropriate risk management tools and monitor policies and procedures with the view of continuous improvement.

## **TECHNOLOGY AND NETWORK SUPPORT SYSTEM**

We recognize the need to have a sophisticated technology network in place to meet our customer needs, reduce processing costs and maintain a risk management system. For that, we have set up in Kandivali Mumbai and our technology infrastructure is aimed at ensuring that our trading and information systems are reliable and performance enhancing and that client data are protected.

Our Company intends to upgrade its existing technology infrastructure further. The upgrades would include replacing the existing trading and database servers with high-end servers considering the increased volumes. The customers are savvy and demanding. Our Company will offer more products such as web trading and reporting. Customer Relationship Management system too would be put in place.

As business grows, there would be a growing need to put in place a more sophisticated risk management and monitoring system. The back office systems too will need to be modernized to cater to a larger client base and distributed processing demands. From compliance point of view, our Company put in places a data mine and systems for the same. Disaster recovery being the need of the hour for continuous and uninterrupted flow of operations is proposed to be set up.

## **COMPETITION**

We face the competition in all the operations. Our competitors are other broking firms and financial advisory firms. We compete with some of our competitors nationally and with others on a regional, product or business line basis. Many of our competitors have substantially large capital base and resources than we do and offer a broader range of financial products and services. We believe that the principal factors affecting competition in our business include client relationships, reputation, the abilities of employees, market focus and the relative quality and price of the services and products. In recent years there has been substantial consolidation and convergence among companies in the financial services industry. This trend toward consolidation and convergence has significantly increased the capital base and geographic reach of many of our competitors. Many of our competitors have the ability to offer a wider range of products and services that may enhance their competitive position. They may also have the ability to support securities products and services with commercial banking, insurance and other financial services capabilities in an effort to gain market share, which could result in pricing pressure in our businesses. We have experienced intense price competition like discounts in large block trades and trading commissions and spreads. The ability to execute trades electronically through the Internet and through other alternative trading systems has increased the pressure on trading commissions and spreads. We believe that this trend toward alternative trading systems will continue. Our ability to continue to compete effectively in our businesses will depend upon our continued ability to attract new professionals and retain and motivate our existing professionals.

## **EXPORT POSSIBILITY AND OBLIGATION**

Our Company doesn't have any export obligation as we are not exporting any material.

## SWOT

### Strengths

- Transparent functioning
- Innovative I. T solutions for customers
- Emphasis on building stronger bond with customers
- Services offered include Equity Trading, IPO and Investment Advisory
- Competent management team
- Focus on quality and service

### Weaknesses

- Lack of PAN India presence
- Indians are mostly conservative and prefer investing in Gold and Real Estate

### Opportunities

- High purchasing power and people looking to more investment opportunities
- Growing rural market
- Earning Urban Youth

### Threats

- Stringent Economic measures by Government and RBI
- Entry of foreign firms in Indian Market

## EMPLOYEES

As on 31<sup>st</sup> December, 2012, we employed approximately 11 persons on a full-time basis.

## PROPERTIES

As on the date of this draft prospectus, the Company holds three Properties. The details of these properties are as follows:

Sr. No.	Year of Purchase	Location	Title (Leased/Owned)
1.	December, 2004	Office Premises situated at 101, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067 admeasuring 1173.27 sq.ft built up area.	Owned
2.	December, 2005	102, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067 admeasuring 731.95 sq.ft built up area.	Owned
3.	December, 2007	103, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067 admeasuring 432 sq.ft built up area.	Owned

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

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

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

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

## INSURANCE

Our Company has availed of stock brokers' indemnity policies and comprehensive crimes and liabilities policy which provide coverage against Infidelity of Employees, Computer Crime Indemnity, Legal Liability, Counterfeit Securities along with Covering Risk of Final Receiving Member, Loss of Securities and/or Cash and covers F&O & Currency Segment (BSE, NSE, USE and MCX SX). The policy is obtained from HDFC ERGO General Insurance Co. Ltd for Indemnity Basic Limit of Rs. 5,00,000 and Rs. 50,000 for each and every loss over and above the compulsory excess i.e. 5% of claim amount subject to minimum of Rs. 25,000 for each and every loss. The period for which the aforesaid risk covered is from 1<sup>st</sup> June, 2012 to 31<sup>st</sup> May, 2013 (both days inclusive).

#### **INTELLECTUAL PROPERTY**

There is no Intellectual Property.

## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Maharashtra and the respective bye laws framed by the local bodies in Mumbai, and others incorporated under the laws of India.*

*The information detailed in this chapter has been obtained from the various legislations and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice.*

### I Dealing in Securities

Securities regulation in India takes place under the provisions of the Securities Contracts Regulations Act, 1956 with Rules and Regulations (SCRA), Securities Exchange Board of India Act, 1992 (SEBI), the Depositories Act, 1996 and the rules and regulations promulgated there under. The main legislations governing the securities market are as follows:

- (a) **SEBI Act, 1992:** The SEBI Act, 1992 establishes SEBI with statutory powers for (a) protecting the interests of investors in securities, (b) promoting the development of the securities market, and (c) regulating the securities market. Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with securities market. It can conduct enquiries, audits and inspection of all concerned and adjudicate offences under the Act. It has powers to register and regulate all market intermediaries and also to penalize them in case of violations of the provisions of the Act, Rules and Regulations made there under. SEBI has full autonomy and authority to regulate and develop an orderly securities market.
- (b) **Securities Contracts (Regulation) Act, 1956:**  
The SCRA seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges by the Central Government. Every recognized stock exchange is required to have in place a set of rules relating to its constitution and bye-laws for the regulation and control of contracts.

The bye-laws normally provide *inter alia* for:

- (i) the opening and closing of markets and the regulation of the hours of trade;
  - (ii) the fixing, altering or postponing of days for settlements;
  - (iii) the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
  - (iv) the terms, conditions and incidents of contracts, including the prescription of margin requirements, if any, and conditions relating thereto, and the forms of contracts in writing;
  - (v) the regulation of the entering into, making, performance, recession and termination of contracts, including contracts between members or between a member and his constituent.
- (c) **Stock Broker Regulations:**  
Further, the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 provides the eligibility criteria and conditions required to be satisfied in order to obtain the certificate of registration. They further provide the procedure for obtaining the certificate of registration to carry on business as a stock broker and/or a sub-broker who is required to be affiliated to a stock broker registered under the aforesaid regulations. On registration, the stockbroker and sub-broker are required to adhere to a code of conduct prescribed under the Stock Broker Regulations. In addition, a stock broker and/or a sub-broker is required to abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which it is a member. Further, in case of any change in its status or constitution, the stock broker and/or the sub-broker are required to obtain the prior permission of SEBI in order to continue to buy, sell or deal in securities in any stock exchange.

Apart from the registration of stockbrokers and sub-brokers, the Stock Broker Regulations provide for registration of trading and clearing members. A trading member is a member of the derivatives exchange or derivatives segment of a stock exchange and who settles the trade in the clearing corporation or clearing house through a clearing member. A clearing member is a member of a clearing corporation or clearing house of the derivative exchange or derivatives segment of an exchange, which clears and settles transactions in securities.

**(d) Insider Trading Regulations:**

The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time (“**Insider Trading Regulations**”) govern the law with respect to insider trading in India. The Insider Trading Regulations *inter alia* prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information (“**UPSI**”). It further prohibits an insider from communicating, counselling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities. Information is said to be price sensitive if it is likely to materially affect the price of the securities of the company to which it relates.

Under the Insider Trading Regulations, the concept of an “insider” is related to those of a connected person and a deemed connected person. A person is said to be connected to a company when he or she is a director, employee or officer in the company or stands in a professional or business relationship with the company and when he or she may reasonably be expected to have access to UPSI and includes *inter alia* market intermediaries, Merchant Bankers, share transfer agents, registrars to an issue, debenture trustees, brokers, Portfolio Managers, investment advisors. The Insider Trading Regulations further provide that all listed companies and organisations associated with the securities market including *inter alia* intermediaries as defined under the SEBI Act, asset management companies, trustees of mutual funds etc. should frame a code of internal procedures and conduct based on the Model Code of Conduct specified under the Insider Trading Regulations.

**(e) Fit and Proper Person Criteria:**

The criteria for determination of whether an entity can be registered under any of the above regulations are governed by the SEBI (Criteria for Fit and Proper Person) Regulations, 2004. The Company is also required, as an intermediary, to be registered under the SEBI (Central Database of Market Participants) Regulations, 2003.

**(f) Companies Act, 1956:** 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. It also regulates underwriting, the use of premium and discounts on issues, rights and bonus issues, payment of interest and dividends, supply of annual report and other information.

## **II. Depository Regulations**

- a) The Depositories Act:** The Depositories Act, 1996 (as amended from time to time) provides for regulation of depositories in securities and other related matters. Every person subscribing to securities offered by an issuer has the option either to receive the security certificates or hold securities with a depository. All securities held by a depository are required to be dematerialised and in a fungible form. A depository after obtaining a certificate of commencement of business from SEBI can enter into an agreement with one or more participants as its agent. Any person, through a participant, may enter into an agreement with any depository for availing its services.
- b) Depository Regulations:** The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time (“**Depository Regulations**”) provide *inter alia* the eligibility criteria and the procedure for obtaining the certificate of registration to carry on business as a depository participant. They also provide the various rights and obligations of the depository participants.

On registration, the depository participant is required to adhere to a code of conduct prescribed under the Depository Regulations.

The depository is deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. The depository does not have any voting rights or any other rights in respect of securities held by it. The beneficial owner of the securities is entitled to all the rights and benefits and is subjected to all the liabilities in respect of his securities held by a depository.

### III Transfer of Property:

- a) **Transfer of Property Act, 1882:** The transfer of property is governed by the Transfer of Property Act, 1882 ("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.
- b) **Registration Act, 1908:** The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.
- c) **The Easements Act, 1882:** The law relating to easements is governed by the Easements Act, 1882 ("Easements Act"). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the "dominant owner", or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.
- d) **Indian Stamp Act, 1899:** The Indian Stamp Act, 1899 ("Stamp Act") and the relevant State Stamp Acts provide for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of up to 10 times the original stamp value.

### IV Laws relating to Employment:

- a) **Shops and Establishments legislations in various states:** The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

- b) **Labour Laws:** Various labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

#### **V Intellectual Property:**

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

## OUR HISTORY AND CORPORATE STRUCTURE

### HISTORY & BACKGROUND

Our Company was originally incorporated in Mumbai as a Private Limited Company under the name and style of “Alacrity Securities Private Limited” on December 20, 1994 under the provisions of the Companies Act, 1956 as amended from time to time (the “Companies Act”) vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company became a Deemed Public Company w.e.f July 1, 1999 under the erstwhile provisions of Section 43-A (1A) of the Companies Act, 1956. However, the Companies (Amendment) Act, 2000 deleted the provisions of Section 43A and the Management decided to retain the status of the Company as Public Limited and passed a resolution to this effect on 30th June, 2001. Consequently, the name of our Company was changed from “Alacrity Securities Private Limited” to “Alacrity Securities Limited”.

Our Company was originally incorporated by Ms. Nalini Prabhu & Mr. Anil Prabhu with the intention to carry on the business of an investment Company.

Later on, in the year 1996, Mr. Hemanshu Mehta acquired majority stake in the Company and assumed control over the Company offering wide range of products & services covering equity broking, F&O and currency derivatives to all kinds of investors viz. retail, high net worth individuals and corporate.

We are members of Capital Market Segment & Trading Member of Futures & Options Segment of National Stock Exchange of India Ltd. & Bombay Stock Exchange Limited. Also, we are member of Currency Derivative Segment of MCX-SX and United Stock Exchange of India Ltd. Our business philosophy is always customer oriented and the services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to clients.

The Registered Office and Corporate office of our Company is situated at 101, 1<sup>st</sup> Floor, Hari Dharshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067.

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

FROM	TO	DATE OF CHANGE	REASON FOR CHANGE
Shaheen Chambers, 2 <sup>nd</sup> Floor, 148, Mody Street, Fort, Mumbai - 400 001	Asian House, 3 <sup>rd</sup> Floor, 118, Mody Street, Fort, Mumbai - 400 001	13 <sup>th</sup> September, 1999	Administrative Purpose
Asian House, 3 <sup>rd</sup> Floor, 118, Mody Street, Fort, Mumbai - 400 001	101, 1 <sup>st</sup> Floor, Hari Dharshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067	11 <sup>th</sup> April, 2005	Administrative Purpose

### MAIN OBJECTS OF OUR COMPANY

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities of our Company which we have been carrying out until now are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

To carry on the business of an investment company to buy, invest in, acquire, hold, sell and/or otherwise deal in shares, stocks, debentures, bonds, obligations, securities issued by any government, State, dominion, commissioner, public body or authority, municipal - local or otherwise, firm, company, association or person in India or elsewhere.

To undertake the activities of Depository Participant and for that purpose to obtain membership in the depositories in India and to open and maintain the demat accounts of the clients and to provide the all kinds of facilities/services related to the depository participant and to do all such things as may be advised, permitted or required for this purpose in accordance with the prevailing Act/Regulations/Laws.



## CHANGES IN THE MEMORANDUM OF ASSOCIATION

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

DATE	AMENDMENT
21 <sup>st</sup> January, 1995	Increase in Authorized Share Capital of the Company from Rs. 10 Lacs divided into 10,000 Equity Shares of Rs. 100 each to Rs. 1 Crore divided into 1,00,000 Equity shares of Rs. 100 each.
09 <sup>th</sup> December, 1998	Increase in Authorized Share Capital of the Company from Rs. 1 Crore divided into 1,00,000 Equity Shares of Rs. 100 each to Rs. 3 Crores divided into 3,00,000 Equity shares of Rs. 100 each.
30 <sup>th</sup> June, 2001	Conversion of Company from Deemed Public Company to Public Limited Company pursuant to deletion of erstwhile deeming provision of Section 43-A of the Companies Act, 1956 vide the Companies (Amendment) Act, 2000 and subsequent change of name of company from "Alacrity Securities Private Limited" to "Alacrity Securities Limited"
09 <sup>th</sup> June, 2010	Amendment of main object clause of Memorandum of Association by addition of Clause 1A relating to activities of Depository Participants.
11 <sup>th</sup> April, 2011	Increase in Authorized Share Capital of the Company from Rs. 3 Crores divided into 3,00,000 Equity shares of Rs. 100 each to Rs. 10 Crores divided into 10,00,000 Equity shares of Rs. 100 each.
06 <sup>th</sup> May, 2011	Increase in Authorized Share Capital of the Company from Rs. 10 Crores divided into 10,00,000 Equity shares of Rs. 100 each to Rs. 20 Crores divided into 20,00,000 Equity shares of Rs. 100 each.
29 <sup>th</sup> January, 2013	Sub-division of Face Value of Equity Shares from Rs. 100 to Rs. 10 each
29 <sup>th</sup> January, 2013	Increase in Authorized Share Capital of the Company from Rs. 20 Crores divided into 2,00,00,000 Equity shares of Rs. 10 each to Rs. 22 Crores divided into 2,20,00,000 Equity Shares of Rs. 10 each.

## MAJOR EVENTS AND MILESTONES

YEAR	PARTICULARS
December, 1994	Incorporation of the Company in the name and style of "Alacrity Securities Private Limited"
May, 1996	Registered as Stock Broker with National Stock Exchange of India
July, 1999	Conversion of the Company from Private Limited Company to Deemed Public Company pursuant to erstwhile provisions of Section 43 -A of the Companies Act, 1956
January, 2001	Registered as Trading Member (F&O) with National Stock Exchange of India
May, 2001	Retention of Public Company status upon deletion of provisions related to Deemed Public Limited Company after the Companies (Amendment) Act, 2000 and subsequent change of name of company from "Alacrity Securities Private Limited" to "Alacrity Securities Limited"
December, 2004	Acquisition of Office Premises situated at 101, 1 <sup>st</sup> Floor, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067
December, 2005	Acquisition of additional office premises situated at 102, 1 <sup>st</sup> Floor, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067
December, 2007	Acquisition of office premises situated at 103, 1 <sup>st</sup> Floor, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067
January, 2011	Registered as Trading Member (F & O) with Bombay Stock Exchange Limited
January, 2011	Registered as Trading Member (Currency) with MCX Stock Exchange of India
January, 2011	Registered as Trading Member (Currency) with United Stock Exchange of India Ltd
January, 2011	Registered as Multiple Member with Bombay Stock Exchange Limited

## HOLDING COMPANY OF OUR COMPANY

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

## SUBSIDIARY OF OUR COMPANY

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

#### **SHAREHOLDERS AGREEMENTS**

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

#### **OTHER AGREEMENTS**

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

#### **COLLABORATION**

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

#### **STRATEGIC PARTNER**

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

#### **FINANCIAL PARTNER**

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

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

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

#### **NUMBER OF SHAREHOLDERS**

Our Company has Thirty Nine (39) Sshareholders on date of the Draft Prospectus.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than twelve (12) Directors. Our Company currently has Six (6) Directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
<b>1. Mrs. Beena Hemanshu Mehta</b> W/o Mr. Hemanshu Mehta 401/402, Glan Eagle, 7 JVPD Scheme, Gulmohar, Vile Parle- West, Mumbai, 400056 Occupation: Business Nationality: Indian Tenure: Five years w. e. f. 25 <sup>th</sup> September, 2012 DIN: 00413978	44 Yrs	Whole-time Director	1. White Lion Consultants Private Limited. 2. Padma Impex Private Limited. 3. Eurasia Leisure Private Limited. 4. ARDI Investment and Trading CO Limited. 5. Odyssey Infrabuild Private Limited. 6. Odyssey Global Private Limited. 7. Feng Shui Realtors Private Limited
<b>2. Ms. Pooja H Mehta</b> D/o Mr. Hemanshu Mehta 802, Laxmi Sadan JVPD Scheme, NS Road 010 Vile Parle(West), Mumbai, 400056 Occupation: Business Nationality: Indian Tenure: Retire by Rotation DIN: 03498526	21 Yrs	Non-executive Non Independent Director	1. Feng Shui Realtors Private Limited
<b>3. Mr. Hiten R Mehta</b> S/o Mr. Ramniklal Mehta Abhinav Apts, Mathuradas Rd Extn, Kandivali (W),, Mumbai, 400 067 Occupation: Business Nationality: Indian Tenure: Five years w. e. f. 25 <sup>th</sup> September, 2012 DIN: 01875252	44 Yrs	Executive & Non Independent Director	1. Pooja Equiresearch Private Limited. 2. Odyssey Corporation Limited.
<b>4.Mr. Kishore V Shah</b> S/o Mr. Vithaldas Shah 23,2nd Floor, Krishna Niwas, Laxmi Narayan Lane, Mathuradas Road, Kandivali (W), Mumbai, 400067. Occupation: Service Nationality: Indian Tenure: Five years w.e. f. 25 <sup>th</sup> September, 2012 DIN: 01975061	58 Yrs	Executive & Non Independent Director	N.A.
<b>5.Mr. Jaiprakash Jindal</b> S/O Mr. Vithaldas Shah 1003, Lake Castle 'D' Wing, Hiranandani Garden, Off Adishankaracharya Road,	58 Yrs	Non-executive & Independent Director	1. Kolshet Ispat Udyog Ltd. 2. Beautiful Realtors Private Limited.

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
Powai,, Mumbai, 400076 Occupation: Business Nationality: Indian Tenure: Retire By Rotation Din: 00244802			3. Dagina Collections Private Limited. 4. Dagina International Private Limited. 5. Beautiful Jewellers Private Limited. 6. Beautiful Securities Limited. 7. Quality Diamond Cutters Pvt Ltd. 8. Odyssey Corporation Limited. 9. Odyssey Infrabuild Private Limited. 10. Odyssey Global Private Limited.
<b>6.Mr. Ramanand Gupta</b> S/O Mr. Gulabchand Gupta C/108, Sangeet Complex Bldg No.12, Jesal Park, Bhayander East, 401105 Occupation: Professional Nationality: Indian Tenure: Retire By Rotation Din: 03257173	45 Yrs	Non-executive & Independent Director	<ul style="list-style-type: none"> <li>• KYMR Management and Consultancy Private Limited</li> </ul>

**Note:**

As on the date of the Draft Prospectus:

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

**DETAILS OF DIRECTORS**

**Mrs. Beena Mehta:** Mrs. Beena Mehta, aged 44 years, is the Promoter and Director of our Company. She holds bachelor degree in home science. She has 15 years of experience in various field of finance and capital market. She is responsible for managing day to day affairs of our Company. She has been on the Board of Directors of our Company since 21<sup>st</sup> March, 1997.

**Ms. Pooja Mehta:** Ms. Pooja Mehta, aged 21 years, is the Promoter and Director of our Company. She has done Bachelor of Business Management from University of Exeter, London. She has been on the Board of Directors of our Company since 26<sup>th</sup> December, 2011.

**Mr. Hiten Mehta,** aged 44 years, is an Executive Director of our Company. He studied in the field of commerce and acquired more than 20 years of experience in the stock market across research, dealing and execution with

special focus on F & O segment of the Capital Markets. He oversees the operations of the Company with equal assistance from his dedicated team.

**Mr. Kishore V Shah**, aged 58 years is an Whole-Time Director of our Company. He is a Commerce Graduate and is well associated with the day to day affairs of the Company. He is predominantly responsible for Finance and Compliance division of the Company. He has been on the Board of Directors of our Company since July, 2009.

**Mr. Jai Prakash Jindal**, aged 58 years is an Independent Director of our Company. As an Independent Director, with corporate acumen he brings value addition to our Company. He has been on the Board of our Company since December, 2011.

**Mr. Ramanand Gupta**, aged 45 years, is an Independent Director of our Company. He is a Commerce Graduate and also a Fellow Member of the Institute of Chartered Accountants of India. As an Independent Director of our Company with financial expertise he brings value addition to our Company. He has been on the Board of our Company since November 2012.

## CONFIRMATIONS

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

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

## NATURE OF FAMILY RELATIONSHIP AMONG DIRECTORS

Sr. No.	Name of the Directors	Family Relationship among Directors
1.	Mrs. Beena Hemanshu Mehta	Mother of Ms. Pooja Mehta & Sister in Law of Mr. Hiten Mehta
2.	Ms. Pooja Hemanshu Mehta	Daughter of Mrs. Beena Mehta & Niece of Mr. Hiten Mehta
3.	Mr. Hiten Ramniklal Mehta	Brother in law of Mrs. Beena Mehta Uncle of Ms. Pooja Mehta

## BORROWING POWERS OF THE DIRECTORS

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on 19<sup>th</sup> November, 2012 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 50 Crores.

## TERMS OF APPOINTMENT AND COMPENSATION OF OUR DIRECTORS

<b>Name</b>	Mrs. Bina Hemanshu Mehta
<b>Designation</b>	Whole-time Director
<b>Period</b>	Reappointed for Five years with effect from 29 <sup>th</sup> January, 2013
<b>Date of Appointment</b>	Extra Ordinary General Meeting dated 29 <sup>th</sup> January, 2013
<b>Remuneration</b>	<p><b>a) Remuneration</b> Up to Rs. 1,00,000/- p.m. (Rupees One Lac Only) with such annual increments / increases as may be decided by the Remuneration Committee from time to time.</p> <p><b>b) Perquisites</b></p> <ul style="list-style-type: none"> <li>Free use of the Company's car for Company's work along</li> </ul>

	<p>with driver.</p> <ul style="list-style-type: none"> <li>• Telephone, telefax and other communication facilities at Company's cost for Official purpose.</li> <li>• Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Remuneration Committee / Board of Directors from time to time may decide.</li> </ul> <p><b>c) Valuation of perquisites</b> Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.</p> <p><b>d) Minimum Remuneration</b> <b>In the event of loss or inadequacy</b> of profits in any financial year during the tenure of the appointment. Appointee shall subject to the approval of the Central Government, if required, be paid remuneration by way of salaries and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time.</p>
<b>Remuneration paid in FY 31<sup>st</sup> March, 2012</b>	Rs. 8 Lacs

<b>Name</b>	Mr. Hiten Ramniklal Mehta
<b>Designation</b>	Whole-time Director
<b>Period</b>	Appointed for Five years with effect from 29 <sup>th</sup> January, 2013
<b>Date of Appointment</b>	Extra Ordinary General Meeting dated 29 <sup>th</sup> January, 2013
<b>Remuneration</b>	<p><b>a) Remuneration</b> Upto Rs. 1,00,000/- p.m. (Rupees One Lac Only) with such annual increments / increases as may be decided by the Remuneration Committee from time to time.</p> <p><b>b) Perquisites</b></p> <ul style="list-style-type: none"> <li>• Free use of the Company's car for Company's work along with driver.</li> <li>• Telephone, telefax and other communication facilities at Company's cost for Official purpose.</li> <li>• Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Remuneration Committee / Board of Directors from time to time may decide.</li> </ul> <p><b>c) Valuation of perquisites</b> Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.</p> <p><b>d) Minimum Remuneration</b> <b>In the event of loss or inadequacy</b> of profits in any financial year during the tenure of the appointment. Appointee shall subject to the approval of the Central Government, if required, be paid remuneration by way of salaries and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time.</p>
<b>Remuneration paid in FY 31<sup>st</sup> March, 2012</b>	Rs. 2.80 Lacs

<b>Name</b>	Mr. Kishore Vithaldas Shah
<b>Designation</b>	Whole-time Director
<b>Period</b>	Appointed for Five years with effect from 29 <sup>th</sup> January, 2013
<b>Date of Appointment</b>	Extra Ordinary General Meeting dated 29 <sup>th</sup> January, 2013
<b>Remuneration</b>	<p><b>a) Remuneration</b> Upto Rs. 50,000/- p.m. (Rupees Fifty Thousand Only) with such annual increments / increases as may be decided by the Remuneration Committee from time to time.</p> <p><b>b) Perquisites</b></p> <ul style="list-style-type: none"> <li>• Telephone, telefax and other communication facilities at Company's cost for Official purpose.</li> <li>• Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Remuneration Committee / Board of Directors from time to time may decide.</li> </ul> <p><b>c) Valuation of perquisites</b> Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.</p> <p><b>d) Minimum Remuneration</b> In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment. Appointee shall subject to the approval of the Central Government, if required, be paid remuneration by way of salaries and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time.</p>
<b>Remuneration paid in FY 31<sup>st</sup> March, 2012</b>	Rs. 4.38 Lacs

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

#### **NON - EXECUTIVE DIRECTORS**

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

#### **CORPORATE GOVERNANCE**

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

We have a Board constituted in compliance with the Companies Act and the Listing Agreement in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently our Board has Six (6) Directors. We have two (2) executive non independent director, two (2) non-executive non independent director and two (2) independent non executive directors. The Chairman of the Board

is Mr. Ramanand Gupta being Independent Director. The constitution of our Board is in compliance with the requirements of Clause 52 of the Listing Agreement.

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

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

#### AUDIT COMMITTEE

Our Company has constituted an audit committee ("**Audit Committee**"), as per the provisions of Section 292A of the Companies Act, 1956 and Clause 52 of the Listing Agreement to be entered with Stock Exchange, vide resolution passed in the meeting of the Board of Directors held on 04<sup>th</sup> January, 2013.

The terms of reference of Audit Committee complies with the requirements of Clause 52 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises following three (3) directors. Mr. Ramanand Gupta is the Chairman of the Audit Committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Ramanand Gupta	Chairman	Independent Director
2.	Mr. JaiPrakash Jindal	Member	Independent Director
3.	Mr. Hiten Mehta	Member	Executive & Non Independent Director

#### Role of Audit Committee

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

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - (b) Changes, if any, in accounting policies and practices and reasons for the same
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management
  - (d) Significant adjustments made in the financial statements arising out of audit findings
  - (e) Compliance with listing and other legal requirements relating to financial statements



- (f) Disclosure of any related party transactions
  - (g) Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  13. Discussion with internal auditors any significant findings and follow up there on.
  14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
  18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
  20. Mandatorily reviews the following information:
    - Management discussion and analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weaknesses; and
    - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
  21. Review the Financial Statements of its Subsidiary company, if any.
  22. Review the composition of the Board of Directors of its Subsidiary company, if any.
  23. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

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

#### SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Our Company has constituted a shareholder / investors grievance committee ("**Shareholders / Investors Grievance Committee**") to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 04<sup>th</sup> January, 2013. The committee currently comprises of three (3) Directors. Mr. Jaiprakash Jindal is the Chairman of the Shareholders/ Investors Grievance committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Jaiprakash Jindal	Chairman	Independent Director
2.	Mr. Ramanand Gupta	Member	Independent Director
3.	Mr. Kishore Shah	Member	Executive Director

#### Role of shareholders/investors grievance committee

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

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

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

#### REMUNERATION COMMITTEE

Our Company has constituted a remuneration committee ("**Remuneration Committee**"). The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 04<sup>th</sup> January, 2013. The committee currently comprises of three (3) Directors. Mr. Jaiprakash Jindal is the Chairman of the remuneration committee.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Jaiprakash Jindal	Chairman	Independent Director
2.	Mr. Ramanand Gupta	Member	Independent Director
3.	Mr. Pooja Mehta	Member	Non-executive & Non Independent Director

The terms of reference of the remuneration committee are as follows:

- The remuneration committee recommends to the board the compensation terms of the executive directors.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

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

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchange. Our Company Secretary and Compliance Officer, Ms. Nimita Jain is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

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

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

Name of Director	Number of Equity Shares	% of Pre-Issue Paid up Share Capital
Mrs. Beena Mehta	2844700	18.96
Ms. Pooja Mehta	6900000	46.00
<b>Total</b>	<b>9744700</b>	<b>64.96</b>

#### INTEREST OF DIRECTORS

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

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

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

#### PROPERTY INTEREST

Except as disclosed in the section titled "Our Business" on page 61, our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

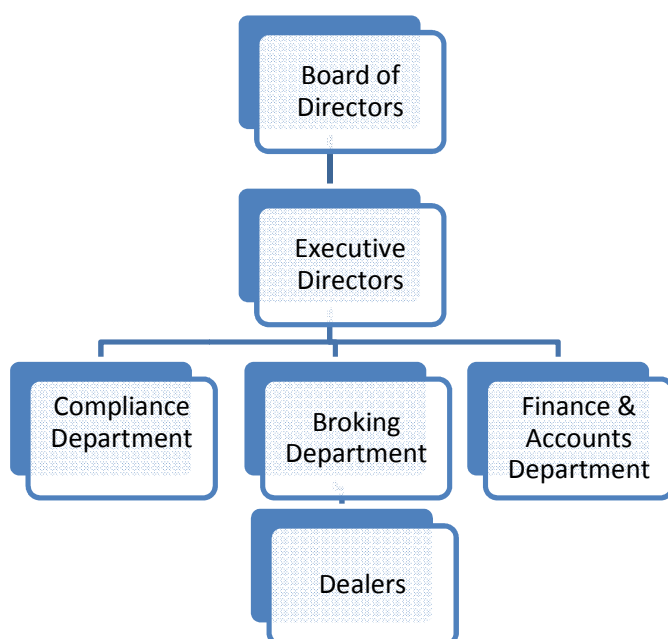
#### CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE (3) YEARS

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

Name	Date of Appointment	Date of Cessation	Reason
Mr. Rajesh Sharma	-	06/07/2009	Resignation due to preoccupation
Mr. Kishore Shah	06/07/2009	-	Appointment as Additional Director
Ms. Pooja Mehta	26/12/2011	-	Appointment as Additional Director
Mr. Jaiprakash Jindal	26/12/2011	-	Appointment as Additional Director
Mr. Hemanshu Mehta	-	26/12/2011	Resignation due to preoccupation
Mr. Hiten Mehta	30/04/2012	-	Appointment as Additional Director
Mr. Hiten Mehta	25/09/2012	-	Change of designation from Additional Director to Director and further as Executive Director.
Ms. Pooja Mehta	25/09/2012	-	Change of Designation from Additional

Name	Date of Appointment	Date of Cessation	Reason
			Director to Director
Mr. Jaiprakash Jindal	25/09/2012	-	Change of Designation from Additional Director to Director
Ms. Beena Mehta	29/01/2013	-	Re-appointment as Whole-time Director
Mr. Kishore Shah	29/01/2013	-	Re-appointment as Executive Director
Mr. Ramanand Gupta	22/11/2012	-	Appointment as Non-executive & Independent Director

## ORGANISATION STRUCTURE



## KEY MANAGERIAL PERSONNEL

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

The following key personnel assist the management of our Company:

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment
Mr. Kishore Shah	06/07/2009	Executive Director	General planning & management, supervision of day to day	B.Com	Century Consultant Limited
Mr. Bipin Panchal	01/07/2008	Manager Accounts and Finance	Accounting, Finance controls and management of cash flows	B.Com	Kucheria & Associates, Practicing Chartered Accountants

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment
Ms. Nimita Jain	01/12/2012	Company Secretary & Compliance Officer	Drafting of agreements, drafting of resolutions, preparation of minutes & compliance of the provisions of the Companies Act, 1956.	ACS	Comfort Fincap Limited.

#### BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

**Mr. Kishore V Shah**, aged 58 years is an Executive Director of our Company. He is a Commerce Graduate and is well associated with the day to day affairs of the Company. He is predominantly responsible for Finance division of the Company. He is also on the Board of Directors of our Company since July, 2009.

**Mr. Bipin Panchal**, is the Manager-Accounts & Finance of our Company. He has completed his Bachelor degree in Commerce. He supervises and controls overall Accounts and Finance Functions. He is associated with our Company since July 2008.

**Ms. Nimita Jain** is Company Secretary & Compliance Officer of our Company. She is an associate member of Institute of Companies Secretaries of India. She is associated with our Company from December, 2012. Her scope of work and responsibilities includes vetting of agreements, preparation of minutes, drafting of resolutions, preparation and updating of various statutory registers, and compliance with the provisions of Companies Act, 1956. Prior to joining our Company she was a practicing company secretary.

#### FAMILY RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

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

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

#### SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

As on date, none of the key managerial personnel holds any Equity Shares of our Company.

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

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

#### LOANS TO KEY MANAGERIAL PERSONNEL

There are no loans outstanding against Key Managerial Personnel as on 30<sup>th</sup> September, 2012.

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

There are no changes in the Key Managerial Employees of the Issuer during the last three (3) years.

Name	Date of Appointment	Date of Cessation	Reason
Ms. Nimita Jain	01.12.2012	-	Appointment

**EMPLOYEES STOCK OPTION SCHEME**

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

**PAYMENT OR BENEFIT TO OUR OFFICERS**

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

## OUR PROMOTERS


### OUR PROMOTERS

The Promoters of our Company are:

1. Mrs. Beena Hemanshu Mehta
2. Ms. Pooja Hemanshu Mehta

### DETAILS OF OUR PROMOTERS ARE AS UNDER


#### 1. Mrs. Beena Mehta

	<p><b>Mrs. Beena Mehta</b>, aged 44 years, is the Promoter and Director of our Company. She holds bachelor degree in Home Science. She has 15 years of experience in various field of finance and capital market. She is responsible for managing day to day affairs of our Company. She has been on the Board of Directors of our Company since 21<sup>st</sup> March, 1997. For further details relating to Mrs. Beena Mehta, including address and other directorships, see the section titled “Our Management” on page 73 of Draft Prospectus.</p>
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#### Identification

<b>Name</b>	<b>Mrs. Beena Mehta</b>
<b>Permanent Account Number</b>	AHZPM2957J
<b>Passport No.</b>	G7579556
<b>Voter ID</b>	N.A.
<b>Driving License</b>	N.A.
<b>Bank Account Details</b>	2426201100090 Canara Bank

#### 2. Ms. Pooja Mehta

	<p><b>Ms. Pooja Mehta</b>, aged 21 years, is the Promoter and Director of our Company. She has done Bachelor of Business Management from University of Exeter, London. She has been on the Board of Directors of our Company since 26<sup>th</sup> December, 2011. For further details relating to Ms. Pooja Mehta, including address and other directorships, see the section titled “Our Management” on page 73 of Draft Prospectus</p>
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#### Identification

<b>Name</b>	<b>Ms. Pooja Mehta</b>
<b>Permanent Account Number</b>	BBYPM2351J
<b>Passport No.</b>	G7615802
<b>Voter ID</b>	N.A.
<b>Driving License</b>	N.A.
<b>Bank Account Details</b>	2426201100152 Canara Bank

## **OTHER UNDERTAKINGS AND CONFIRMATIONS**

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

## **COMMON PURSUITS OF OUR PROMOTERS**

Our Promoters do not have any common pursuits and are not engaged in the business similar to those carried out by our Company.

## **INTEREST OF THE PROMOTERS**

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

Our Promoters may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them are interested as a director, member or partner. In addition, our Promoters, being Director may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in section titled “*Our Management*” on page 73 of this Draft prospectus.

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

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

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

As on the date of this Draft Prospectus, our Promoters together hold 9744700 Equity Shares of our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoters in our Company and benefits as provided in the section titled ‘*Terms of appointment and compensation of our Directors*’ on page 75, our Promoters does not hold any other interest in our Company.

Also see “Our Management-Interest of Directors” on page 81 of Draft Prospectus.

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

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Prospectus except as mentioned / referred to in this chapter and in the section titled ‘Our Management’, ‘Financial Information’ and ‘Capital Structure’ on page nos. 73, 95 and 33 respectively of this Draft Prospectus. Further as on the date of the Draft Prospectus, there is no bonus or profit sharing plan for our Promoters.

## **CONFIRMATIONS**

For details on litigations and disputes pending against the Promoters and defaults made by them, please refer to the section titled “*Outstanding Litigation and Material Developments*” on page 116 of the Promoters. Our Promoters have not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

## **RELATED PARTY TRANSACTIONS**

Except as disclosed in the section titled “*Related Party Transactions*” beginning on page 93, our Company has not entered into any related party transactions with our Promoters.



## OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES

### PROMOTER GROUP INDIVIDUALS

The following natural persons (being the immediate relative of our Promoter) form part of our Promoter Group:

#### Relatives of Promoters:

Relationship	Mrs. Beena Mehta	Ms. Pooja Mehta
Spouse	Mr. Hemanshu Mehta	N.A.
Father	Mr. Kanubhai Balabhai Vora	Mr. Hemanshu Ramnik Lal Mehta
Mother	Mrs. Hansaben Kanubhai Vora	Mrs. Beena Mehta
Brother	Mr. Devang Vora	N.A.
Sister	Mrs. Archana Sanghvi	Ms. Karishma Mehta
	Mrs. Neeta Sanghvi	
	Ms. Sonal Mehta	
Son	N.A.	N.A.
Daughter	Ms. Pooja & Karishma Mehta	N.A.

### PROMOTER GROUP COMPANIES AND ENTITIES

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

#### LISTED COMPANIES WITHIN OUR PROMOTER GROUP

There is a Listed Company in our Promoter Group which is Odyssey Corporation Ltd.

#### DETAILS OF LISTED COMPANY WITHIN OUR PROMOTER GROUP

##### ODYSSEY CORPORATION LIMITED

Odyssey Corporation Limited was originally incorporated on 09<sup>th</sup> February, 1995 in the name of Odyssey Financial Services Limited. However, the Company changed its name on 5<sup>th</sup> October, 2000 to Odyssey Corporations Limited. The registered office of the Company is located at 3 Hemu Castle, Dadabhai Road, Near Gokhalibai School, Vile Parle (West), Mumbai. The shares of the Company are listed at BSE Limited. The CIN of the Company is L67190MH1995PLC085403.

**Nature of Activities:** The Company is engaged in the business of Media & Entertainment and Trading.

#### Board of Directors:

Sr. No.	Name of the Directors	Designation	Date of Appointment
1.	Mr. Raj Rawat	Whole-time Director	07/09/2010
2.	Mr. Jaiprakash Jindal	Director	01/12/2011
3.	Mr. Paresh Mahajan	Director	01/04/2005
4.	Mr. Samar Singh	Director	01/09/2007
5.	Mr. Hiten Mehta	Additional Director	14/08/2012

**Shareholding Pattern:**

The Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2013 is as follows:

Category	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals / Hindu Undivided Family	7	15122320	15122320	38.39	38.39	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	6	1780967	1780967	4.52	4.52	454000	1.15
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others (Specify)	-	-	-	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>13</b>	<b>16903287</b>	<b>16903287</b>	<b>42.91</b>	<b>42.91</b>	<b>454000</b>	<b>1.15</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
b	Bodies Corporate	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-
d	Any Others (Specify)	-	-	-	-	-	-	-
	<b>Sub Total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Sub Total(A)(1)</b>	<b>13</b>	<b>16903287</b>	<b>16903287</b>	<b>42.91</b>	<b>42.91</b>	<b>454000</b>	<b>2.69</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>							
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-

Category	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	5	4956254	4956254	12.58	12.58	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>							
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	75	6253236	6253236	15.87	15.87	-	-
(b)	<b>Individuals</b>							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lac	666	2093637	1990397	5.31	5.31	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lac.	70	9182975	9160975	23.31	23.31	-	-
(c)	<b>Any Other (specify)</b>	<b>12</b>	<b>4811</b>	<b>4811</b>	<b>0.01</b>	<b>0.01</b>	-	-
(c-i)	Clearing Member	10	4160	4160	0.01	0.01	-	-
(c-ii)	NRI	2	651	651	0.00	0.00	-	-
	<b>Sub-Total (B)(2)</b>	<b>823</b>	<b>17534659</b>	<b>17408219</b>	<b>44.51</b>	<b>44.51</b>	-	-
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>828</b>	<b>22490913</b>	<b>22364473</b>	<b>57.09</b>	<b>57.09</b>	-	-
	<b>TOTAL (A)+(B)</b>	<b>841</b>	<b>39394200</b>	<b>39267760</b>	<b>100.00</b>	<b>100.00</b>	-	-
(C)	Shares held by Custodians and	-	-	-	-	-	-	-

Cat eg ory	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialize d form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentag e of (A+B) <sup>1</sup>	As a percentag e of (A+B+C)	Number of shares	As a percentag e
	against which Depository Receipts have been issued							
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>841</b>	<b>39394200</b>	<b>39267760</b>	<b>100.00</b>	<b>100.00</b>	<b>454000</b>	<b>1.15</b>

#### Financial Performance:

Particulars	For the Financial year ended (Rs. In Lacs)		
	31st March, 2012	31st March, 2011	31st March, 2010
	(Audited)	(Audited)	(Audited)
Total Income	2401.90	5060.86	425.30
Profit/(Loss) after Tax	6.99	506.58	245.37
Share Capital (Equity)	1969.71	1818.71	1689.20
Reserves and Surplus (excluding revaluation reserve)	5084.00	4775.49	3906.29
Earnings Per Share (in Rs.)	0.00	2.99	4.44
Book Value per Equity Share (in Rs.)	17.91	36.26	33.12
Face Value per Share (in Rs.)	5.00	10	10

#### Stock Market Data:-

Month	High (Rs.)	Date of High	Volume	Low (Rs.)	Date of Low	Volume	Total Volume in the Month
Nov 12	33.40	15/11/12	10927	29.45	29/11/12	847	81511
Dec 12	56.20	24/12/12	5101	29.60	04/12/12	16517	253433
Jan 13	68.00	23/01/13	5716	53.10	03/01/13	13665	222178
Feb 13	61.60	19/02/13	4836	55.45	05/02/13	13585	61182
March 13	57.90	01/03/13	5660	38.00	28/03/13	16929	205362
April 13	41.50	03/04/13	1869	34.00	11/04/13	40300	86044

#### UNLISTED COMPANIES WITHIN OUR PROMOTER GROUP

##### POOJA EQUIRESEARCH PRIVATE LIMITED

Pooja Equiresearch Private Limited was originally incorporated on 28<sup>th</sup> September, 1992 in the name of Pooja Security Services Private Limited. However, the Company changed its name on 17<sup>th</sup> July, 1995 to Pooja Equiresearch Private Limited. The registered office of the Company is located at B/102, Hari Darshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai. The CIN of the Company is U67120MH1992PTC068765.

**Nature of Activities:** The Company is engaged into buying, selling and investing of any shares, debentures, stocks. Security bonds or any Government bonds and securities.

**Board of Directors:**

Sr. No.	Name of the Directors	Designation	Date of Appointment
1.	Mr. Hiten Mehta	Director	28/09/1992
2.	Mr. Has Mukh Mehta	Director	15/02/2012
3.	Mr. Rajesh Panicker	Additional Director	01/08/2012

**Financial Performance**

The brief financials of Pooja Equiresearch Private Limited for the last three (3) years based on audited financial statements are as under:

*(Rs. in Lacs except per share data)*

Particulars	For the Financial year ended (Rs. In Lacs)		
	31st March, 2012	31st March, 2011	31st March, 2010
	(Audited)	(Audited)	(Audited)
Total Income	3051.83	21602.56	3066.86
Profit/(Loss) after Tax	(745.87)	(570.37)	(212.99)
Share Capital (Equity)	91.35	91.35	91.35
Reserves and Surplus (excluding revaluation reserve)	763.38	1509.28	2079.65
Earnings Per Share (in Rs.)	(81.65)	(62.00)	(23.00)
Book Value per Equity Share (in Rs.)	93.57	175.22	237.66
Face Value per Share (in Rs.)	10	10	10

**Shareholding**

The List of shareholders of Pooja Equiresearch Private Limited are tabled as under:

Name of shareholder	No. of shares	% of Total
Hiten R Mehta	302000	33.06
Jyoti R Mehta	48500	5.31
Hemanshu R Mehta	300000	32.84
White Lion Consultants Private Limited	196990	21.56
Others (Less than 5 %)	66010	7.23
<b>Total</b>	<b>913500</b>	<b>100.00</b>

Pooja Equiresearch Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

**COMMON PURSUITS**

The Promoters do not have any common pursuits and are not engaged in the business similar to those carried out by our Company.

**LITIGATION/ DEFAULTS**

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page 116 of this Draft Prospectus.

**DISASSOCIATION WITH COMPANIES/FIRMS BY THE PROMOTERS OF OUR COMPANY DURING THE PRECEDING THREE (3) YEARS**

Our Promoters have not disassociated with any of entity during the preceding three (3) years.

**INTEREST OF PROMOTER GROUP COMPANIES**

Our Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the section titled "*Related Party Transactions*" beginning on page 93 of the Draft Prospectus.

#### **RELATED BUSINESS TRANSACTION WITHIN THE GROUP AND SIGNIFICANCE ON FINANCIAL PERFORMANCE**

There is no business transactions between our Company and the Promoter Group Companies except as stated on page 93 under section titled as "*Related Party Transactions*".

#### **SALE OR PURCHASE BETWEEN OUR COMPANY AND OUR PROMOTER GROUP COMPANIES**

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

#### **SICK COMPANIES**

There are no Companies in our group listed above which have been declared as a sick company under the SICA. There are no winding up proceedings against any of Promoter Group Companies. The Promoter Group Companies do not have negative net worth. Further, no application has been made by any of them to RoC to strike off their names.

#### **CONFIRMATION**

Our Promoters and persons forming part of Promoter Group have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. None of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statements.

## RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 16 of restated financial statement under the section titled “*Financial Information*” on page 109 of the Draft Prospectus.

## DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

Our Company has been following a policy of rewarding the shareholders with Dividend. Our Company has been consistently paying dividend to its shareholders since preceding three (3) years. The Dividend payout for the preceding 3 years is as under.

Financial Year	% of paid-up share capital	Amount (Rs. Lacs)
2009-2010	5%	15.00
2010-2011	5%	15.00
2011-2012	5%	15.00

The declaration and payment of dividend depends upon a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.



## SECTION V - FINANCIAL INFORMATION

### Financial Information of Our Company

#### Auditors' Report

To,  
The Board of Directors,  
**Alacrity Securities Limited.**  
101, 1st Floor, Hari Dharshan,  
Bhogilal Fadia Road,  
Kandivali (West),  
Mumbai - 400 067

Dear Sirs,

We have examined the Financial Information of **Alacrity Securities Limited** (the Company') described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors and Audit Committee of Board of Directors.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of Alacrity Securities Limited, We, M/s. Lalit Kumar Dangi & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

#### A. Financial Information as per Audited Financial Statements:

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31, 2008, 2009, 2010, 2011, 2012 and as of period ended December 31, 2012 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 which has been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Statement of Assets and Liabilities of the Company as at March 31, 2008, 2009, 2010, 2011, 2012 and as on period ended December 31, 2012 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;

- Restated Statement of Profits and Losses of the Company for the year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be adjusted in the "Restated Financial Statements".
- There are no revaluation reserves, which need to be disclosed separately in the "Restated Financial Statements".
- There are no audit qualifications in the "Restated Financial Statements", except non compliance of provision of employees benefit in respect of gratuity as per Accounting Standard-15 as per clause 4 of the Auditors report

## **B. Other Financial Information:**

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the year ended on March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at December 31, 2012 as set out in **Annexure 7** to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2008, 2009, 2010, 2011 and 2012 as set out in **Annexure 8** to this report.
5. Statement of Secured Loans as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 9** to this report.
6. Statement of Unsecured Loans as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 10** to this report.
7. Statement of Details of Sundry Debtors as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 11** to this report.
8. Statement of Details of Deposits, Loans and Advances as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 12** to this report.
9. Statement of Details of Current Liabilities and Provisions as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 13** to this report.
10. Statement of Details of Other Income for the year ended on March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 14** to this report.
11. Statement of Details of Contingent Liabilities for the year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 15** to this report.

12. Statement of Details of Related Party Transactions of the Company for the year ended on March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 as set out in **Annexure 16** to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 16 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or re dating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Lalit Kumar Dangi & Co.,**  
**Chartered Accountants**  
**Firm Registration No.: 112107W**  
Sd/-  
**(Lalit Kumar Dangi)**  
**Proprietor**  
**Membership No. 45611**  
**Place: Mumbai**  
**Date: 25.04.2013**

## ANNEXURE-01

## STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>Assets</b>						
Fixed Assets-Gross Block	311.78	309.00	303.26	298.90	283.89	280.23
Less: Depreciation	153.81	142.24	123.40	117.10	92.08	67.47
<b>Net Block</b>	<b>157.97</b>	<b>166.76</b>	<b>179.86</b>	<b>181.80</b>	<b>191.81</b>	<b>212.76</b>
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	<b>157.97</b>	<b>166.76</b>	<b>179.86</b>	<b>181.80</b>	<b>191.81</b>	<b>212.76</b>
Capital Work in Progress	-	-	-	-	-	-
<b>Total (A)</b>	<b>157.97</b>	<b>166.76</b>	<b>179.86</b>	<b>181.80</b>	<b>191.81</b>	<b>212.76</b>
<b>Investments</b>						
Investment in Shares & Securities	341.28	302.27	126.11	174.59	49.59	49.59
<b>Total Investments (B)</b>	<b>341.28</b>	<b>302.27</b>	<b>126.11</b>	<b>174.59</b>	<b>49.59</b>	<b>49.59</b>
<b>Current Assets, Loans and Advances</b>						
Receivables	1,604.12	1,015.06	2,440.02	392.63	326.29	834.94
Stock in trade of Shares	20.12	205.08	-	-	-	-
Cash & Bank Balances	925.58	958.81	1,289.90	853.04	320.18	813.76
Deposits & Advances	227.97	217.93	526.55	173.96	194.58	237.17
Other Assets (TDS, Advance Tax etc.)	437.84	430.89	358.56	203.97	195.52	169.99
<b>Total Current Assets ( C )</b>	<b>3,215.63</b>	<b>2,827.77</b>	<b>4,615.03</b>	<b>1,623.60</b>	<b>1,036.57</b>	<b>2,055.86</b>
<b>Total Assets (D) = (A) + (B) + (C)</b>	<b>3,714.88</b>	<b>3,296.80</b>	<b>4,921.00</b>	<b>1,979.99</b>	<b>1,277.97</b>	<b>2,318.21</b>
<b>Liabilities &amp; Provisions</b>						
<b>Loan Funds :</b>						
Secured Loans	448.31	459.82	244.89	167.02	175.46	125.85
Unsecured Loans	224.73	542.50	1,969.00	-	-	323.71
Share Application Money pending allotment	398.00	-	-	-	-	-
Deferred tax liability	10.88	11.14	11.11	13.02	6.50	14.70
<b>Current Liabilities &amp; Provisions:</b>						
Current Liabilities	1,091.05	638.81	1,035.75	981.75	312.57	1,055.68
Provisions	290.69	308.12	307.27	188.09	164.45	161.38
<b>Total Liabilities &amp; Provisions (E)</b>	<b>2,463.66</b>	<b>1,960.39</b>	<b>3,568.02</b>	<b>1,349.88</b>	<b>658.98</b>	<b>1,681.32</b>
<b>Net Worth (D) - (E)</b>	<b>1,251.22</b>	<b>1,336.41</b>	<b>1,352.98</b>	<b>630.11</b>	<b>618.99</b>	<b>636.89</b>
<b>Represented By:</b>						
Share Capital	300.00	300.00	300.00	300.00	300.00	300.00
Reserves & Surplus	958.96	1,045.93	1,052.98	330.11	318.99	336.89
Less: Revaluation Reserve	-	-	-	-	-	-

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Less: Preliminary / Miscellaneous Expenses to the extent not written off	7.74	9.52	-	-	-	-
<b>Total Net Worth</b>	<b>1,251.22</b>	<b>1,336.41</b>	<b>1,352.98</b>	<b>630.11</b>	<b>618.99</b>	<b>636.89</b>

## ANNEXURE-02

### STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>Income</b>						
Brokerage & Other Charges (Inclusive of Reimbursement of charges and other Income)	70.47	482.42	394.28	148.76	139.87	451.36
Sale of Shares	2,408.59	630.34	-	-	-	-
Other Income	(20.34)	71.14	735.98	48.51	31.95	45.00
Increase in stock in trade	-	205.08	-	-	-	-
<b>Total</b>	<b>2,458.72</b>	<b>1,388.98</b>	<b>1,130.26</b>	<b>197.27</b>	<b>171.82</b>	<b>496.36</b>
<b>Expenditure</b>						
Purchase of shares	2,181.17	827.89	-	-	-	-
Decrease in Stock in Trade	184.96	-	-	-	-	-
Other Administrative & Selling Expenses	70.17	105.91	65.63	48.83	64.01	117.56
Other Expenses	-	41.38	53.48	23.69	35.87	65.96
Employees Costs	28.91	50.18	45.47	33.23	37.93	48.49
Preliminary Expenses Written Off	1.79	2.38	-	-	-	0.04
<b>Total</b>	<b>2,467.00</b>	<b>1,027.74</b>	<b>164.58</b>	<b>105.75</b>	<b>137.81</b>	<b>232.05</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>(8.28)</b>	<b>361.24</b>	<b>965.68</b>	<b>91.52</b>	<b>34.01</b>	<b>264.31</b>
Depreciation	13.19	20.36	17.29	25.01	24.61	18.33
<b>Profit before Interest &amp; Tax</b>	<b>(21.47)</b>	<b>340.88</b>	<b>948.39</b>	<b>66.51</b>	<b>9.40</b>	<b>245.98</b>
Interest & Finance Charges	65.76	320.18	151.75	25.23	32.43	57.82
<b>Net Profit before Tax</b>	<b>(87.23)</b>	<b>20.70</b>	<b>796.64</b>	<b>41.28</b>	<b>(23.03)</b>	<b>188.16</b>
Less: Provision for Taxes	(0.27)	10.31	56.33	12.67	(5.13)	71.97
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>(86.96)</b>	<b>10.38</b>	<b>740.30</b>	<b>28.61</b>	<b>(17.90)</b>	<b>116.19</b>
Extra Ordinary Items (Net of Tax)	-	-	-	-	-	-
<b>Net Profit</b>	<b>(86.97)</b>	<b>10.38</b>	<b>740.30</b>	<b>28.61</b>	<b>(17.90)</b>	<b>116.19</b>

## ANNEXURE-03

## STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net profit before tax	(87.23)	20.70	796.64	41.28	(23.03)	188.16
<b>Adjustment for:</b>						
Add: Depreciation	13.19	20.36	17.29	25.01	24.61	18.33
Add: Preliminary Expenses	1.79	2.38	-	-	-	0.04
Add: Interest & Finance Charges	65.76	320.18	151.75	25.23	32.43	57.82
<b>Operating Profit before Working capital changes</b>	<b>(6.49)</b>	<b>363.62</b>	<b>965.68</b>	<b>91.52</b>	<b>34.01</b>	<b>264.35</b>
<b>Adjustments for:</b>						
Decrease (Increase) in Trade & Other Receivables	(589.06)	1,424.96	(2,047.39)	(66.34)	508.65	(371.86)
Decrease (Increase) in Stock in Trade	184.96	(205.08)	-	-	-	-
Decrease (Increase) in Loans & Advances	(10.03)	308.62	(352.59)	20.62	42.59	100.53
Increase (Decrease) in Current Liabilities	452.24	(396.94)	54.00	669.18	(743.11)	210.86
Increase (Decrease) in provisions (Other than Taxes)	-	-	-	-	-	-
<b>Net Changes in Working Capital</b>	<b>38.11</b>	<b>1,131.56</b>	<b>(2,345.98)</b>	<b>623.46</b>	<b>(191.87)</b>	<b>(60.47)</b>
<b>Cash Generated from Operations</b>	<b>31.62</b>	<b>1,495.18</b>	<b>(1,380.30)</b>	<b>714.98</b>	<b>(157.86)</b>	<b>203.88</b>
<b>Taxes</b>	<b>24.38</b>	<b>81.76</b>	<b>93.59</b>	<b>8.45</b>	<b>25.53</b>	<b>66.00</b>
<b>Net Cash Flow from Operating Activities (A)</b>	<b>7.24</b>	<b>1,413.42</b>	<b>(1,473.89)</b>	<b>706.53</b>	<b>(183.39)</b>	<b>137.88</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Sale / (Purchase) of Fixed Assets	(4.41)	(7.27)	(15.34)	(15.01)	(3.66)	(78.18)
Sale / (Purchase) of Investments	(39.01)	(176.16)	48.48	(125.00)	-	0.43
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(43.42)</b>	<b>(183.43)</b>	<b>33.14</b>	<b>(140.01)</b>	<b>(3.66)</b>	<b>(77.75)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Issue of share capital and Proceeds / (Refund) from Share Application Money	398.00	-	-	-	-	-
Interest & Finance Charges	(65.76)	(320.18)	(151.75)	(25.23)	(32.43)	(57.82)
Increase / (Repayment) of Secured Loans	(11.51)	214.93	77.87	(8.44)	49.61	46.66
Increase / (Repayment) of Unsecured Loans	(317.77)	(1,426.50)	1,969.00	-	(323.71)	323.71
Dividend Paid (Incl. Divident Distribution Tax)	-	(17.43)	(17.49)	-	-	-
Preliminary Expenses incurred	-	(11.90)	-	-	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>2.96</b>	<b>(1,561.08)</b>	<b>1,877.63</b>	<b>(33.67)</b>	<b>(306.53)</b>	<b>312.55</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(33.22)</b>	<b>(331.09)</b>	<b>436.88</b>	<b>532.85</b>	<b>(493.58)</b>	<b>372.68</b>
Cash and cash equivalents at the beginning of the year / Period	958.81	1,289.90	853.04	320.19	813.77	441.08

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis of Preparation of Financial Statements**

- a. The Restated Financial Information for the year ended 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2010, 31<sup>st</sup> March, 2011, 31<sup>st</sup> March 2012 and period ended on 31<sup>st</sup> December, 2012 has been extracted by the management of the Company from the audited financial statements of the company for the year ended 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2009, 31<sup>st</sup> March 2010, 31<sup>st</sup> March, 2011, 31<sup>st</sup> March 2012 and for the period ended on 31<sup>st</sup> December, 2012.
- b. The Restated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act, 1956 and SEBI Regulations.
- c. The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956.
- d. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**2. Use of Estimates**

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

**3. Fixed Assets and Depreciation**

- i. Fixed Assets are shown at historical cost inclusive of incidental expenses less accumulated depreciation.
- ii. Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- iii. Depreciation on fixed assets sold during the year, is provided on pro-rata basis with reference to the date of addition/deletion.

**4. Revenue Recognition**

- i. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in the case of dividend income, debenture interest and interest receivable from/payable to government on tax refunds/late payment of taxes, duties/levies which are accounted for on cash basis.
- ii. Brokerage income earned on secondary market operation is accounted on settlement date.

**5. Investments**

Investments in Quoted as well as unquoted are stated at Cost.

**6. Retirement Benefits**

Contribution to Provident fund Family Pension Fund are Provided on accrual basis. The liability for Gratuity is accounted on payment basis.

**7. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

**8. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**9. Taxation**

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

**10. Leases**

**Finance Lease**

Leases which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the following rates

**Operating Lease**

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

**11. Preliminary Expenses**

Preliminary expenses are amortized as per applicable income tax rules.

**12. Earnings per Share**

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earning per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

**13. Contingent Liabilities & Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.



c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

#### 14. Foreign Exchange Transactions

- (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.
- (ii) Foreign Exchange monetary items in the Balance Sheet are translated at the year-end rates. Exchange differences on settlement / conversion are adjusted to Profit and Loss Account.

#### B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS.

There is no change in significant accounting policies during the reporting period except, as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

#### C. NOTES ON RESTATED FINANCIAL STATEMENTS

##### NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

(Rs. in Lacs)

Financial Year ended	December, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>	March, 31 <sup>st</sup>
	2012	2012	2011	2010	2009	2008
Profit after tax as per Audited Statement of Account(A)	(86.96)	10.39	740.31	28.61	(17.90)	116.19
Adjustments	-	-	-	-	-	-
Profit after tax as per Restated Profit & Loss(A)	(86.96)	10.39	740.31	28.61	(17.90)	116.19

#### (III) OTHER NOTES

##### General

1. The Company has been incorporated as “Alacrity Securities Private Limited” on December 20, 1994 and converted from Private Limited to Public Limited Company on 30<sup>th</sup> June, 2001

##### 2. Contingent liabilities

The details of Contingent Liabilities are provided in Annexure 15.

3. Interest Income on Fixed Deposits with bank for the period ended 31.12.2012 has been accounted for on estimated basis

##### 4. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset because of timing difference comprises of the following:

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
On account of Difference between book and Tax Depreciation	10.88	11.14	11.11	13.02	6.50	14.70
On Account of timing difference in recognition of expenditures	-	-	-	-	-	-
Deferred Tax Liability / (Asset)	10.88	11.14	11.11	13.02	6.50	14.70

##### 5. Details of Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company does not have any transaction with micro, small and medium enterprise defined under the act and hence there are no amounts due to such undertakings.

**6. Segment Reporting**

The company operates only in one reportable business segment namely share and stock broking and other related ancillary services. Hence there are no reportable segments under Accounting Standard -17. During the years/period under report the Company was engaged in its business only within India. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

7. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**8. Investments**

Investment represents Unquoted and Quoted Investments which are stated at cost.

9. The company is not having any earning / Expenditure in Foreign Currency.

**10. Earnings per Share**

The details of Earnings Per Share as per AS-20 are provided in Annexure 06.

**11. Related Party Transactions:**

The details of Related Party Transactions as per AS-18 are provided in Annexure 16.

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

**Annexure- 05**

**STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED**

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
General Reserve	53.50	53.50	18.50	15.00	15.00	15.00
Add: Transfer from Profit & Loss Account	-	-	35.00	3.50	-	-
Net General Reserve (A)	53.50	53.50	53.50	18.50	15.00	15.00
Profit / (Loss) Brought Forward	992.43	999.48	311.61	303.99	321.89	205.70
Add: Profit / (Loss) for the Year	(86.97)	10.38	740.30	28.61	(17.90)	116.19
Less: Transferred to General Reserve	-	-	35.00	3.50	-	-
Less: Utilized for Bonus Issue	-	-	-	-	-	-
Less: Dividend and Dividend Distribution Tax	-	17.43	17.43	17.49	-	-
Profit / (Loss) Carried Forward (B)	905.46	992.43	999.48	311.61	303.99	321.89
<b>Reserves &amp; Surplus (A+B)</b>	<b>958.96</b>	<b>1,045.93</b>	<b>1,052.98</b>	<b>330.11</b>	<b>318.99</b>	<b>336.89</b>

**Annexure- 06**

**STATEMENT OF ACCOUNTING RATIOS**

(Rs. In Lacs, except per share data)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Networth ( A )	1,251.22	1,336.41	1,352.98	630.11	618.99	636.89
Net Profit after Tax ( B )	(86.97)	10.38	740.30	28.61	(17.90)	116.19
No. of Shares outstanding at the end [F.V Rs.10] ( C )	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000
Weighted average number of shares outstanding [F.V Rs.10]( D )	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000
Bonus Shares [E]	60,00,000	60,00,000	60,00,000	60,00,000	60,00,000	60,00,000
Weighted average number of shares outstanding Post Bonus Shares [F.V Rs.10] (F) (D+E)	90,00,000	90,00,000	90,00,000	90,00,000	90,00,000	90,00,000
Earnings per Share (EPS) (B / F) (Rs.)	(0.97)	0.12	8.23	0.32	(0.20)	1.29
Return on Networth (B / A)	(6.95)%	0.78%	54.72%	4.54%	(2.89)%	18.24%
Net Assets Value per Share (A / F)	13.90	14.85	15.03	7.00	6.88	7.08

Definitions of key ratios:

I. **Earnings per share (Rs.):** Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors', the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

II. **Return on Net Worth (%)**: Net Profit after tax / Net worth as at the end of the year / period

III. **Net Asset Value (Rs.)**: Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.

IV. Net Profit, as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

#### Annexure -07

##### CAPITALISATION STATEMENT

(Rs. In Lacs)

Particulars	Pre-issue as at 31.12.2012	Post Issue *
<b>Borrowing</b>		
Short - Term Debt	665.16	
Long - Term Debt	7.87	
<b>Total Debt</b>	<b>673.03</b>	
<b>Shareholders' Funds</b>		
Share Capital		
- Equity	300.00	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	958.96	
Less: Miscellaneous Expenditure not written off	7.74	
<b>Total Shareholders Funds</b>	<b>1,251.22</b>	
<b>Long - Term Debt / Shareholders Fund</b>	<b>0.01</b>	
<b>Short - Term Debt / Shareholders Fund</b>	<b>0.53</b>	

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

#### Annexure- 08

##### STATEMENT OF TAX SHELTERS

(Rs. In Lacs)

Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Profit before tax as per Restated P/L	20.70	796.64	41.28	(23.03)	188.16
Applicable Corporate Tax Rate	30.90%	33.22%	30.90%	30.90%	33.99%
Tax at Notional Rate	6.40	264.64	12.76	(7.12)	63.96
<b>Adjustments</b>					
Difference between Tax Depreciation and Book Depreciation	3.64	7.83	(1.91)	3.28	11.23
Exempted Income	4.98	681.73	1.58	0.53	2.35
Disallowance	(8.79)	(2.97)	(1.16)	(0.62)	(15.59)
Items Chargeable at special rates	-	0.26	-	-	3.49
Other Items	(1.62)	(13.87)	0.32	-	5.37
Set off of Business Losses / Unabsorbed Depreciation	-		26.22	-	-
<b>Net Adjustments</b>	<b>(1.79)</b>	<b>672.98</b>	<b>25.05</b>	<b>3.19</b>	<b>6.85</b>
Tax Saving thereon	(0.55)	223.56	7.74	0.99	2.33
Tax Saving to the the extent of Tax at Notional Rate	(0.55)	223.56	7.74	(7.12)	2.33

Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Tax Payable [A]	6.95	41.08	5.02	-	61.63
Tax Payable on items chargeable at special rates [B]	-	0.04	-	-	0.40
Total Tax Payable [C=A+B]	6.95	41.12	5.02	-	62.02
Tax Rebates [D]	-	-	-	-	-
Net Tax Payable [E=C-D]	6.95	41.12	5.02	-	62.02
Tax Payable under MAT (115JB of Income Tax Act, 1961) [D]	3.60	158.62	6.13	-	21.25
Net Tax Payable [Higher of C & D]	6.95	158.62	6.13	-	62.02

#### Annexure - 09

##### STATEMENT OF DETAILS OF SECURED LOANS

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Working Capital Loan from Canara Bank	434.71	446.55	229.31	143.76	115.68	39.92
Home Overdraft from ICICI Bank	-	-	-	-	25.09	30.42
Vehicle Loan	13.60	13.27	15.57	23.25	34.68	55.51
<b>Total</b>	<b>448.31</b>	<b>459.82</b>	<b>244.88</b>	<b>167.01</b>	<b>175.45</b>	<b>125.85</b>

##### Terms of Secured Loans as on 31.12.2012

- Working Capital Loan from Canara Bank is secured against Bank FDs and Shares
- Vehicle Loans are secured against hypothecation of vehicles

#### Annexure - 10

##### STATEMENT OF DETAILS OF UNSECURED LOANS

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<u>Unsecured Loans*</u>						
From Promoter/Group Companies and Directors	224.73	542.50	1,969.00	-	-	-
From Others	-	-	-	-	-	323.71
<b>Total</b>	<b>224.73</b>	<b>542.50</b>	<b>1,969.00</b>	<b>-</b>	<b>-</b>	<b>323.71</b>

\* Unsecured Loans, repayable on demand

#### Annexure - 11

##### STATEMENT OF DETAILS OF SUNDRY DEBTORS

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
(A) Unsecured, Considered good outstanding for a period less than six months						
Others	595.01	181.56	514.60	231.23	145.00	719.01
Amount due from Promoter/Group Companies and Directors	-	-	1,919.02	152.26	44.14	48.93

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
(B)Unsecured, Considered good outstanding for a period more than six months						
Others	571.69	745.33	6.40	9.14	137.15	67.00
Amount due from Promoter/Group Companies and Directors	437.42	88.16				
<b>Total</b>	<b>1,604.12</b>	<b>1,015.05</b>	<b>2,440.02</b>	<b>392.63</b>	<b>326.29</b>	<b>834.94</b>

**Annexure - 12**

**STATEMENT OF DETAILS OF DEPOSITS, LOANS AND ADVANCES**

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Deposits with Stock Exchange and Clearing Corporation	111.83	69.82	258.08	55.00	58.91	57.91
Security Deposits	1.01	0.97	0.59	7.51	3.59	4.84
Share Application Money Paid	25.00	25.00	-	-	95.00	145.00
Amount Recoverable in cash and Kind	90.13	122.14	267.88	111.45	37.08	29.42
<b>Total</b>	<b>227.97</b>	<b>217.93</b>	<b>526.55</b>	<b>173.96</b>	<b>194.58</b>	<b>237.17</b>

**Annexure - 13**

**STATEMENT OF DETAILS OF CURRENT LIABILITIES AND PROVISIONS**

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<u>Current Liabilities</u>						
<u>Sundry Creditors</u>						
Amount due to Promoter Group and Directors	13.46	2.21	128.60	51.24	0.53	-
Others	270.00	72.36	252.13	472.04	154.09	291.71
<u>Outstanding liability for expenses</u>						
Amount due to Promoter Group and Directors	-	0.45	10.13	0.06	1.65	3.38
Others	8.19	228.76	111.96	8.15	12.57	19.71
<u>Other Outstanding liabilities</u>						
Advance / Deposits Received	730.72	239.28	18.70	18.05	65.85	0.70
Margins	68.68	95.75	514.23	432.21	77.88	740.18
Others						
<b>Sub Total (A)</b>	<b>1,091.05</b>	<b>638.81</b>	<b>1,035.75</b>	<b>981.75</b>	<b>312.57</b>	<b>1,055.68</b>
<u>Provisions</u>						
Provision for Income Tax	290.69	290.69	289.84	156.37	150.22	150.22
Provision for FBT	-	-	-	14.22	14.22	11.16
Proposed Dividend	-	15.00	15.00	15.00	-	-
Dividend Distribution Tax	-	2.43	2.43	2.49	-	-

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Sub Total (B)	290.69	308.12	307.27	188.08	164.44	161.38
<b>Total (A+B)</b>	<b>1,381.74</b>	<b>946.93</b>	<b>1,343.02</b>	<b>1,169.83</b>	<b>477.01</b>	<b>1,217.06</b>

**Annexure - 14**

**STATEMENT OF DETAILS OF OTHER INCOME**

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Interest Income	46.97	65.91	53.52	41.48	31.41	37.88
Commission Income	-	-	-	-	-	0.17
Dividend	0.07	1.50	0.80	1.58	0.53	0.63
Long Term Capital Gain	0.63	3.48	680.94	-	-	0.04
Short Term Capital Gain	(70.11)	-	0.26	-	-	-
Other Non Operative Income	1.95	-	-	-	-	-
Profit on Sale of Shares	-	-	-	-	-	5.17
Rent Recd	0.15	0.30	0.30	2.60	-	1.10
Misc. Income	-	(0.05)	0.16	2.85	-	-
<b>Total</b>	<b>(20.34)</b>	<b>71.14</b>	<b>735.98</b>	<b>48.51</b>	<b>31.94</b>	<b>44.99</b>

**Annexure - 15**

**STATEMENT OF DETAILS OF CONTINGENT LIABILITIES**

(Rs. In Lacs)

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Claims against Company not acknowledged as debts	-	-	-	-	-	-
Counter Guarantee provided to Banks	700.00	700.00	1,200.00	800.00	450.00	800.00
<b>Total</b>	<b>700.00</b>	<b>700.00</b>	<b>1,200.00</b>	<b>800.00</b>	<b>450.00</b>	<b>800.00</b>

**Annexure-16**

**STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS**

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
<b>Transactions with Related Parties (Rs. in Lacs)</b>						
<b>REVENUE ITEMS</b>						
<b>Parties where control exists:</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Other Parties</b>						
<b>Manager Remuneration</b>	11.69	16.38	15.53	11.76	18.98	24.00
<b>Rent Paid</b>	0.50	0.15	Nil	0.80	1.10	1.10

Particulars	31.12.12	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Rent Received	0.15	0.30	0.30	0.10	0	0
Interest Paid	23.05	237.42	92.71	0	0	0
Late Payment Charges Received	0	187.55	105.12	0	0	0
<b>NON REVENUE ITEMS:</b>						
Parties where control exists:	Nil	Nil	Nil	Nil	Nil	Nil
Capital Contribution:	Nil	Nil	Nil	Nil	Nil	Nil
Promoters and Directors:	Nil	Nil	Nil	Nil	Nil	Nil
<b>Other Parties:</b>						
<b>Loan taken:</b>						
Group Companies	889.38	3822.00	3349.00	0	0	0
<b>Loan Repaid:</b>						
Group Companies	1207.15	3279.50	1380.00	0	0	0
<b>Assets Purchased:</b>						
Director	Nil	Nil	Nil	Nil	Nil	Nil



## MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our audited restated financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012 in the chapter titled "Financial Information" on page 95 of the Draft Prospectus. The following discussion relates to our Company and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.*

### OVERVIEW OF THE BUSINESS

#### THE INDUSTRY OVERVIEW

##### Indian Capital Market

India has a transparent; highly technology enabled and well regulated stock / capital market. A vibrant, well developed capital market facilitates investment and economic growth. Today the stock markets are buoyant and have a range of players including mutual funds, FII's, hedge funds, corporate and other institutions. Domestic savings and capital inflows are channelized in the capital markets. There were over 1,652 listings as of July 2012 on the nse and as of March 2012, there were over 5,133 listed Indian companies and over 8,196 scrips on the stock exchange. In recent years, the capital markets have undergone substantial reforms in regulation and supervision. Reforms, particularly the establishment of SEBI, market-determined prices and allocation of resources, screen-based nation-wide trading, t+2 settlement, scrip less settlement and electronic transfer of securities, rolling settlement and derivatives trading have greatly improved both the regulatory framework and efficiency of trading and settlement. There are presently 23 recognized stock exchanges in India.

#### BUSINESS OVERVIEW

Our Company, Alacrity Securities Limited was founded in December, 1994 as Alacrity Securities Private Limited. Our Company was converted into a Public Limited Company in June 2001 and consequently the name was changed to Alacrity Securities Limited.

We are a diversified financial services company in India offering a wide range of products & services covering equity broking, F & O, currency derivatives and depository participants to all kinds of investors, namely, retail, high net worth individuals and Corporate. Our Company is led by Mr. Hiten Mehta and Mrs. Beena Mehta who have more than 15 years of experience in the financial markets and have steered the growth of the Company.

We are members of Capital Market Segment & Trading Member of Futures & Options Segment of National Stock Exchange of India Ltd. & Bombay Stock Exchange Limited. Also, we are Trading Member of Currency Derivative Segment of MCX-SX and United Stock Exchange of India Ltd. Our business philosophy is always customer oriented and the services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to clients.

#### FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our business, prospects, financial condition and results of operations are affected by a number of factors, including the following which we believe are of particular importance:

##### **Regulatory developments and authorities**

Our activities are subject to supervision and regulation by multiple statutory and regulatory authorities including SEBI and the exchanges. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's securities sectors. Changes in government and other regulatory policies affecting the financial services industry could require changes to our systems and business operations and could involve additional costs and management time. Other general changes in economic and regulatory policy may also affect

our business, as they affect the businesses, financial health and investment policies of our customers. Some policy changes may be beneficial to our business, while others may have a negative impact.

#### ***Performance of Indian Economy***

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

#### ***Intense Competition***

Our Company faces significant competition from companies seeking to attract clients' financial assets. In particular, we compete with other Indian and foreign brokerage houses, 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.

#### ***Ability to attract, recruit and retain key personnel.***

We are highly dependent on our senior management, our directors and other key personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our results of operations and financial condition. Competition in the financial services industry for senior management and qualified employees is intense. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. Our inability to hire and retain such employees could adversely affect our business.

### **DISCUSSION ON THE RESULTS OF OPERATIONS**

The following discussion on the financial operations and performance is based on our restated financial statements for the FY 2007-2008, 2008-2009, 2009-10, 2010-2011, 2011-2012 and for the period ended December 31, 2012. The same should be read in conjunction with the restated audited financial results of our Company for the years ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended December 31, 2012.

**For Nine (9) months ended December 31, 2012**

<b>Particulars</b>	<b>Nine (9) Months (Rs. In Lacs)</b>
Total Income	2458.72
Expenditure (Excluding Depreciation ,Interest & Tax)	2467.00
Depreciation	13.19
Interest	65.76
Net Profit before Tax	(87.23)
Taxes	(0.27)
Net Profit after Taxes	(86.96)

#### **Analysis on Results of Operation**

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

(Rs. In Lacs)				
Particulars	31.03.12	31.03.11	31.03.10	31.03.09
Total Income (including Changes in inventory)	1,388.98	1,130.26	197.27	171.82
<i>Increase/ (Decrease) (%)</i>	22.89	472.95	14.81	---
Expenditure:				
Purchase of Shares	827.89	-	-	-
<i>Increase/ (Decrease) (%)</i>	---	---	---	---
Employees Expenses	50.18	45.47	33.23	37.93
<i>Increase/ (Decrease) (%)</i>	10.36	36.83	(12.39)	---
Other Administrative & Selling Expenses	41.38	53.48	23.69	35.87
<i>Increase/ (Decrease) (%)</i>	(22.63)	125.75	(33.96)	---
Other Expenses	105.91	65.63	48.83	64.01
<i>Increase/ (Decrease) (%)</i>	61.37	34.41	(23.72)	---
<b>Total</b>				
Profit before Depreciation, Interest and Tax	<b>361.24</b>	<b>965.68</b>	<b>91.52</b>	<b>34.01</b>
<i>Increase/ (Decrease) (%)</i>	-62.59	955.16	169.10	---
Depreciation	20.36	17.29	25.01	24.61
<i>Increase/ (Decrease) (%)</i>	17.76	(30.87)	1.63	---
<b>Profit before Interest &amp; Tax</b>	<b>340.88</b>	<b>948.39</b>	<b>66.51</b>	<b>9.40</b>
<i>Increase/ (Decrease) (%)</i>	(64.06)	1,325.94	607.55	---
Interest & Finance Charges	320.18	151.75	25.23	32.43
<i>Increase/ (Decrease) (%)</i>	110.99	501.47	(22.20)	---
<b>Net Profit before Tax</b>	<b>20.70</b>	<b>796.64</b>	<b>41.28</b>	<b>(23.03)</b>
<i>Increase/ (Decrease) (%)</i>	(97.40)	1,829.84	(279.24)	---
Less: Provision for Taxes	10.31	56.33	12.67	(5.13)
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>10.38</b>	<b>740.30</b>	<b>28.61</b>	<b>(17.90)</b>
<i>Increase/ (Decrease) (%)</i>	(98.60)	2,487.56	(259.83)	---

#### COMPARISON OF FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2012 WITH FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2011

**Income:** Our Income for the financial year ended 31<sup>st</sup> March, 2012 was at Rs. 1,388.98 Lacs as against the total of Rs. 1,130.26 Lacs for the fiscal 2011 with an increase of 22.89 % and such increase was attributed to increase in sale of shares and increase in brokerage during fiscal 2012.

**Expenditure:** The shares purchase have stood at Rs. 827.89 Lacs during fiscal 2012; Personnel Expenses have registered increase of 10.36% at Rs. 50.18 Lacs in fiscal 2012 as compared to Rs. 45.47 Lacs in fiscal 2011 and administrative & selling expenses have shown decline of 22.63% at Rs. 41.38 Lacs in fiscal 2012 as compared to Rs. 53.48 Lacs in fiscal 2011. Other Expenses have increased by 61.37 % at Rs. 105.91 Lacs in fiscal 2012 as compared to Rs. 65.63 Lacs in fiscal 2011.

**Depreciation:** Depreciation has increased by 17.76 % at Rs. 20.36 Lacs in fiscal 2012 as compared to Rs. 17.29 Lacs in fiscal 2011 due to increase in line of fixed assets.

**Interest and Finance Charges:** Interest has increased by 110.99 % at Rs. 320.18 Lacs in fiscal 2012 as compared to Rs. 151.75 Lacs.

**Profits after Taxes (PAT):** PAT of Company has shown decline of 98.60 % at Rs. 10.38 Lacs for fiscal 2012 as against Rs. 740.30 Lacs for fiscal 2011 due to capital gain in fiscal 2011.

#### **COMPARISON OF FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2011 WITH FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2010**

**Income:** Our Income for the financial year ended 31<sup>st</sup> March, 2011 was at Rs. 1130.26 Lacs as against the total of Rs. 197.27 Lacs for the fiscal 2010 with an increase of 472.95 % and such increase was attributed to increase in capital gain and increase in brokerage during fiscal 2011.

**Expenditure:** Personnel Expenses have registered increase of 36.83% at Rs. 45.47 Lacs in fiscal 2011 as compared to Rs. 33.23 Lacs in fiscal 2010 and administrative & selling expenses have shown increase of 125.75% at Rs. 53.48 Lacs in fiscal 2011 as compared to Rs. 23.69 Lacs in fiscal 2010. Other Expenses have increased by 34.41 % at Rs. 65.63 Lacs in fiscal 2011 as compared to Rs. 48.83 Lacs in fiscal 2010.

**Depreciation:** Depreciation has decreased by 30.87 % at Rs. 17.29 Lacs in fiscal 2011 as compared to Rs. 25.01 Lacs in fiscal 2010.

**Interest and Finance Charges:** Interest has increased by 501.47 % at Rs. 151.75 Lacs in fiscal 2011 as compared to Rs. 25.23 Lacs in fiscal 2010.

**Profits after Taxes (PAT):** PAT of Company has shown jump of 2487.56 % at Rs. 740.30 Lacs for fiscal 2011 as against Rs. 28.61 Lacs for fiscal 2010 due to capital gain in fiscal 2011.

#### **COMPARISON OF FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2010 WITH FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2009**

**Income:** Our Income for the financial year ended 31<sup>st</sup> March, 2010 was at Rs. 197.27 Lacs as against the total of Rs. 171.82 Lacs for the fiscal 2009 with an increase of 14.81 % and such increase was attributed to increase in brokerage during fiscal 2010.

**Expenditure:** Personnel Expenses have registered decline of 12.39% at Rs. 33.23 Lacs in fiscal 2010 as compared to Rs. 37.93 Lacs in fiscal 2009 and administrative & selling expenses have shown decline of 33.96% at Rs. 23.69 Lacs in fiscal 2010 as compared to Rs. 35.87 Lacs in fiscal 2009. Other Expenses have decreased by 23.72 % at Rs. 48.83 Lacs in fiscal 2010 as compared to Rs.64.01 Lacs in fiscal 2009.

**Depreciation:** Depreciation has increased by 1.63 % at Rs. 25.01 Lacs in fiscal 2010 as compared to Rs. 24.61 Lacs in fiscal 2009.

**Interest and Finance Charges:** Interest has decreased by 22.20 % at Rs. 25.23 Lacs in fiscal 2010 as compared to Rs. 32.43 Lacs in fiscal 2009.

**Profits after Taxes (PAT):** PAT of Company at Rs. 28.61 Lacs for fiscal 2010 as against loss of Rs. 17.90 Lacs for fiscal 2009.

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

**1. Unusual or infrequent events or transactions**

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

**2. Significant economic changes**

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

**3. Known trends or uncertainties**

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

**4. The extent to which material increase in net sales or revenues are due to increased sales volume, introduction of new products or services or increased sales prices.**

Our increases in net sales are primarily by the number of active clients and the volume of business done by them

**5. New Products or business segments**

Other than as described in “Our Business” in this Draft Prospectus, our Company is not planning to introduce any new products or business segments.

**6. Business segment in which our Company operates**

We are a financial services providing company. We operate in a single segment viz Equity and currency derivatives broking.

**7. Seasonality of business**

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

**8. Dependence on single or few clients**

Our Company’s operations are not dependent on a particular client or group of clients.

**9. Competitive conditions**

We face the competition in all the operations. Our competitors are other broking firms and financial advisory firms. We compete with some of our competitors nationally and with others on a regional, product or business line basis. Many of our competitors have substantially large capital base and resources than we do and offer a broader range of financial products and services. We believe that the principal factors affecting competition in our business include client relationships, reputation, the abilities of employees, market focus and the relative quality and price of the services and products. In recent years there has been substantial consolidation and convergence among companies in the financial services industry. This trend toward consolidation and convergence has significantly increased the capital base and geographic reach of many of our competitors. Many of our competitors have the ability to offer a wider range of products and services that may enhance their competitive position. They may also have the ability to support securities products and services with commercial banking, insurance and other financial services capabilities in an effort to gain market share, which could result in pricing pressure in our businesses. We have experienced intense price competition like discounts in large block trades and trading commissions and spreads. The ability to execute trades electronically through the Internet and through other alternative trading systems has increased the pressure on trading commissions and spreads. We believe that this trend toward alternative trading systems will continue. Our ability to continue to compete effectively in our businesses will depend upon our continued ability to attract new professionals and retain and motivate our existing professionals.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

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

#### I. CASES FILED BY OUR COMPANY

##### *Civil Cases*

There are no civil proceedings filed by our Company.

##### *Criminal Cases*

There are no criminal proceedings filed by our Company.

#### II. CASES FILED AGAINST OUR COMPANY

##### *Civil proceedings*

There are no civil proceedings filed against our Company.

##### *Criminal Proceedings*

There are no criminal proceedings filed against our Company.

#### III. INDIRECT TAX PROCEEDINGS INVOLVING OUR COMPANY

NIL

#### IV. LITIGATIONS INVOLVING OUR PROMOTER AND PROMOTER GROUP COMPANIES

##### (i) Proceedings of Civil nature

(a) By the promoters & Promoter Group Companies

NIL

(b) Against the promoters & Promoter Group Companies

NIL

##### (ii) Proceedings of a Criminal nature-

(a) By the promoters & Promoter Group Companies

NIL

(b) Against the promoters & Promoter Group Companies

NIL

## **V. LITIGATIONS INVOLVING DIRECTORS OF OUR COMPANY**

### **(i) Proceedings of Civil nature**

(a) By the Directors of our Company

**NIL**

(b) Against the Directors of our Company

**NIL**

### **(ii) Proceedings of a Criminal nature-**

(a) By the Directors of our Company

**NIL**

(b) Against the Directors of our Company

**NIL**

## **PENALTIES / ORDER IMPOSED BY SEBI ON ISSUER COMPANY:**

- In the matter of investigation of Kamal Overseas Limited, SEBI vide its order dated 22nd August, 2002 suspended the registration of broker for a period of one month with effect from 6th September, 2002 alleging Company was not careful and vigilant enough while dealing with their clients.
- SEBI vide its order dated May 3, 2013 imposed a penalty of Rs. 3 Lacs on Issuer Company alleging non disclosure of pledge of 1,54,000 Equity Shares of Odyssey Corporation Limited in terms of Regulation 8A (2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as 'Takeover Regulations') and Regulations 31 (1) read with 31 (3) of Takeover Regulations, 2011.

## **MATERIAL DEVELOPMENTS**

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

## **GOVERNMENT & OTHER APPROVALS**

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for our present businesses and no further approvals are required for carrying on the present businesses except as stated in this Draft Prospectus.

### **APPROVALS FOR THE ISSUE**

1. The Board of Directors has, pursuant to resolution passed at its meeting held on 04<sup>th</sup> January, 2013, authorized the Issue.
2. The shareholders of our Company have, pursuant to a resolution 29<sup>th</sup> January, 2013 authorized the Issue.

### **INCORPORATION DETAILS**

1. Certificate of incorporation 20<sup>th</sup> December, 1994 issued by Registrar of Companies, Maharashtra, Mumbai in the name of Alacrity Securities Private Limited.
2. The Company became a Deemed Public Company w.e.f July 1, 1999 under the erstwhile provisions of Section 43-A (1A) of the Companies Act, 1956. However, the Companies (Amendment) Act, 2000 deleted the provisions of Section 43A and the Management decided to retain the status of the Company as Public Limited and passed a resolution to this effect on 30<sup>th</sup> June, 2001. Consequently, the name of our Company was changed from “Alacrity Securities Private Limited” to “Alacrity Securities Limited”.
3. The Company Identification Number (CIN) is U99999MH1994PLC083912

### **CORPORATE APPROVALS OF OUR COMPANY**

1. Permanent Account Number (AACCA0737D) under the Income Tax Act, 1961.
2. Tax Deduction Account Number (MUMA14528D) under the Income Tax Act, 1961.
3. Professional Tax Registration Number PT/R/ 1/1/21/30256 granted under Maharashtra Profession Tax Act, 1975.
4. Service Tax Registration Number AACC0737DSD002
5. SEBI Registration No. INB010909837 for acting as Multiple Member of BSE Limited for cash segment
6. SEBI Registration No. INF010909837 for acting as Trading Member of BSE Limited for derivatives segment
7. SEBI Registration No. INB230909834 for acting as Trading Member of National Stock Exchange of India Limited for cash segment
8. SEBI Registration No. INF230909834 for acting as Trading Member of National Stock Exchange of India Limited for derivatives segment
9. SEBI Registration No. INE260909838 for acting as Trading Member of MCX Stock Exchange Limited for currency derivatives segment
10. ISIN Number is [•].

### **APPROVALS TO BE OBTAINED FOR THE OBJECTS OF THE ISSUE**

Shops & Establishment approvals for setting up branches.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The shareholders of Alacrity Securities Limited had approved the present Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of our Company held on 29<sup>th</sup> January, 2013.

Our Board has approved this Draft Prospectus at its meeting held on May 8, 2013.

We have received approval from BSE vide letter dated [●] to use the name of BSE in this offer document for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

### PROHIBITION BY SEBI

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

### PROHIBITION BY RBI

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

### ELIGIBILITY FOR THE ISSUE

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

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

We confirm that:

a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to "General Information - Underwriting" on page 30 of this Draft Prospectus.

b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act.

c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issue.

*For further details of the arrangement of market making please refer to "General Information - Details of the Market Making Arrangements for this Issue" on page 30 of this Draft Prospectus.*

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

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

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

Our Company has Net Tangible Assets of Rs. 2349.87 Lacs, which is in excess of Rs. 1 Crore as per the latest audited annual financial results. Our Net Tangible Assets for the year ended March 31, 2012 are disclosed as under:

(Rs. Lacs)	
Particulars	31.03.2012
Fixed Assets- Net Block	166.76
Trade Investments	302.27
<i>Current Assets, Loans and Advances:</i>	
Receivables	1015.06
Inventories	205.08
Cash & Bank Balances	958.81
Deposits & Advances	217.93
Other Assets	430.89
<b>Total Assets (A)</b>	<b>3296.80</b>
<i>Less: Current Liabilities &amp; Provisions:</i>	
Current Liabilities	638.81
Provisions	308.12
<b>Total Current Liabilities &amp; Provisions (B)</b>	<b>946.93</b>
<b>Net Tangible Assets (A-B)</b>	<b>2349.87</b>

*Net tangible assets are defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments and current assets (excluding deferred tax assets and intangible assets as defined in AS-26 issued by ICAI) less current liabilities & Provisions.*

**2. Net worth (excluding revaluation reserves) of at least Rs. 1 crore as per the latest audited financial results**

Our Company satisfies the above criteria. Our Net Worth as per the restated audited annual financial statements for the year ended March 31, 2012 is as under:

(Rs. Lacs)	
Particulars	31.03.2012
Share Capital	300.00
Add: Reserves & Surplus	1045.93
Less: Preliminary Expenses to the extent written off	9.52
<b>Net Worth</b>	<b>1336.41</b>

*Net worth includes Equity Share Capital and Reserves, (Net of Miscellaneous Expenditure not written off, if any.)*

**3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least Rs. 3 Crores.**

Our Company has distributable profits in terms of sec. 205 of Companies Act, 1956, as detailed below:  
(Rs. In Lacs)

Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Net Profit	10.38	740.30	28.61	(17.90)	116.19

In addition to that we have a net worth of Rs. 1336.41 Lacs as on 31<sup>st</sup> March, 2012

#### 4. Other Requirements

**i. The post-issue paid up capital of the company shall be at least Rs. 1 crore.**

As on the date of Draft Prospectus i.e. 8<sup>th</sup> May, 2013, Our Company has a paid up capital in Rs. 1500.00 Lacs, which is in excess of Rs. 1 crore, and the Post Issue Capital shall also be in excess of Rs. 1 crore.

**ii. The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.**

Our Company will ensure that before filing the prospectus with RoC will enter into tripartite agreements with CDSL and NSDL along with our Registrar for facilitating trading in dematerialized mode.

**iii. Companies shall mandatorily have a website**

The company has functional website i.e. [www.alacritysec.com](http://www.alacritysec.com)

#### 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, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED, A DUE DILIGENCE CERTIFICATE DATED MAY 8, 2013 WHICH READS AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - (A) THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- (C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
- 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
- 7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- 10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- 11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- 12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- 14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- 16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS, AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR.
- 17) THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.- NOTED
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.-NOTED
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST 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. - NOT APPLICABLE
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

- (7) WE CONFIRM THAT THE ISSUER HAS REDRESSED AT LEAST NINETY FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF THE FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES. - NOT APPLICABLE

#### **DISCLAIMER CLAUSE OF BSE**

BSE Limited ("BSE") has given vide its letter dated [●], permission to this Company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER**

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

*For details regarding the track record of the Lead Manager to the Issue, please refer to the website of the Lead Manager: [www.16anna.com](http://www.16anna.com)*

#### **CAUTION**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated May 7, 2013, the Underwriting Agreement May 7, 2013 entered into among the Underwriters and our Company and the Market Making Agreement dated [●] entered into among the Lead Manager, Market Maker and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centers or elsewhere.

#### **Note:**

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

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

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

#### **FILING**

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Department, Plot No. C-4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the ROC situated at Everest Building, Marine Drive, Marine Lines, Mumbai.

#### **LISTING**

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

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

#### **CONSENTS**

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer and the Statutory Auditors and (b) the Lead Manager, Market Makers, Underwriters, Bankers to the Issue, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the ROC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s Lalit Kumar Dangi & Co., Chartered Accountants, the Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated 25th April, 2013 on restated financial statements, statement of funds deployed dated 25th April, 2013 and statement of tax benefits dated 25th April, 2013 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Draft Prospectus.

#### EXPERT OPINION

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

#### PUBLIC ISSUE EXPENSES

The Management estimates an expense of Rs. 60 Lacs towards Issue expense. The expenses of this Issue include, among others, underwriting and management fees, market making fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

No.	Particulars	Amount (Rs. In Lacs)
1.	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	35.00
2.	Printing & Stationery, Distribution, Postage, etc	10.00
3.	Advertisement & Marketing Expenses	10.00
4.	Regulatory & other expenses	5.00
<b>Total</b>		<b>60.00</b>

#### DETAILS OF FEES PAYABLE

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	35.00	58.33	3.89
Printing & Stationery, Distribution, Postage, etc	10.00	16.67	1.11
Advertisement & Marketing Expenses	10.00	16.67	1.11
Regulatory & other expenses	5.00	8.33	0.56
<b>Total</b>	<b>60.00</b>	<b>100.00</b>	<b>6.67</b>

#### FEES PAYABLE TO LEAD MANAGER TO THE ISSUE

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company and Lead Manager and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

#### FEES PAYABLE TO THE REGISTRAR TO THE ISSUE



The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, copy of which is available for inspection at the Registered Office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

#### **UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION**

The underwriting commission and the selling commission for the Issue are as set out in the Underwriting Agreement amongst the Company and Underwriters. The underwriting commission shall be paid as set out in the Underwriting Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 30 of this Draft Prospectus.

#### **COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES OF OUR EQUITY SHARES**

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

#### **CAPITAL ISSUE DURING THE LAST THREE YEARS**

Alacrity Securities Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **PREVIOUS PUBLIC OR RIGHTS ISSUE**

There have been no public or rights issue by our Company during the last five years.

#### **PREVIOUS ISSUES OF EQUITY SHARES OTHERWISE THAN FOR CASH**

Except as stated in the section titled "Capital Structure" on page 33 of this Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

#### **PROMISE VIS-À-VIS PERFORMANCE**

Our Company has not made any public or rights issue since its inception.

#### **PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1) (B) OF THE COMPANIES ACT WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS**

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this Draft Prospectus.

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

## INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company has appointed Big Share 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, namely, Big Share Services Private Limited Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialization are handled by professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Nimita Jain as Company Secretary and Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Nimita Jain,  
Company Secretary & Compliance Officer,  
101, 1st Floor, Hari Dharshan,  
B Wing, Bhogilal Fadia Road,  
Kandivali (West),  
Mumbai - 400 067;  
E-Mail: alacritysec@gmail.com

## CHANGES IN AUDITORS

There has been no change in the auditors of our Company for the last three years.

## CAPITALIZATION OF RESERVES OR PROFITS DURING LAST FIVE (5) YEARS

Our Company has not capitalized any reserve during last five (5) years except the fact that We have allotted 60,00,000 Equity Shares as bonus in the ratio of 2:1 to our existing Equity shareholders pursuant to a Shareholders resolution dated 29<sup>th</sup> January, 2013 by capitalization of free reserves.

## REVALUATION OF ASSETS DURING THE LAST FIVE (5) YEARS

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

## SECTION VII

### ISSUE RELATED INFORMATION

#### TERMS OF THE ISSUE

*The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

#### RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to the section titled “Main Provisions of the Articles of Association of the Company” on page 151 of this Draft Prospectus.

#### AUTHORITY FOR THE PRESENT ISSUE

The Issue has been authorized by a resolution of the Board passed at their meeting held on 04<sup>th</sup> January, 2013 subject to the approval of shareholders through a special resolution to be passed pursuant to section 81 (1A) of the Companies Act. The shareholders have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on 29<sup>th</sup> January, 2013.

#### TERMS OF THE ISSUE

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

#### MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956. For further details, please refer to the section titled “Dividend Policy” on page 94 of this Draft Prospectus.

#### FACE VALUE AND ISSUE PRICE

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Draft Prospectus at the price of Rs. 15/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled “Basis of Issue Price” on page 47 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

## **RIGHTS OF THE EQUITY SHAREHOLDERS**

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

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

## **MINIMUM APPLICATION VALUE; MARKET LOT AND TRADING LOT**

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

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

The trading of the Equity Shares will happen in the minimum contract size of 8000 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 8000 Equity Share subject to a minimum allotment of 8000 Equity Shares to the successful applicants.

## **MINIMUM NUMBER OF ALLOTTEES**

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

## **JOINT HOLDERS**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

## **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

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

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

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

#### **MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level.

This Issue is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the COMPANIES Act, 1956.

#### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The trading of the Equity Shares will happen in the minimum contract size of 8000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

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

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer to the section titled "*Main Provisions of the Articles of Association of the company*" on Page 151 of this Draft Prospectus.

#### **OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM**

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

#### **MIGRATION TO MAIN BOARD**

Our Company may migrate to the main board of BSE from SME platform of BSE on a later date subject to the following:

a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than Promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its main board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the main board.

OR

b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## **MARKET MAKING**

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME platform for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please refer to “*General Information - Details of the Market Making Arrangements for this Issue*” on page 30 of this Draft Prospectus.

## **NEW FINANCIAL INSTRUMENTS**

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

## **WITHDRAWAL OF THE ISSUE**

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

- (i) The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

## **JURISDICTION**

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

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulations under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter X-B of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, An issuer whose post-issue face value capital exceeds ten crores rupees but do not exceed twenty five crores rupees shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an Issue please refer the section titled “*Terms of the Issue*” and “*Issue Procedure*” on page 129 and 135 of this Draft Prospectus.

Following is the Issue structure:

Public Issue of 60,00,000 equity shares of Rs. 10/- each (the “Equity Shares”) for cash at a price of Rs. 15/- per Equity Share aggregating to Rs. 900.00 Lacs (“the Issue”) by Alacrity Securities Limited (“ASL” or the “Company” or the “Issuer”).

The Issue comprises reservation of 4,00,000 Equity Shares for subscription by the designated Market Maker (“the Market Maker Reservation Portion”) and Net Issue to Public of 56,00,000 Equity Shares (“the Net Issue”).

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares available for allocation</b>	56,00,000 Equity Shares	4,00,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	93.33% of the Issue size	6.67% of the Issue size
<b>Basis of Allotment</b>	Proportionate subject to minimum allotment of 8000 Equity Shares and further allotment in multiples of 8000 Equity Shares each.  For further details please refer to the section titled “ <i>Issue Procedure - Basis of Allotment</i> ” on page 141 of this Draft Prospectus.	Firm Allotment
<b>Mode of Application</b>	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
<b>Minimum Application Size</b>	<b>For QIB and NII:</b> Such number of Equity Shares in multiples of 8000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/-  <b>For Retail Individuals:</b> 8,000 Equity Shares	4,00,000 Equity Shares
<b>Maximum Application Size</b>	<b>For QIB and NII:</b> Such number of equity shares in multiples of 8000 Equity Shares such that the Application Size does not exceed 56,00, 000 Shares. <b>For Retail Individuals:</b> Such number of Equity Shares in multiples of 8000 Equity Shares such that the Application Value does not exceed Rs. 2,00,000/-.	4,00,000 Equity Shares
<b>Mode of Allotment</b>	At the Option of Allottee in	Dematerialized Form Only

	Dematerialized Form or Physical Mode	
<b>Trading Lot</b>	8000 Equity Shares	8000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
<b>Terms of Payment</b>	The entire Application Amount will be payable at the time of submission of the Application Form.	

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

#### WITHDRAWAL OF THE ISSUE

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

1. The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and
2. The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

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

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

<b>ISSUE OPENING DATE</b>	<b>[•]</b>
<b>ISSUE CLOSING DATE</b>	<b>[•]</b>

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



## ISSUE PROCEDURE

### FIXED PRICE ISSUE PROCEDURE

The Issue is being made under Regulation 106(M) (2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form as the issue size is less than Rupees ten Crores as per Section 68B of the Companies Act, 1956.

### APPLICATION FORM

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

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

The prescribed color of the Application Form for various categories is as follows:

Category	Color of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs applying on a repatriation basis	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?

Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;

Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Applications by HUFs would be considered at par with those from individuals;

Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;

Mutual Funds registered with SEBI;

Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;

Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);

FIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;

Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;

Sub-accounts of FIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional applicant's category;

Venture Capital Funds registered with SEBI;

Foreign Venture Capital Investors registered with SEBI;

State Industrial Development Corporations;

Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;

Scientific and/or Industrial Research Organizations authorized to invest in equity shares;

Insurance Companies registered with Insurance Regulatory and Development Authority, India;

Provident Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;

Pension Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;

Multilateral and Bilateral Development Financial Institutions;

National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;

Insurance funds set up and managed by army, navy or air force of the Union of India

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

The information below is given for the benefit of the applicants. Our Company and the Lead Manager do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Lead Manager is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the limits prescribed under laws or regulations.

#### **PARTICIPATION BY ASSOCIATES OF LM**

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

#### **AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS**

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

#### **APPLICATION BY MUTUAL FUNDS**

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

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

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

#### **APPLICATIONS BY ELIGIBLE NRIS/FII'S 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 the 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 LM that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

#### **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, 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 Investor can invest only up to 33.33% of the funds available for investment by way of subscription to an Initial Public Offer.

#### **APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS**

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

#### **APPLICATIONS BY INSURANCE COMPANIES**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and

(c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, i.e. 26<sup>th</sup> December, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

#### **APPLICATION BY PROVIDENT FUNDS/ PENSION FUNDS**

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

#### **APPLICATION UNDER POWER OF ATTORNEY**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

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

(a). With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

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

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

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

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

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

#### **MAXIMUM AND MINIMUM APPLICATION SIZE**

##### **(a) For Retail Individual Applicants**

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

##### **(b) For Other Applicants (Non Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 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. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

#### **INFORMATION FOR THE APPLICANTS:**

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

#### **INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

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

#### **APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS**

**Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.**

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

### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 8,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 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 number in excess of the multiple of 8,000 would be rounded off to the higher multiple of 8,000 if that number is 4000 or higher. If that number is lower than 4000, it would be rounded off to the lower multiple of 8,000. All Applicant in such categories would be Allotted Equity Shares arrived at after such rounding off.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 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 a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

## **REFUNDS**

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

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

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

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

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

**There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

## **TERMS OF PAYMENT / PAYMENT INSTRUCTIONS**

The entire Issue Price of Rs. 15/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

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



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

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

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

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - Indian Public including eligible NRIs applying on non repatriation basis: “ASL -Public Issue - R”.
  - In case of Non Resident Retail Applicants applying on repatriation basis: “ASL -Public Issue - 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 the 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 balance 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.

#### **PAYMENT BY STOCK INVEST**

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

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

##### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.

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

## OTHER INSTRUCTIONS

### *Joint Applications in the case of Individuals*

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

### *Multiple Applications*

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

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

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

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

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

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

## PERMANENT ACCOUNT NUMBER OR PAN

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

## RIGHT TO REJECT APPLICATIONS

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

## **GROUND FOR REJECTIONS**

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

- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 8000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 5.00 pm on the Issue Closing Date;

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, which is reproduced below:

**"Any person who:**

**(a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**

**(b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

## **SIGNING OF UNDERWRITING AGREEMENT**

Vide an Underwriting agreement dated May 7, 2013 this issue is 100% Underwritten.

## **FILING OF THE PROSPECTUS WITH THE ROC**

The Company will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act.

## **PRE-ISSUE ADVERTISEMENT**

Subject to Section 66 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation.

## **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 working days of the Issue Closing Date.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within two working days of the date of Allotment. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 12 working days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

## **PAYMENT OF REFUND**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** - Payment of refund would be done through ECS for applicants having an account at any of the centers where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

- 2) **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- 3) **RTGS (Real Time Gross Settlement)** - Applicants having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds 10.00 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- 4) **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- 5) **For all other applicants**, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

#### DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Issue Closing Date would be ensured; and
- 3) The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) working days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

#### UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 (twelve) working days of closure of the Issue;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **WITHDRAWAL OF THE ISSUE**

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

1. The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and
2. The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

(a) Agreement dated [•] between NSDL, the Company and the Registrar to the Issue;

(b) Agreement dated [•] between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. [•]

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

## COMMUNICATIONS

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

## ASBA PROCESS

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the

successful ASBA Applicants to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

#### **Who can apply?**

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

#### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue. The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

#### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.



## SECTION VIII

### MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or Debentures and / or on their consolidation /splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized / defined terms herein have the same meaning given to them in the Articles of Association.

#### Table 'A'

I. Table A not to apply                      The regulations contained in Table A, Schedule, to the Companies Act, 1956, shall not apply to the company except so far as the same are reproduced or contained in or expressly made applicable by these Articles or the Act. The regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the Company's power to modify, alter or add to its regulations, be such as are contained in these articles.

II. Definitions                                      In the interpretation of these Articles, the following words and expressions shall have the following meanings assigned thereunder, unless repugnant to the subject matter or content thereof.

“Beneficial Owner”

“Beneficial Owner” shall have the meaning assigned thereto by Section 2 (1)(a) of the Depositories Act, 1996.

“Depository”

“Depository” shall have the meaning assigned thereto by Section 2 (1)(e) of the Depositories Act, 1996.

“Depositories Act 1996”

“Depositories Act 1996” shall mean Depositories Act 1996, and include any Statutory modification or re-enactment thereof for the time being in force.

“Member”

“Member” means the duly registered holder from time to time of the Shares of the Company of any class and includes the subscriber(s) of the Memorandum of the Company and every person whose name is entered as the beneficial owner of any share in the records of Depository, but does not include the bearer of a share warrant of the Company, if any, issued in pursuance of Articles of Association of the Company.

“Securities & Exchange Board of India”

“Securities & Exchange Board of India” or SEBI means the Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

“Security”

“Security” means such security as may be specified by SEBI from time to time.

“Singular number”

Words importing the “Singular number” include, where the context admits or requires, the plural number and vice versa.

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles. The marginal notes used in these Articles shall not affect the construction thereof.

### CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

#### CAPITAL

2. The Authorized Share Capital of the Company is as per clause V of the Memorandum of Association of the Company with all rights to the Company to alter the same in any way it thinks fit.

#### **INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT**

3. The Company in General Meeting may by Ordinary Resolution, from time to time increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increase capital shall be issued upon such terms and conditions and with such rights and privileges attached thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with section 87 and 88 of the Act, whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

4. The shares in the capital shall be distinguished by its appropriate number, provided that nothing in this section shall apply to the shares held with a depository.

#### **SHARES AT THE DISPOSAL OF THE DIRECTORS**

5. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

#### **POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES**

6. In addition to and without derogating from the powers for the purpose conferred on the Board under Article 5 & 8 the Company in General Meeting may subject to the Provisions of Section 81 of the Act, determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions, whatsoever for the issue, allotment or disposal of any shares.

#### **INCREASE OF CAPITAL**

7. The Company in General Meeting may from time to time increase its share capital by the creation of further shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Board shall determine.

#### **FURTHER ISSUE OF SHARES**

8. 1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

- d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.

- a. If a special resolution to that effect is passed by the Company in General Meeting, or
- b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposed by members, so entitled and voting and Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed:

- a. To extend the time within which the Offer should be accepted; or
- b. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

Nothing in the Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- i. To convert such debentures or loans into shares in the Company; or
1. To subscribe for shares in the Company whether such options is conferred in these Articles or otherwise.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or in conformity with the rules, if any, made by that Government in this behalf;

- b. In the case of debentures or loans or other than debentures issued or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of debentures or raising of the loans.

#### **POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES**

9. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

#### **APPLICATION OF PREMIUM RECEIVED ON SHARES**

11. 1. Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.

2. The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company.

- a. In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
- b. In writing off the preliminary expenses of the Company;
- c. In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company; or
- d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

#### **POWER TO OFFER SHARES/OPTIONS TO ACQUIRE SHARES**

12. (i) Without prejudice to the generality of the powers of the Board under any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 12 (i), the Board may also allot the Shares referred to in Article 12 (i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees (including by way of options, as referred to in Article 12 (i) in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

The Board, or any Committee thereof duly authorized for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 12 (i) and (ii) above.

#### **REDEEMABLE PREFERENCE SHARES**

13. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, are liable to be redeemed and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

#### **PROVISIONS APPLICABLE IN CASE OF REDEEMABLE SHARES**

14. On the issue of redeemable preference shares under the provisions of Article 13 hereof, the following provisions shall take effect.

- a. No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
- b. No such shares shall be redeemed unless they are fully paid.
- c. The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share Premium Account, before the shares are redeemed; and
- d. 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 a reserve fund, to be called Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided under Section of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

#### **NEW CAPITAL SAME AS ORIGINAL CAPITAL**

15. Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the initial capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments; transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

#### **RESTRICTION OF PURPOSE BUY COMPANY OF ITS OWN SHARES**

16. (1) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanction in accordance with Article 18 and in accordance with Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.

This Article is not to delegate any power which the Company would have if it were omitted.

- (2) Except to the context permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise any financial assistance for the purchase of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.
- (3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under these Articles or under Section 80 or other relevant provisions (if any) of the Act.

17. Notwithstanding anything contained in these Articles and in accordance with the provisions of the Sections 77A, 77AA and 77B of the Companies Act, 1956 the Company may, when and if thought fit by the Board of Directors, buy back, acquire or hold its own shares or other specified securities (as may be notified by the Central Government from time to time under section 77A of the Act) whether or not they are redeemable and on such terms and conditions and up to such limits as may be prescribed by law from time to time provided that nothing herein contained shall be deemed to affect the provisions of section 100 to 104 and 402 of the Act, in so far as and to the extent they are applicable.

## **REDUCTION OF CAPITAL**

18. The Company may, subject to the provisions of Section 78, 80 and 100 to 105 and other applicable provisions (if any) of the Act, from time to time by special resolution, reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorized by law and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

## **CONSOLIDATION AND DIVISION OF CAPITAL**

19. The Company may in general meeting alter the conditions of its Memorandum of Association as follows:

- a. Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
- b. Sub-divide its shares or any of them into shares of smaller amount so however that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived.
- c. Cancel any shares which, at the date of the passing of the resolution, 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, a cancellation of shares in pursuance of this sub-clause, shall not be deemed to be reduction of share capital within the meaning of the Act.

## **MODIFICATION OF RIGHTS**

21. Whenever the capital, by reason of the 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 106 and 107 of the Act, be varied, modified, commuted, affected or 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 in nominal value of the issued shares of the class or is confirmed by a resolution passed by the votes of not less than three-fourths of the votes of the holders of the shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles to its general meetings shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power, the Company would have if this Article were omitted.

## **ISSUE OF FURTHER SHARES ON PARI PASSU BASIS**

22. The rights conferred upon the holders of shares of any class issued with preferred or other rights, not unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

## **NO ISSUE WITH DISPROPORTIONATE RIGHTS**

23. The Company shall not issue any shares (not being preference shares) which carry voting right or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares (not being preference shares).

### **24. a. Power to Company to dematerialize and rematerialize**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities and rematerialize its such shares, debentures and other securities held by it with the Depository and/ or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed there under if any.

### **b. Dematerialization of Securities**

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the

investor to dematerialize the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

**c. Intimation to Depository**

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such Securities.

**d. Option for Investors**

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security can at any time opt out of a Depository, if permitted by law, in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

**e. The Company to recognize under Depositories Act, Interest in the Securities other than that of Registered holder.**

The Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with Depository in electronic form and the certificates in respect thereof shall be, dematerialized in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.

**f. Securities in Depositories and Beneficial Owners**

All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

**g. Rights of depositories and Beneficial Owners.**

a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository."

**h. Depository to furnish information**

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

## **SHARES AND CERTIFICATES**

### **REGISTER AND INDEX OF MEMBERS**

25. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

#### **SHARES TO BE NUMBERED PROGRESSIVELY**

26. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned, no share shall be sub-divided.

#### **DIRECTORS MAY ALLOT SHARES FULLY PAID-UP**

27. Subject to the provisions of the Act and of these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.

#### **APPLICATION OF PREMIUM**

28. 1. Where the Company issue shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called Share Premium Account and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.

2. The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company;

- a. In paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- b. In writing off the preliminary expenses of the Company;
- c. In writing off the expenses of or the commission paid or discount allowed on any issue of shares or debenture of the Company or
- d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

#### **INSTALLMENTS OF SHARES**

29. If by the terms of issue of any shares or otherwise, the whole or any part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installments shall when due, be paid to the Company by the person who, for the time being and from time to time, is the registered holder of the shares of his legal representatives.

#### **ACCEPTANCE OF SHARES**

30. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accept any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.

#### **LIMITATION OF TIME FOR ISSUE OF CERTIFICATE**

33. The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.



### **LIMITATION OF TIME FOR ISSUE OF CERTIFICATES**

34. Every members shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to all such holder.

### **ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED, LOST OR DESTROYED**

35. If any certificate be worn out, defaced mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

### **SWEAT EQUITY**

42. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

### **DECLARATIONS BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARES**

43. 1. Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.

2. A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

3. Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

4. Notwithstanding anything contained in the Act and Articles 50, 51 and 52 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Register with regard to such declaration.

#### **FUNDS OF COMPANY NOT TO BE APPLIED IN PURCHASE OF SHARES OF THE COMPANY**

44. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the 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 Share in the Company in its holding Company.

#### **ISSUE OF SHARES WITHOUT VOTING RIGHTS**

45. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as through fit and as may be permitted by law.

#### **UNDERWRITING AND BROKERAGE**

##### **COMMISSION MAY BE PAID**

49. The Company may, subject to the provisions of Section 76 and other applicable provisions, if any, of the Act 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. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures, or partly in the one way and partly in the other.

##### **BROKERAGE MAY BE PAID**

50. The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

#### **COMMISSION TO BE INCLUDED IN THE ANNUAL RETURN**

51. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

#### **INTEREST OUT OF CAPITAL**

52. Where any shares are issue for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions contained in Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant.

#### **CALLS**

##### **DIRECTORS MAY MAKE CALLS**

53. The Board of Directors may from time to time by a resolution passed at meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or

by way of premium) and not by the conditions of allotment thereof made payable at a fixed time 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 of Directors. A call may be made payable by installments.

#### **CALLS ON SHARES OF THE SAME CLASS TO BE MADE ON UNIFORM BASIS**

54. 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. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

#### **NOTICE OF CALLS**

55. One month notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

#### **CALLS TO DATE FROM RESOLUTION**

56. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

#### **DIRECTORS MAY EXTEND TIME**

57. The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension save as a matter of grace and favour.

#### **CALL TO CARRY INTEREST AFTER DUE DATE**

58. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

#### **PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST**

60. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until he same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

#### **FORFEITURE, SURRENDER AND LIEN**

##### **IF CALL OR INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN**

61. If any member fails to pay any call or installment of a call in respect of any shares on or before the day appointed for the payment of the same, the Board may at any time hereafter during such time as the call or installment remains unpaid, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

#### **FORM OF NOTICE**

62. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.

#### **IN DEFAULT TO PAYMENT SHARES TO BE FORFEITED**

63. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

#### **NOTICE OF FORFEITURE**

64. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

#### **FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY**

65. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose off the same in such manner as it thinks fit.

#### **POWER TO ANNUAL FORFEITURE**

66. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

#### **ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE**

67. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

#### **EFFECT OF FORFEITURE**

68. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.

#### **DECLARATION OF FORFEITURE**

70. a. A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

b. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof any may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

- c. The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.
- d. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.
- e. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

71. The declaration as mentioned in Article 82 of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

#### **TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARES**

72. The Company may received the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall be entitled (unless by express agreement to contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any; nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, re-allotment or disposal of the share.

#### **PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE**

73. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

#### **THE PROVISIONS OF THESE ARTICLES AS TO FORFEITURE TO APPLY IN CASE OF NON-PAYMENT OF ANY SUM**

74. The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the Shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **BOARD MAY ACCEPT SURRENDER OF SHARES**

75. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

#### **COMPANY'S LIEN ON SHARE/DEBENTURES**

76. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of

the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

#### **BOARD OF DIRECTORS MAY ISSUE NEW CERTIFICATES**

80. Where an shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

#### **EXECUTION OF TRANSFER**

84. Subject to the Provisions of the Act and these Articles, the transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate if in existence or along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

#### **INSTRUMENT OF TRANSFER**

85. The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and any statutory modification thereof, for the time being, shall be duly complied with in respect of all transfers of shares and of the registration thereof.

86. (i) Every holder of the share(s) in, and / or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.

(ii) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint-holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debenture-holders concerned or on the death of all the joint-holders, as the case may be, become entitled to all the rights in relation to such share(s) in and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(iv) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the Company, in the event of his death, during the minority.

(v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 86, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either;

1. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
2. to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture-holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s) himself, he shall deliver or send to the Company, a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture-holder, as the case may be.

(vi) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer

as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture-holder as the case may be.

(vii) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that, the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

#### **NO TRANSFER TO A PERSON OF UNSOUND MIND**

**87. No transfer shall be made to a minor or a person of unsound mind.**

#### **TRANSFER OF SHARES**

**88. 1.** An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.

**2.** Where the 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 receipt of the notice.

**3.** For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instruments of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

**4. DIRECTORS MAY REFUSE TO REGISTER TRANSFER**

Subject to the Provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

**5.** If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.

**6.** Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

**7. NO FEE ON TRANSFER OR TRANSMISSION**

No fee shall be charged for registration of transfer, transmission, Probate, Succession, Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

#### **TITLE TO SHARES OF DECEASED HOLDER**

**93.** Subject to Article 93 the heir, executor or administrator of a deceased shareholder shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such heir, executor or administrator unless such heir, executor or administrator shall have first obtained letters of administration or succession certificate.

## **THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF TRANSFER**

99. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer any 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 Board shall so think fit.

### **A. NOMINATION**

- (i) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- (ii) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the act.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares of debentures, the nominee shall, on the death of the shareholders or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.

### **“OPTION OF NOMINEE**

- (i) A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(a) to register himself as holder of the share or debenture, as the case may be; (b) or to make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be.

- (ii) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to the meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

### **B. TRUST NOT RECOGNISED**

Save as herein otherwise provided, the Company shall be entitled to treat the person whose names) appears on the Register of Members/Debentures as the holder of any Shares/Debentures in the records of the Company and/or in the records of the Depository as the absolute owner thereof and accordingly shall not



(except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognize any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares/debentures on the part of any other person or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion decided to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them.

#### **C. TRANSFER OF SECURITIES**

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

#### **D. NOTICE OF APPLICATION WHEN TO BE GIVEN**

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

#### **E. REFUSAL TO REGISTER NOMINEE**

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

#### **F. PERSON ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS A MEMBER**

A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

#### **SHARE WARRANTS**

##### **102. (i) Power to issue Share Warrants.**

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

##### **(ii) Deposit of Share Warrants.**

- (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.
- (b) Not more than one person shall be recognized as depositor of the Share warrant
- (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

##### **(iii) Privileges and Disabilities of the holders of Share Warrants.**

- (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

(iv) **Issue of New Share Warrants Coupons**

The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

### **MEETING OF MEMBERS**

105 (a) Subject to Section 166 of the Act, the Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it and not more than fifteen months shall elapse between the date of the Annual General Meeting of the Company and that of the next, subject however to the right of the Registrar, under the Act, to extend the time within which any Annual General Meeting may be held.

(b) Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the city or town or village in which the Registered Office of the Company is situated.

106. The Company shall in accordance with Section 159 of the Act, within 60 day from the day on which the Annual General Meeting is held, prepare and file with the Registrar a return in the form set out in part II of Schedule V to the Act or as near thereto as the circumstance shall admit and containing the particulars specified in part I of the said Schedule V together with three copies of the Balance Sheet and the Profit and Loss Account laid before the Annual General Meeting in accordance with Section 220 of the Act.

### **Distinction between Annual General Meeting and Extra-ordinary General Meeting**

107. The General Meeting referred to in Article 106 shall be called and styled as an Annual General Meeting and all meetings other than the Annual General Meeting shall be called Extra-ordinary General Meetings.

### **Calling of Extra-ordinary General Meeting**

108. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting of the Company and it shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to convene an Extra-Ordinary General Meeting of the Company and in the case of such requisition, the provision of Section 169 of the Act shall apply. No shareholder or shareholders shall call a meeting of the Company except by or upon a requisition as herein provided.

### **Length of notice for calling meeting**

109. (1) A General Meeting of the Company may be called giving not less than twenty one days notice in writing.

(2) A General Meeting may be called after giving shorter notice than the specified in sub-clause (1) hereof, if consent is accorded thereof.

- i. in the case of an Annual General Meeting, by all the members entitled to vote thereat: and
- ii. in the case of any other meeting, by members of the Company holding not less than ninety five per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote on some resolution to be moved at the meeting and not on the others, those members shall be taken into the account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the later.

Contents and manner of services of notices and person on whom it is to be served

110. (1) Every notice of the meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(2) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
  - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description at the address if any, in India supplied for the purpose by the persons claiming to so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred: and
  - (iii) To the auditor or auditors for the time being of the Company in any manner authorised by Section 53 of the Act, in the case of any member of members of the Company.
  - (iv) Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of section 53 of the Act, the statement of material facts referred to in Section 173 of the Act, need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- (3) The accidental omission to give notice to or non receipt of notice by any member or other person to whom it should be given shall not, invalidate the proceedings at the meeting.
- (4) Every notice convening a meeting of the Company shall state in that a member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a Member of the Company.

### **Special Business**

111. All business to be transacted at an Annual General Meeting with the exception of businesses relation to (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of the Dividend, (iii) the appointment of Directors in place of those retiring and (iv) the Appointment of and the Remuneration of Auditors and all business to be transacted at any other meetings of the Company shall be deemed Special.

### **Explanatory Statement to be annexed to notice**

112. Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extend of the interest, if any, therein, of every Director and of the Manager and specifying 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.

Provided that where any such item of special business at the meeting of the Company related to or affects any other company, the extent of shareholding interest in that other company of every Director of the Company, shall also be set out in the statement, if the extent of such shareholding interest is not less than 20 per cent of the paid up share capital of that other company.

Meeting not competent to discuss or transact any business not mentioned in notice

113. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it is convened.

### **Quorum**

114. Five members entitled to vote and present in person shall be a quorum for a General Meeting. When more than one of the joint holders of a share is present not more than one of them shall be counted for determining the quorum. Several executors of administrators of a deceased person in whose sole name a

share stands shall, for the purpose of this Article, be deemed joint holders thereof. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India, or the Governor of a State being member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187A of the Act.

#### **Presence of quorum**

115. No business shall be transacted at any General Meeting unless the requisite quorum shall be present at the commencement of the business.

#### **If Quorum not present, meeting to be dissolved and when to be adjourned**

116. If within half an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon the requisition of members shall stand dissolved but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday, or to such other day, time and place as the Board may determine.

117. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum and may transact the business for which the meeting was called.

#### **Resolution passed at adjourned meeting**

118. Where a resolution shall, for all purposes 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.

#### **Power of adjourn General Meeting**

119. (1) The Chairman of the General Meeting may adjourn the same from time to time and from place to place, but not business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(3) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

#### **Chairman of General Meeting**

120. The Chairman of the Board shall, if willing, preside as Chairman at every General Meeting, Annual or Extra-ordinary, if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declined to take the Chair, the Directors present may choose one of their members to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the Chair, members shall, on a show of hands elect one of their numbers to be Chairman, of the meeting, if a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

#### **Business confined to election of Chairman while chair vacant**

121. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

#### **Resolution must be proposed and seconded**

122. No resolution submitted to a meeting, unless proposed by the Chairman of the meeting shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.

#### **Postal Ballot**

123. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

#### **How question to be decided at meetings**

124. At any General Meeting, a resolution put to the vote of the meeting, shall be, decided on a show of hands unless the poll is demanded as provided in these Articles.

#### **Declaration of Chairman to be conclusive**

125. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

#### **Demand for poll**

126. (1) Before or on the declaration of the result of the voting on any resolution on a show hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say by any member or members present in person or by proxy and holding shares in the Company:

- I. which confer a power to vote on the resolution not being less than one-tenth to the total voting power in respect of the resolution or
- II. on which an aggregate sum of not less than fifty thousand has been paid up.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

#### **Time of taking Poll**

127. Any poll duly demanded on the question of adjournment shall be taken forthwith, a poll demanded on any other question shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the Chairman of the meeting may direct.

#### **Scrutinizer at Poll**

128. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him, the Chairman shall have power, at any time, before the result of the poll is declared to remove a scrutinizer from office and to fill vacancies of the office of scrutinizer arising from such removal or from any other cause of the two scrutinizers so to be appointed, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed.

#### **Business may proceed notwithstanding demand for Poll**

129. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

#### **Chairman's casting vote**

130. In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

#### **Manner of taking poll and result thereof**

131. (a) Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

#### **132. Requisitionists' meeting**

(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one Lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) the case of any other requisition, not less than two weeks before the Meeting, and

(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

Provided That if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

#### **Extra-ordinary General Meeting by Board and by Requisition.**

133. (a) The Directors may whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.

- (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

#### **Contents of requisition, and number of requisitionists required and the conduct of Meeting**

134. (1) In case of requisition the following provisions shall have effect:

- (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
- (b) The requisition may consist of several documents in like form each signed by one or more requisitionists.
- (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.
- (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clauses are fulfilled.
- (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for consideration of those matters on a day not later than forty-five days from the date of the date deposit of the requisition, the Meeting may be called:
- (i) By the requisitionists themselves; or
  - (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (1) whichever is less, Provided that for the purpose 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 189 of the Act.

(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:

- (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but
- (b) shall not be held after the expiration of three months from the date of deposit of the requisition. Provided that nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.

(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.

(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum 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.

## **VOTES OF MEMBERS**

### **Votes may be given by proxy or attorney**

135. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate, also by a representative duly authorized under section 187 of the Act and Article 137.

### **Votes of members**

136. Subject to the provision of the Act and these Articles, every member not disqualified by Article 140 shall be entitled to be present in person and holding any equity share capital therein, shall have one vote and upon a poll the voting right of every such member present in person or by proxy shall be in proportion to his share of paid up equity share capital of the Company.

Provided, however, if any preference share holder be present at any meeting of the Company, save as provided in Clause (b) of sub-section (2) of Section 84 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

### **Right of member to use his votes differently**

137. On a poll being taken at meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

### **Representation of Body Corporate**

138. A body corporate whether a Company within meaning of the Act or not may, if it is a member or creditor of the Company including being a holder of debentures, may authorize such person by a resolution of its Board of Directors, as it thinks fit, to act as its representative at any meeting of creditors of the Company.

### **Restriction on exercise of voting right by members who have not paid calls**

139. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and/or has exercised its right of lien.

### **No voting by proxy on show of hands**

140. No member not personally present shall be entitled to vote on a show of hands, unless such member is a body corporate present by a representative duly authorized, under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company. A proxy who is present at a meeting shall not be entitled to address the meeting.

### **How member non-compos mentis and minor may vote**

141. If any member be a lunatic or non-compos mentis, the vote in respect of his share or shares shall be his committee or other legal guardian provided that such evidence of the authority of the person claimed to vote as shall be acceptable by the Board shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

### **Instrument of proxy**



142. The instrument appointing a proxy shall be in writing and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate be under its seal or be signed by an office or attorney duly authorized by it.

#### **Instrument of proxy to be deposited at office**

143. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. No instrument of proxy shall be valid after the expiration of twelve months from the date of its execution.

#### **When vote by proxy valid though authority revoked**

144. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the vote is given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjournment meeting at which the proxy is used.

#### **Form of proxy**

145. Every instrument of proxy, whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act.

#### **Time for objection to vote**

146. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be so 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.

#### **Chairman of any Meeting to be the judge of validity of any vote**

147. The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

#### **Votes of Members of unsound mind**

148. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

#### **Member paying money in advance not be entitled to vote in respect thereof.**

149. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.

#### **Remuneration of Directors**

156. (1) Subject to the provisions of the Act, a Managing Director or any other Director, who is in the Whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the Whole-time employment nor a Managing Director may be paid remuneration.

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government: or

(ii) by way of commission if the Company by a special resolution authorizes such payments.

(3) The fees payable to Director (including a Managing or whole-time Director, if any) for attending a meeting of the Board or Committee shall be decided by the Board of Directors from time to time, however the amount thereof shall not exceed limit provided in the Companies Act, 1956 and rules, if any, framed there under.

(4) if any Director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

#### **Travelling Expenses incurred by a Director not a bonafide resident or by Director going out on Company's Business**

157. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or committee thereof are ordinarily held and who shall come to a such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses, incurred in connection with business of the Company.

#### **Directors may act notwithstanding any vacancy**

158. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company but for no other purpose.

#### **Disclosure of interest of Directors**

159. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors.

(2) (a) In case of a proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if a Director was not at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.

(b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3) (a) For the purpose of clauses (1) and (2) hereof, a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(b) Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice in the last month of the financial year in which would it otherwise have expired.

(c) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between two companies when any of the Directors of the Company or two of them together holds or hold not more than two per cent of the paid up share capital in the other company.

#### **Interested Director not to participate or vote on Board's proceedings**

160. No Director of the Company shall, as Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however that Directors may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.

#### **Board's sanction to be required for certain contracts in which particular Director is interested**

161. A Director of the Company or his relative, a firm in which such Director or relative is partner, any other partner in such firm or a private company of which the Director is a member of Director shall not enter into any contract with the Company, except to the extent and subject to the provisions of Section 297 of the Act.

#### **Directors' sitting fees**

165. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such as may be prescribed by the Central Government for each of the meetings of the Board or A committee thereof and adjournments thereto attended by him. The directors, Subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

#### **Directors and Managing Director may contract with Company**

166. Subject to the provisions of the Act the Directors (including a Managing Director and Whole Time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any Company or Partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby Established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.

#### **Disqualification of the Director**

167. A person shall not be capable of being appointed Director of the Company if:-

- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudged an insolvent and his application is pending;

- (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five months and a period of five years has not elapsed from the date of expiry of the sentences;
- (e) 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 lapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

## **RETIREMENT AND ROTATION OF DIRECTORS**

### **Retirement of Directors by rotation**

170. (1) 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 to one third shall retire from office. The Debenture Directors and Nominee Directors, if any, shall not be subject to retirement under clause and shall not be taken into account in determining the retirement by rotation or the number of Directors to retire.

(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 became Directors on the same day those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.

(3) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.

(4) If the place of the retiring Director is not 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 is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. 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 vote 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;
- (iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any of the provisions of the Act.

### **Appointment of Director to be vote individually**

171. (1) No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first 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 of its being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment shall apply.

(3) For the purpose of this clause, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.

172. (1) A person who is not a retiring Director shall, subject to the provisions of the 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 office of the Company a notice in writing under his hand signifying candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be, "along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director.

(2) The Company shall inform its member of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Marathi language.

(3) Every person proposed as a Candidate for the office of Director shall sign and file with the Company his consent to act as a Director.

### **Resignation of Director**

173. A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company and thereupon his office shall be vacated.

### **REMOVAL OF DIRECTORS**

176. (1) The Company may, by ordinary resolution, remove a Director not being a Nominee Director appointed under Article 154 or a Debenture Director appointed under Article 155 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of this period of office.

(2) Special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and request its notification to members of the Company and shall unless the representations are received by it too late for it to do so.

(a) in any notice of resolution given to the members of the Company, state the fact of the representations having been made; and

(b) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representation is not sent as aforesaid because it was received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be readout at the meeting' provided that copies of the representation need not be sent out and the representation need not be read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board under Article 153 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the

intended appointment has been given. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled up under the clause (5) hereof, it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable to Article 153 hereof and all the provisions of that Article, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(7) Nothing in this Article shall be taken:

- (a) as depriving a person removed there under of any compensation or damages payable to him in respect of any appointment terminating with that as Director; or
- (b) as derogating from any power to remove a Director which may exist apart from this Article.

#### **Power to Borrow**

190. Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time at its discretion and by means of resolutions passed at its meeting accept deposits from members either in advance of calls or otherwise and generally, raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

191. All the provisions applicable to nomination facility available to shareholder(s) and debentureholder(s) enumerated in Article 86 of these Articles shall equally apply to deposit holder(s).

#### **The payment or repayment of moneys borrowed**

192. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the 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.

#### **DIVIDENDS**

214. The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed, preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid upon the equity shares.

#### **Division of profits**

215. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if any so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

#### **Dividend to joint holders**

216. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

#### **Amounts paid in advance of calls not to be treated as paid up capital**

217. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 220 as paid up on the share.

#### **Declaration of Dividends**

219. The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declared a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.

#### **Dividend out of profits only and not to carry interest**

221. (1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 205 of the Act.

What is to be deemed net profits?

(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

#### **Interim Dividends**

222. The Board of Directors may from time to time pay the members such interim dividends as in its judgement the position of the Company justifies.

#### **Unpaid or Unclaimed Dividend**

230. Where the Company has declared a dividend but which has not been paid or claimed within 30 from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall, within 7 days of the date from expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Alacrity Securities Limited Unpaid Dividend Account" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

#### **Capitalisation of reserves**

231. (a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:

(1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or

(2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or

(3) Paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

(b) (1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account; and

(2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of

the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.

(c) Any General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.

(d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.

(e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell the shares which members hold in fractions for the best 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 Board may authorize 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 affected by any irregularity or of invalidity in the proceedings with reference to the sale.

(f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.



## SECTION IX: OTHER INFORMATION

### LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this Draft Prospectus), which are or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under material documents below all of which have been attached to the copy of this Draft Prospectus and have been delivered to the SME platform of BSE Limited and may be inspected at the Registered Office of the Company situated at 101, 1st Floor, Hari Dharshan, B Wing, Bhogilal Fadia Road, Kandivali (West), Mumbai - 400 067 between 9:30 am to 5:30 pm on any working day from the date of this Draft Prospectus until the date of closure of the subscription List.

#### MATERIAL CONTRACTS

1. Memorandum of Understanding dated 7<sup>th</sup> May, 2013 between our Company and the Lead Manager to the Issue.
2. Memorandum of Understanding dated 23<sup>th</sup> November, 2012 entered into with Bigshare Services Private Limited to appointing them as the Registrar to the Issue.
3. Copy of tripartite agreement dated [●] between NSDL, our Company and Bigshare Services Private Limited.
4. Copy of tripartite agreement dated [●] between CDSL, our Company and Bigshare Services Private Limited.
5. Escrow Agreement dated [●] between our Company, Lead Manager, Escrow Collection Bank and the Registrar to the issue.
6. Market Making Agreement dated [●] between our Company, Lead Manager and Market Maker.
7. Underwriting Agreement dated 7<sup>th</sup> May, 2013 between our Company and Underwriters.

#### DOCUMENTS FOR INSPECTION

8. Memorandum and Articles of Association of our Company as amended from time to time.
9. Copy of the resolution passed at the meeting of the Board of Directors held on 4<sup>th</sup> January, 2013 approving the issue.
10. Copy of the resolution passed by the shareholders of our Company under section 81 (1A) at the Extra Ordinary General Meeting held on 29<sup>th</sup> January, 2013
11. Copy of members resolution dated 29<sup>th</sup> January, 2013 appointing Mrs. Bina Hemanshu Mehta as the Whole-time Director of our Company for a period of five years w.e.f. 29<sup>th</sup> January, 2013 and approving their remuneration and terms.
12. Copy of members resolution dated 29<sup>th</sup> January, 2013 appointing Mr. Hiten Ramniklal Mehta as the Whole-time Director of our Company for a period of five years w.e.f. 29<sup>th</sup> January, 2013 and approving their remuneration and terms.
13. Copy of members resolution dated 29<sup>th</sup> January, 2013 appointing Mr. Kishore Vithaldas Shah as the Whole-time Director of our Company for a period of five years w.e.f. 29<sup>th</sup> January, 2013 and approving their remuneration and terms.
14. Consents of the Directors, Company Secretary/Compliance Officer, Auditors, Lead Manager to the Issue, Underwriters, Market Makers, Bankers to the Issue, Legal Advisors to the Issue, and Registrars to the Issue, to include their names in the Draft Prospectus to act in their respective capacities.
15. Copies of Annual Reports of our Company for preceding five financial years i.e. for the financial years viz 2007-

8, 2008-09, 2009-10, 2010-11 and 2011-12

16. Audit report and restated financial information issued by our statutory auditors i.e. M/s. Lalit Kumar Dangi & Co., Chartered Accountants, dated 25<sup>th</sup> April, 2013 included in the Draft Prospectus.
17. Letter dated 25<sup>th</sup> April, 2013 from the statutory Auditors of our Company, M/s. Lalit Kumar Dangi & Co., Chartered Accountants, detailing the tax benefits.
18. Copy of certificate from the statutory Auditors of our Company, M/s. Lalit Kumar Dangi & Co., Chartered Accountants, dated 25<sup>th</sup> April, 2013 regarding the sources and deployment of funds as on 31<sup>st</sup> December, 2012.
19. Board Resolution dated 8<sup>th</sup> May, 2013 for approval of Draft Prospectus.
20. Due Diligence Certificate dated 8<sup>th</sup> May, 2013 to be submitted to SEBI from Lead Manager viz. Guinness Corporate Advisors Private Limited along with the filing of the Prospectus.
21. Copy of approval from BSE vide letter dated [•] to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Draft Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS**

Mrs. Beena Mehta

Ms. Pooja Mehta

Mr. Hiten Mehta

Mr. Kishore Shah

Mr. Jaiprakash Jindal

Mr. Ramanand Gupta

### **SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Nimita Jain

**Date:** 08.05.2013

**Place:** Mumbai