



BCB FINANCE LIMITED

Our Company was originally incorporated with the Registrar of Companies, on November 25, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 the Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011. For details of the changes in our name and Registered Office, see "History and Other Corporate Matters" on page 76 of this Draft Prospectus.

Registered Office: 1204, P.J Towers, Dalal Street, Mumbai: 400001, Maharashtra, India.

Tel: +91 – 22 – 2272 2414; **Fax:** +91 – 22 – 2272 2414

Contact Person: Mr. Manish Kumar Mourya, Company Secretary and Compliance Officer. **Tel:** +91 – 22 – 2272 2414; **Fax:** +91 – 22 – 2272 2414

Email: manish@bcbfinance.com; **Website:** www.bcbfinance.com

Our Promoters: Mr. Bharat Bagri and Mr. Uttam Bagri

THE ISSUE

PUBLIC ISSUE OF 35,40,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF BCB FINANCE LIMITED ("BCBFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 25/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 885.00 LACS ("THE ISSUE"), OF WHICH, 6,40,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE SECTION "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 29,00,000 EQUITY SHARES OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 30.78% AND 25.21%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

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 146 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 152 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

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹ 10/- per Equity Share and the issue price is 2.50 times of the face value. The Issue Price (as determined by Company in consultation with the Lead Manager) as stated under the paragraph on "Basis of Issue Price" on Page 49 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of Risk Factors given on Page 09 of this Draft Prospectus under the Section "General Risk".**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Draft Prospectus are proposed to be listed on the SME Platform of the Bombay Stock Exchange Limited ("BSE"). Our company has received an in-principle approval for listing of its equity shares from BSE vide their letter dated [●]. For the purpose of this Issue, the designated Stock Exchange will be the Bombay Stock Exchange Limited ("BSE").

LEAD MANAGER



Aryaman Financial Services Limited
 60, Khatau Building, Ground Floor,
 Alkesh Dinesh Modi Marg, Fort,
 Mumbai – 400 001.
 Tel No.: +91 – 22 – 2261 8264 / 8635
 Fax No.: +91 – 22 – 2263 0434.
 Web: www.afsl.co.in
 Email: info@afsl.co.in
 Contact Person: Ms. Anju Kanuga
 SEBI Registration No. INM000011344

REGISTRAR TO THIS ISSUE



Purva Share Registry (India) Private Limited
 9, Shiv Shakti Industrial Estate,
 J.R. Boricha Marg, Off N.M. Joshi Marg,
 Near Lodha Excelus, Lower Parel (E),
 Mumbai – 400011. India
 Tel. No.: +91 – 22 – 2301 8261/ 2301 6761
 Fax No.: +91 – 22 – 2301 2517
 Web: www.busi-comp.com
 Email: busicomp@vsnl.com
 Contact Person: Mr. Rajesh Shah
 SEBI Registration No. INR000001112

ISSUE OPENS ON

[●]

ISSUE CLOSES ON

[●]

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“We” or “us” or “our”	Unless the context otherwise require, refers to erstwhile firm viz., “BCB Finance Private Limited” started as a private limited company on November 25, 2005 under Part IX of the Companies Act, 1956. Later on, the company was converted into Public Limited Company and the name of the company was changed to “BCB Finance Limited” w.e.f June 24, 2011 and received fresh certificate of incorporation from Registrar of Companies Maharashtra, Mumbai.

Company Related Terms

Terms	Description
Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of BCB Finance Limited
Auditors	Mohanlal Jain and Co., Chartered Accountants, having their office at Chartered House, Gr. Floor, Office No. 10, Dr. C.H. Street, Marine Lines, Mumbai – 400002, India.
“BCB Finance Limited” or “BCB” or the Company” or “BCBFL” or “Our Company”	BCB Finance Limited, a public limited Company incorporated under the Companies Act, 1956 with its registered office at 1204, P.J Towers, Dalal Street, Mumbai - 400001, Maharashtra, India.
Board of Directors / Board	The Board of Directors of BCB Finance Limited, including all duly constituted Committees thereof.
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of BCB Finance Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of ₹10 each unless otherwise specified in the context thereof
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum / Memorandum of Association	Memorandum of Association of BCB Finance Limited
Non Residents	A person resident outside India, as defined under FEMA.
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, 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.

Promoters / Core Promoters	Mr. Bharat Bagri and Mr. Uttam Bagri
Promoter Group	Mrs. Sarla Bagri, Mrs. Ankita Bagri, Mrs. Urvashi Pachisia, Ms. Aadya Bagri, Master Utsav Bagri, Smt. Krishnadevi Bagri, Bharat Bagri HUF, Uttam Bagri HUF.
Group Company(s)	BCB Brokerage Pvt. Ltd.
Registered and /or Corporate Office	The Registered and Corporate Office of our company which is located at - 1204, P.J Towers, Dalal Street, Mumbai 400001, Maharashtra, India.
RoC	Registrar of Companies, Maharashtra situated at Mumbai.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and 2011, as amended from time to time depending on the context of the matter being referred to.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited.

Issue Related Terms

Terms	Description
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
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Banker to the Company	Bank of India, Founding Branch, Oriental Building, Ground Floor, 364, D.N. Road, Fort, Mumbai - 400 001.
Bankers to the Issue	Axis Bank, Business Banking Department – Corporate Accounts Group, Axis House, Central Office, 6 th Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025. HDFC Bank Limited, FIG – OPS Department, Lodha I, Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042.
BSE	BSE Limited.
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, 1996

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 Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened
IPO	Initial Public Offering
Issue / Issue Size / Public Issue	The Public Issue of 35,40,000 Equity Shares of ₹ 10/- each at ₹ 25 (including share premium of ₹15/-) per Equity Share aggregating to 8,85,00,000/- (Rupees Eight Crore Eighty Five Lacs Only) by BCB Finance Limited.
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 25/-
LM / Lead Manager	Lead Manager to the Issue, in this case being Aryaman Financial Services 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.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 29,00,000 Equity Shares of ₹ 10/- each at ₹ 25 (including share premium of ₹15/-) per Equity Share aggregating to 7,25,00,000/- (Rupees Seven Crores Twenty Five Lacs Only) by BCB Finance Limited.
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Qualified Institutional Buyers / QIBs	<p>Mutual Funds, Venture Capital Funds, or Foreign Venture Capital Investors registered with the SEBI;</p> <p>FIs and their sub-accounts registered with the SEBI, other than a subaccount which is a foreign corporate or foreign individual;</p> <p>Public financial institutions as defined in Section 4A of the Companies Act;</p> <p>Scheduled Commercial Banks;</p> <p>Multilateral and Bilateral Development Financial Institutions;</p> <p>State Industrial Development Corporations;</p> <p>Insurance Companies registered with the Insurance Regulatory and Development Authority;</p> <p>Provident Funds with minimum corpus of ₹ 2,500 Lacs;</p> <p>Pension Funds with minimum corpus of ₹ 2,500 Lacs;</p> <p>National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and</p> <p>Insurance Funds set up and managed by the army, navy, or air force of the Union of India.</p> <p>Insurance Funds set up and managed by the Department of Posts, India</p>

Refund Account	Account opened / to be opened with a SEBI Registered Banker to the Issue from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made
Refund Bank	Axis Bank, Business Banking Department – Corporate Accounts Group, Axis House, Central Office, 6 th Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable
Registrar/ Registrar to the Issue	Registrar to the Issue being Purva Sharegistry (India) Private Limited
Regulations	Unless the context specifies something else, this means the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended from time to time.
Retail Individual Investors	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 ₹ 2,00,000
SCSB	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011.

Technical / Industry Related Terms

Terms	Description
BCBBPL	BCB Brokerage Private Limited
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
EL	Equipment Leasing Company
HFC	Housing Finance Companies
HP	Hire Purchase Finance Company
IC	Investment Company
KYC	Know Your Customer
LAS	Loan against Shares
LC	Loan company
MBFC	Mutual Benefit Financial i.e., Nidhi Company
NBFC	A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 and is engaged in the business of loans and advances, acquisition of shares / stock / bonds / debentures / securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale / purchase / construction of immovable property. In terms of Section 45-IA of the RBI Act, 1934, it is mandatory that every NBFC should be registered with RBI to commence or carry on any business of non-banking financial institution as defined in clause (1) of Section 45-IA of the RBI Act, 1934.
MSE	Madras Stock Exchange
NBFC – ND	Non Banking Financial Company – Non Deposit Taking

NBFC – ND - NSI	Non Banking Financial Company – Non Deposit Taking – Non Systemically Important
NOF	Net Owned Fund
NPA	Non Performing Assets
PDs	Primary Dealers
PLR	Prime Lending Rate
PPP	Purchasing Power Parity
RNBC	Residuary non-banking company
RRB	Regional Rural Bank
SCB	Scheduled Commercial Bank

Conventional Terms / General Terms / Abbreviations

Abbreviation	Full Form
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BSE	BSE Limited (formerly known as The Bombay Stock Exchange Limited)
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
DIN	Director Identification Number
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
EXIM/ EXIM Policy	Export – Import Policy
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
F&NG	Father and Natural Guardian
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICSI	Institute of Company Secretaries Of India
MAPIN	Market Participants and Investors' Integrated Database

Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NRE Account	Non Resident External Account
NRIs	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
QIC	Quarterly Income Certificate
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs. or ₹	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
Sec.	Section
STT	Securities Transaction Tax
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the Unites States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
Working Days	All days except Saturday, Sunday and any public holiday

CERTAIN CONVENTIONS & USE OF MARKET DATA

Unless stated otherwise, the financial data in the Draft Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included on page 98 of this Draft Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a nonconsolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year. In the Draft Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

All references to "Rupees" or Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. In this Draft Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". Throughout this Draft Prospectus, all figures have been expressed in Lacs. Unless otherwise stated, all references to India contained in this Draft Prospectus are to the Republic of India.

Unless stated otherwise, industry data used throughout this Draft Prospectus has been obtained from industry publications, internal company reports, newspaper and magazine articles etc. Such publications generally state that content therein 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 the industry data used in this Draft Prospectus is reliable, it has not been verified by any independent source.

For additional definitions, please refer to "*Definitions and Abbreviations*" beginning on page 01 of this Draft Prospectus.

In the Section titled "*Main Provisions of the Articles of Association*" beginning on page 169 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

FORWARD LOOKING STATEMENTS

Statements included in this Draft Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expression or variations of such expressions, that are "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 our expectations include, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the finance and capital market sectors in India and our ability to respond to them.
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks 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 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.
- Change in political condition in India.

For further details of factors that could cause our actual results to differ please refer to *"Risk Factors"*, *"Business overview"* and *"Management Discussions and Analysis of Results of Operations of and Financial Condition of the Company"* beginning on pages 09, 66 and 120 respectively of this Draft Prospectus.

SECTION II: RISK FACTORS

An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this Offer Document, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this Offer Document could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. In addition, the risks set out in this Offer Document may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Materiality

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

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

Note:

The risk factors are disclosed as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

In this Offer Document, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors" and elsewhere in this Offer Document unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Auditors Report" prepared in accordance with the Indian Accounting Standards.

INTERNAL RISK FACTORS

- 1) *Our Promoter Directors Mr. Bharat Bagri and Mr. Uttam Bagri are involved in a legal proceeding relating to a certain dispute aggregating to ₹ 1011.02 Lacs, which if determined against them, could adversely affect our goodwill and operations.***

Our Promoter Directors Mr. Bharat Bagri and Mr. Uttam Bagri are party to a legal proceeding for a suit filed against them for alleged recovery of dues aggregating to a claim from the counter party of ₹ 1011.02 Lacs currently outstanding at Bombay High Court. This matter if determined against them could have an adverse impact on the goodwill and operations of our company. No assurances can be given as to whether this legal proceeding will be decided in their favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims. For further details please refer to "Outstanding Litigations and Material Developments" beginning on page 133 of this Draft Prospectus.

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

Any lending or investment activity is exposed to credit risk arising from the risk of default and nonpayment by borrowers and other counterparties. Our total loans and advances portfolio was ₹ 646.50 Lacs, ₹ 130.00 Lacs and ₹ 235.00 Lacs as at September 30, 2011, March 31, 2011 and 2010, respectively. As at September 30, 2011, all the loans granted are against shares or other such collateral. Approximately 68% all of our loans in the portfolio are loans granted to Small and medium enterprises or individuals.

Till date we have not written off any Loans and Advances due to under recovery. However, the size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure.

In particular, the customers of the Loan against Shares may have relatively higher sensitivity to equity market conditions and also the unsecured individual borrowers are generally less financially robust than larger corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and counterparties, we rely on published credit information relating to such parties and financial and other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. Please refer to the section titled "*Our Business – Summary of Key Policies and Procedures*" on page 68 of this Draft Prospectus for details of the credit policies and approval processes of our Loans and Advances business. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers and counterparties. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, our business, future financial performance and results of operations may be materially and adversely affected.

3) We are a closely held family run enterprise and even after this issue we will continue to be severely dependent on our senior management and promoter's ability to implement our growth strategies.

Till date we are a family run Small and Medium Enterprise. Through this issue we propose to get listed on the SME Platform of BSE and further increase our asset base in order to take our company to the next level of operational and financial strength. As we do not plan to significantly increase our staff base or induct any other major key managerial person in the future, we will be severely dependent on our senior management and promoter's ability to effectively implement our growth strategies. If our Promoters disassociate from our company for any reason or in the event of them getting incapacitated to remain actively involved with the company in managing its affairs, our ability to maintain and grow our revenues could be adversely impacted. Financial impact of the aforesaid risk cannot be reasonably quantified.

4) We are significantly dependent on a few major customers. Our top ten customers have contributed approximately 82% of our total non-investment interest income in FY 2010 and 58% in FY 2011.

We earn interest income from our Loan Portfolio and our Investment in Debt Instruments (including Bank Fixed Deposits). The revenues from our top 10 customers constituted approximately 82 % and 58% of our non-investment interest income for FY 2010 and FY 2011 respectively. These customers take loans from our company against collaterals such as equity shares or other fixed assets or investment instruments.

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

Secondly, due to the major portion of loans being short term and not severely secured, we rely substantially on our promoters and key manager's judgment and long term relations with such clients to whom we lend money. We do not have a large retail loan portfolio i.e. to the public at large and are hence a niche loan

provider to a specific class of customers, and we shall hence be more dependent on regular business from such customers. Loss of one or more of our major customers would have a material adverse effect on our business, results of operations and financial condition.

5) Our company before converting to a public company, had paid additional compensation aggregating to ₹ 50.00 Lacs to related employees beyond the allowed limits and the same was filed for compounding under Section 314 of Companies Act, 1956

As per the Companies Act, 1956, there are restrictions on the amount of compensation a body corporate can pay to employees who are relatives of the Directors of the company. In the past, when we were a Private Limited Company, Mrs. Ankita Bagri and Mrs. Urvashi Pachisia, the related employees of our Company were paid compensation over and above the allowed limits under the Companies Act, 1956. The excess amount aggregating to ₹ 50.00 Lacs has been deposited by them back to the company and is currently shown under Sundry Creditors. Since the company was in violation of the law, we have thus filed an application with the Central Government for compounding this offence and for approval of waiving the recovery of remuneration. The application is currently pending for final approval. Upon receiving this approval we shall repay the amount deposited by the respective employees. Any decision taken against our favour can have an impact on our business, operations and financial conditions.

6) We do not have a fixed investment plan or definitive agreement to utilize a substantial portion of the issue proceeds amounting to ₹ 615.00 lacs which is 69.49% of the Issue size.

One of the objects of this issue is to raise funds that will enable our company to, inter alia, invest ₹ 350 lacs in shares and securities, both in the primary and the secondary markets and another object is to provide loans to our clients aggregating to ₹ 200 Lacs in the form of LAS or IPO Funding etc. These loans and investments shall be granted/made depending upon the market conditions prevailing at that time. The management, in the best interest of the company, may defer the grant of loans or the investments or change the instruments of investments or if the market situation does not seem to be conducive for a profitable deployment of funds, may altogether utilize the issue proceeds for such other uses, which in its absolute discretion is the most profitable deployment of funds at that point of time. Further, an amount of ₹ 65 Lacs has been earmarked to be utilized for General Corporate Purposes, and even for the same the company does not have a definitive contractual agreement or utilisation plan.

7) Investment of the issue proceeds in various investment instruments, as detailed in our Objects of Issue, may not give returns as anticipated and the investments may suffer losses.

Substantial portion of issue proceeds of the issue are proposed to be invested in Equity Markets, Debt Markets, Mutual Funds and other financial instruments. These investments by their nature carry a risk of partial or complete loss of capital due to systemic risk inherent in the financial markets and the un-systemic risk specific to the issuer of these instruments. Despite due care taken by the management, in selection of instruments, quantum of investment and timing of the investments our company may not get returns on investments as expected and may also suffer partial or complete loss of invested capital. The financial impact of such an event cannot be anticipated at this point of time.

8) Our Promoter and/or our Directors and related entities may be subject to conflicts of interest because of their interests in other finance and financial services companies which could have a material adverse effect on our operations.

We have not entered into any non-compete agreements with any of our Promoters and Group Company. Our Promoters and/or our Directors and related entities have direct interests in the Shares Trading, Investments and Lending to Securities Market Participants in Individual capacity. They also hold direct and indirect interests (management control as well as non-management strategic equity stakes) in BCB Brokerage Pvt. Ltd. and Ratnakar Securities Pvt. Ltd. both of which are engaged in, *inter alia*, the shares trading and brokerage business. Both these companies have similar main objects clauses as our Company in their respective memoranda of association, and may be engaged in the financial services business and hence may compete with us to the extent permitted. Situations may therefore arise where such persons or companies are

presented with, or identify, opportunities that may be or are perceived to be in competition with us. They may also be subject to conflicts of interest with respect to decisions concerning our operations, financial structure or commercial transactions. These or other conflicts of interest may not be resolved in an impartial manner and could have a material adverse effect on our operations.

Further, our Non-Executive Independent Director Mr. Kalpesh Ranka holds directorship in Ranka Trading Private Limited, which is involved in the trading and investments businesses. This may create a conflict of interest with regards to their decisions and interest in our Company.

For further details please refer to chapter titled “*Our Management*” and “*Our Promoters and Promoters Group*” beginning on pages 79 and 91 of this Draft Prospectus.

9) A significant portion of our loans granted are short term in nature.

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

10) The revenues earned from our investment and securities business has been volatile and inconsistent in the past and may continue to be inconsistent due to the very nature of this business which is dependent on the overall volatility in the Capital Markets in India.

We are engaged in the business of investment and trading in securities for past several years. Despite our efforts to earn favorable returns on our capital employed, we have not been successful in reducing the volatility on revenues earned from this business vertical. We have reported Net Revenues from Securities Trading and Investment Business (including dividend income) of ₹ 60.79 Lacs, ₹ 70.89 Lacs, (23.57 Lacs) and 1078.33 Lacs for the financial year ended March 31, 2011, 2010, 2009 and 2008 respectively.

We propose to use approximately ₹ 350 Lacs for this Business Vertical and depending on the overall period to period overall volatility in the Capital Markets in India our future revenues from this vertical could be volatile and inconsistent.

11) We have not made any alternate arrangements for meeting our working capital requirements. Further we have not identified any alternate source of financing the ‘Objects of the Issue’. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.

As on date, we have not made any alternate arrangements for meeting our working capital requirements. We meet our working capital requirements through our owned funds, internal accruals and debt. Any shortfall in our net owned funds, internal accruals and our inability to raise debt would result in us being unable to meet our working capital requirements, which in turn will negatively affect our financial condition and results of operations.

Further 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*” beginning on page 44 of this Draft Prospectus.

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

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

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

In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC. For further details, please refer to the section titled "*Regulations and Policies in India*" beginning on page 72 of this Draft Prospectus. We cannot assure you that we may not breach the exposure norms or other regulatory norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC by the RBI by the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

13) We do not own our Registered and Corporate Office from which we operate.

We do not own the premises on which our Registered Office and Corporate Office are situated. The premises are allotted on rent by BSE to our group company M/s. BCB Brokerage Pvt. Ltd. We currently occupy the office based on a office sharing letter issued by BCBPL which is valid until March 31, 2013, subject to yearly renewal. We cannot assure you that we will own, or have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of this property, which may impair our operations and adversely affect our financial condition. For further details of our office premises please refer to the section titled "*Our Business Properties*" on page 71 of this Draft Prospectus.

14) The logo and trade-name used by our company in its official correspondence and other operational requirements is not registered in the name of the company.

Our logo -  is currently under process of getting registered with the Trademark Registry in the name of our Promoter Mr. Bharat Bagri, who also uses the same logo in his other promoted group entities. The logo is and shall not be registered in our name. If Mr. Bharat Bagri decides to disassociate with us or decides to disallow us to use this Logo, we may have to change our logo design and this may entail additional costs and also loss of goodwill.

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

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital

requirements and capital expenditures. So, there can be no assurance that we will be able to pay dividends in the future.

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

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

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

The objects of the issue for which part of the fund are being raised have not been appraised by any bank or financial institution. In the absence of such independent appraisal, the requirement of funds raised through this issue, as specified in the section titled "objects of the issue" are based on the company's estimates and deployment of these funds is at the discretion of the management and the Board of Directors of the company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

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

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

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

We have entered into transactions with our promoters, our Group Companies and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. Based on our audited and restated financials for fiscal 2010 and 2011 our aggregate related party transactions were ₹ 4973.70 Lacs and ₹1196.69 Lacs respectively. For further details, please refer to "Annexure XVII – Related Party Transactions" of the "Auditors Report" beginning on page 113 of this Draft Prospectus.

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

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

21) We had negative cash flows from Operating Activities for certain periods. Any negative cash flow in future could affect our operations and financial conditions.

We had negative cash flow from various activities, as per audited financial statements, details of which are as under:

Particulars	6 months period ended 30-09-2011	F.Y. ended 31/03/2011	F.Y. ended 31/03/2010	F.Y. ended 31/03/2009	F.Y. ended 31/03/2008	F.Y. ended 31/03/2007
Cash flow from Operating Activities	(153.36)	124.48	(455.22)	(104.24)	875.04	(72.69)
Cash flow from Investing Activities	127.76	35.07	(15.74)	(153.45)	0	(5.13)
Cash flow from Financing Activities	(16.44)	(110.06)	357.70	(563.34)	535.50	(7.37)
Net Cash Flow for the period	(42.04)	49.49	(113.26)	(821.03)	1410.35	(85.19)

The net cash flow of a company is a key indicator to show the extent of cash generated from operations of the company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

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

Our Company faces significant competition in the businesses that we are involved in. In particular, we compete with other finance companies, both in India and abroad; and public and private sector commercial banks operating in the markets in which we are present. In recent years, large international banks have also entered these markets. For further details, please refer to the paragraph titled "Competition", as contained in the chapter titled "Our Business", on page 67 of this Draft Prospectus. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation and price. Our competitors may have advantages over us, including, but not limited to:

- Substantially greater financial resources;
- Longer operating history than in certain of our businesses;
- Greater brand recognition among consumers;
- Larger customer bases in and outside India; or
- More diversified operations which allow profits from certain operations to support others with lower profitability.

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

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

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

such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

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

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

25) Income Tax amounts aggregating to ₹ 63.42 lacs are being claimed from our company as "Arrears Demand" by the Income Tax Centralized Processing Center and are currently being reconciled with the respective Tax Assessment Officer. Any material adverse development in these matters could, in the future, result in a litigation or dispute and would hence adversely affect our financial condition, results of operations and goodwill to that extent.

Our company has received a computer generated communication dated November 16, 2011 regarding tax arrears from the Centralized Processing Center of the Income Tax Department intimating us that an amount of ₹ 0.04 lacs, ₹ 2.23 lacs, and ₹ 61.16 lacs for the A.Y. 2006-07, 2007-08 and 2008-09 respectively, is showing as income tax outstanding from our company in their records. Our auditor has replied vide his letter dated January 25, 2012, along with the necessary particulars to the relevant Assessing Officer and have confirmed to him that we are not liable to pay any such tax to the department. However, since, the matter has not been reconciled/re-assessed by the Assessing Officer till date, the Intimation received from the CPC of the Income Tax Department shall be deemed to be a intimation u/s 245 of the Income Tax Act, 1961 and hence, we shall not be disbursed any future tax refunds until we clear out the concerned liabilities as pointed out. Also, contrary to our claim and representations, in case we are required to pay these amounts, we would then be liable to pay the same with interest u/s 220 of the Income Tax Act, 1961. In the event, we are unable to complete our assessment; this; may result in a dispute or a litigation in the future and could also have a material adverse effect on our financial condition, results of operations and goodwill to that extent.

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

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled 'Our Business' and 'Our Promoters and Promoters Group', beginning on pages 67 and 91, respectively and the section titled 'Related Party Transactions' beginning on page 113 of this Draft Prospectus.

27) Post this Issue, our Promoters and Promoter Group will continue to hold majority shares in our Company.

Post this Issue, our Promoters and Promoter Group will collectively own 69.23% of our Equity Share capital. Accordingly, our Promoters and Promoter Group will continue to have control over our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business

combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company even if it is in its best interest. Our Promoters and Promoter Group may also influence our material policies in a manner that could conflict with the interests of our other shareholders.

28) We are required to obtain and maintain certain governmental and regulatory licenses and permits and the failure to obtain and maintain such licenses and permits in a timely manner, or at all, may adversely affect our business and operations.

We are required to obtain and maintain certain approvals, licenses, registrations and permits in connection with its business and operations. Currently there are no material statutory clearances or approvals pending with any department. However, there can be no assurance that we will be able to obtain and maintain such approvals, licenses, registrations and permits in the future. An inability to obtain or maintain such registrations and licenses in a timely manner, or at all, and comply with the prescribed conditions in connection therewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition. For further details regarding the various statutory approvals required in our Business, please refer to the chapter titled “Government and other Key Approvals” on page 135 of this Draft Prospectus.

29) We have in the last twelve months preceding the date of this Draft Prospectus issued shares to our Promoters and Promoter Group members at a price lower than the Issue Price.

On June 15, 2011, we have issued an aggregate of 63,70,068 equity shares to our Promoters and Promoters Group Members via a Bonus Issue of 4 equity shares for every 1 equity share held in the company. Since these shares are allotted for nil consideration they would be hence allotted at a price lower than the issue price in the last one year prior to the date of this Draft Prospectus. For further details with respect to the said bonus issue, please refer to the chapter titled “Capital Structure” beginning on page 35 of this Draft Prospectus.

EXTERNAL RISKS

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

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

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

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

The tax rates including surcharge and education cess applicable to us for fiscal 2011 are 33.99%. Any increase in the tax rates may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

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

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

33) Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued in the future. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and adversely affect our business, financial condition and results of operations.

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

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

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

We derive all of our revenue from our operations in India and, consequently, our performance and the quality and growth of our business are dependent on the health of the economy of India. This economy has sustained growth over the five years ended fiscal 2010 with an average real gross domestic product growth rate of approximately 8.5%. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the microfinance industry. Any such factor may contribute to a decrease in economic growth in India which could adversely impact our business and financial performance.

36) A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totaled US\$293,256 million as of January 20, 2012. A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance.

37) Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that

the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, and results of operations.

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

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

39) *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. The company and the Lead Manager have appointed M/s. IKAB Securities and Investment Limited 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 and Finance industry and the perception in the market about investments in the NBFC industry, 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 chapter titled "General Information – Details of the Market Making Arrangement for this Issue" on page 34 of this Draft Prospectus.

40) *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.

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

Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS

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

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

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

PROMINENT NOTES:

1. Pre and Post Issue Net Worth (assuming full subscription to the Issue)

Pre Issue Net worth (Based on audited accounts as on Sept 30, 2011)	1148.94
Post Issue Net worth	2033.94*
Issue Size	Issue of 35,40,000 Equity Shares of ₹ 10/- each at ₹ 25 (including share premium of ₹15/-) per Equity Share aggregating to 8,85,00,000/- (Rupees Eight Crore Eighty Five Lacs Only)
Cost Per Share to the Promoters and Promoters’ Group	3.18
Net Asset Value per share or Book Value (Based on Audited Accounts as on Sept 30, 2011) (Face Value of ₹ 10/- per share)	14.43

**Issue expenses not considered.*

2. Our Company its Promoters / Directors, Company’s Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
3. Investors are advised to refer to the paragraph titled “Basis for Issue Price” beginning on Page No. 49 of this Draft Prospectus.
4. The Lead Manager and our Company shall update this Draft Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.

5. Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
6. In the event of over-subscription, allotment shall be made as set out in paragraph titled “*Basis of Allotment*” beginning on Page 157 of this Draft Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. 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. The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any equity shares (of BCB Finance Limited) held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding. For further details please refer to the section titled “*Our Management*” on page 79 of this Draft Prospectus.
8. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details please refer to “*Financial Information of our Company*” beginning on page 98 of this Draft Prospectus.
9. The details of transaction by our Company with group companies during the last year are disclosed under “*Related Party Transactions*” in the Financial Information of our Company beginning on page 113 of this Draft Prospectus.
10. Our Company was originally incorporated with the Registrar of Companies, on November 25th, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 our Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. A Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011.

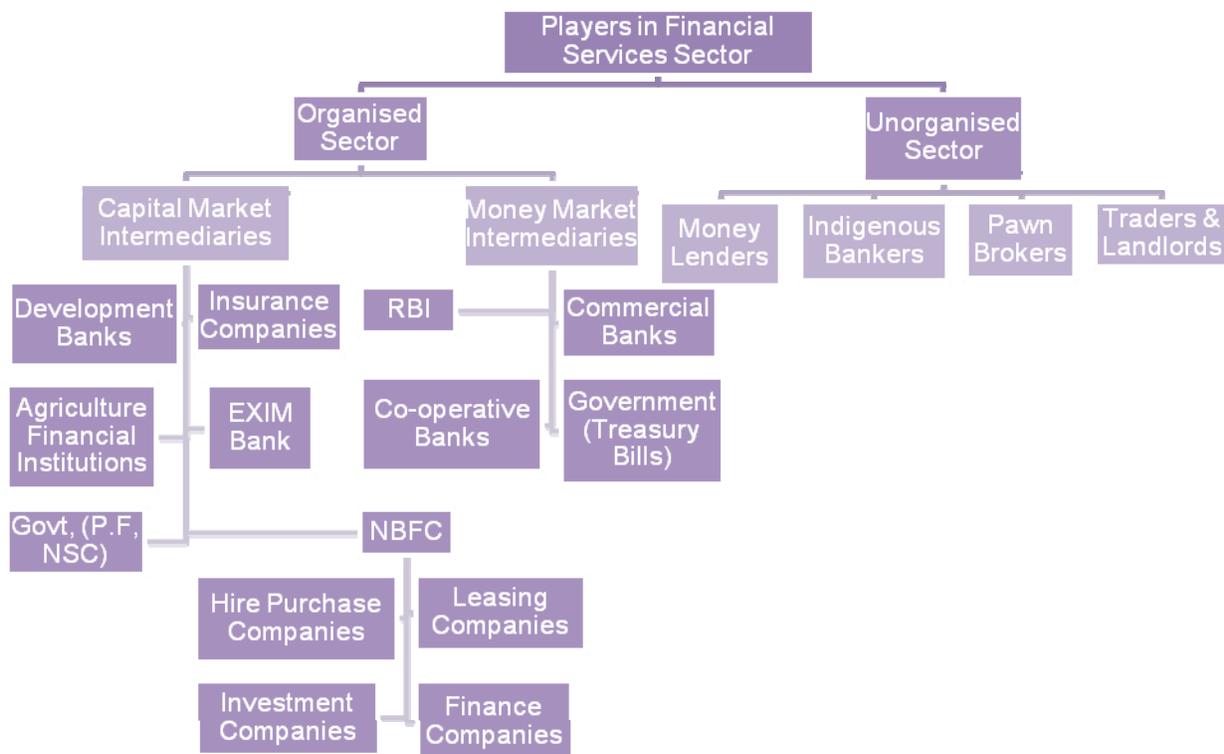
SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

Indian Financial Services Sector:

There has been a considerable broadening and deepening of the Indian financial market due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in the recent years and the entry of sophisticated domestic and international players. Sectors such as banking, asset management and brokerage have been liberalised to allow private sector involvement, which has contributed to the development and modernisation of the financial service sector. This is particularly evident in the non-banking financial service sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance service, where new products and expanding delivery channels have helped these sectors achieve high growth rates.



The Industry in which our Company Operates:

The primary business of our company is to provide Margin Funding to our clients for purchase of securities, Loan against Shares and Trading in Shares & Securities. The company is registered as a Non-deposit taking Non-Banking Finance Company with RBI.

Non Banking Finance Companies Overview

The activities of non-banking financial companies (NBFCs) in India have undergone qualitative changes over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognised as they have inherent ability to take quicker decisions, assume greater risks, and customise their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis. The distinction between banks and non-banks has been gradually getting blurred since both the segments of the financial system engage themselves in many similar types of activities. At present, NBFCs in India have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments etc.

By employing innovative marketing strategies and devising tailor-made products, NBFCs have also been able to build up a clientele base among the depositors, mop up public savings and command large resources as reflected in the growth of their deposits from public, shareholders, directors and other companies, and borrowings by issue of non-convertible debentures, etc. Consequently, the share of non-bank deposits in household sector savings in financial assets, increased from 3.1 per cent in 1980-81 to 10.6 per cent in 1995-96. In 1998, the definition of public deposits was for the first time contemplated as distinct from regulated deposits and as such, the figures thereafter are not comparable with those before.

The importance of NBFCs in delivering credit to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised. The rising importance of this segment calls for increased regulatory attention and focused supervisory scrutiny in the interests of financial stability and depositor protection

In response to the perceived need for better regulation of the NBFC sector, the Reserve Bank of India (RBI) Act, 1934 was amended in 1997, providing for a comprehensive regulatory framework for NBFCs. The RBI (Amendment) Act, 1997 conferred powers on the RBI to issue directions to companies and its auditors, prohibit deposit acceptance and alienation of assets by companies and initiate action for winding up of companies. The Amendment Act provides for compulsory registration with the RBI of all NBFCs, irrespective of their holding of public deposits, for commencing and carrying on business of a non-banking financial institution; minimum entry point norms; maintenance of a portion of deposits in liquid assets; and creation of reserve fund and transfer of 20 per cent of profit after tax but before dividend annually to the fund. Accordingly, to monitor the financial health and prudential functioning of NBFCs, the RBI issued directions to companies on: acceptance of public deposits; prudential norms like capital adequacy, income recognition, asset classification, provisioning for bad and doubtful assets, exposure norms and other measures. Directions were also issued to the statutory auditors to report non-compliance with the RBI Act and regulations to the RBI, and Board of Directors and shareholders of the NBFCs.

Non-Banking Financial Entities Regulated by the RBI

The developments in the NBFC sector in terms of policies and performance during 2001-02 and for the subsequent periods (to the extent information is available) are discussed in the subsequent paragraphs. Non-banking financial entities partially or wholly regulated by the RBI include: (a) NBFCs comprising equipment leasing (EL), hire purchase finance (HP), loan (LC), investment (1C) (including primary dealers³ (PDs)) and residuary nonbanking (RNBC) companies; (b) mutual benefit financial company (MBFC), i.e. Nidhi company; (c) mutual benefit company (MBC), i.e. potential Nidhi company; (d) miscellaneous non-banking company (MNBC), i.e. chit fund company.

Non-Banking Financial Entity	Principal Business
1. Non-Banking Financial Company	In terms of the Section 45-l(f) read with Section 45-i(c) of the RBI Act, 1934, as amended in 1997, their principal business is that of receiving deposits or that of a financial institution, such as lending, investment in securities, hire purchase finance or equipment leasing.
(a) Equipment leasing company (EL)	Equipment leasing or financing of such activity.
(b) Hire purchase finance company (HP)	Hire purchase transactions or financing of such transactions.
(c) Investment company (IC)	Acquisition of securities. These include Primary Dealers (PDs) who deal in underwriting and market making for government securities.
(d) Loan company (LC)	Providing finance by making loans or advances, or otherwise for any activity other than its own; excludes EL/HP/Housing Finance Companies (HFCs).
(e) Residuary non-banking company (RNBC)	Company which receives deposits under any scheme or arrangement by whatever name called, in one lump-sum or in instalments by way of contributions or subscriptions or by sale of units or certificates or other instruments, or in any manner. These companies do not belong to any of the categories as stated above.
II. Mutual Benefit Financial (MBFC) i.e., Nidhi Company	Company Any company which is notified by the Central Government as a Nidhi Company under section 620A of the Companies Act, 1956 (1 of 1956)
IV. Miscellaneous non-banking company (MNBC), Managing, Conducting or supervising as a promoter, foreman or i.e., Chit Fund Company	Managing, conducting or supervising as a promoter, foreman or agent of any transaction or arrangement by which the company enters into an agreement with a specified number of subscribers that every one of them shall subscribe a certain sum in instalments over a definite period and that every one of such subscribers shall in turn, as determined by tender or in such manner as may be provided for in the arrangement, be entitled to the prize amount.

SUMMARY OF OUR BUSINESS

OVERVIEW

Our Company was originally incorporated with the Registrar of Companies on November 25, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 our Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. A Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011. Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 451A of the Reserve Bank of India Act, 1934 bearing Registration no. N.13.01840 dated August 30, 2006.

We operate as a Non Deposit taking Non-systemically Important Non-Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. Our Company provides its shareholders with the opportunity to participate in a diverse portfolio of investments and gain access to a defined investment process and the investment experience of the management team.

Our company is the NBFC Arm promoted by the Bagri Family in order to carry out their financing and investment activities and in order to bring in the benefits of synergies from their brokerage and other businesses.

Business Strengths

1. Strong Management Team backed by Experienced Promoters:

We have a strong management team backed by the promoters who have several years of experience in capital markets and financial services industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and Promoters please refer to sections titled “*Our Management*” and “*Our Promoters & Promoter Group*” beginning on page 79 and 91 of this Draft Prospectus respectively.

2. Focus on disciplined investment process:

Over time, the Indian Capital Market is maturing and the markets are becoming deeper. New products are introduced on a regular basis. This process of evolution throws up many opportunities of market inefficiencies that can be exploited to get superior returns in the market. The Company's philosophy is to use such opportunities for the benefit of its shareholders

Our Company's also looks at options to invest on a long-term basis in both quoted and unquoted securities and in companies which are engaged in diverse businesses and industry sectors. Our company does not exclude an industry from consideration a priori, instead preferring to assess the individual competitive position of a company within its industry. Our company believes in investing in securities, both debt and equity, of quality businesses that deliver consistent results and have competitive advantages. The Company focuses on a disciplined investment process to invest in companies that can consistently grow shareholder value over sustained periods of time.

Our company also looks for opportunities in the business cycles including interest rate cycles to generate superior returns.

3. Continuous Business Possibilities due to synergies with Group Companies:

Our Group Company – BCB Brokerage Pvt. Ltd. is a Registered Stock Broker and our company is the NBFC Arm of the Bagri Family, which has interests in the Capital Markets and Financial Services Segment both directly and through strategic stakes of over five decades. This has led to deep relationships with the

participants in the financial markets and provides many opportunities to our company to deploy funds and earn higher returns.

In line with the trend of the industry, where in Stock Broking Business continuously needs support from Financing Arms, there exists synergies for regular business opportunities for our company. With the further deepening and growth of the Capital Markets, the requirement of Funding and Investment Opportunities is expected to grow and flourish.

4. Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of the Company's portfolio. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

Business Strategy

1. Adherence to a disciplined investment process

The Company will continue to make investments consistent with its investment process as approved by the management from time to time. The company in accordance with its investment process will aim to invest in a diversified portfolio of securities (quoted and unquoted) of companies which are expected to give superior returns. The Company believes that such investments provide a sustainable competitive advantage to the Company and would contribute to its income streams

The company relies on the expertise of its management team to maximize returns through active management of the company's investment portfolio. The Company will pursue appropriate long-term value creation strategies in accordance with its investment process. The Company seeks to achieve this, subject to general market conditions, by buying and selling stocks that offer value at prevailing market prices based on the decisions of its management team. The Company may consider short-term opportunities where it may see prospects for attractive returns and will also focus on a long-term value creation strategy rather than on any near-term impact on its revenues, profits or cash flows. The Company's strategy is to extract optimal returns on its investments and to this end the management team will continue to seek opportunities that demonstrate clear growth prospects.

1. Maintain and expand long term Relationship with Clients

The Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time. The Company believes that a long term client relationship with large clients fetches better dividends. The Company intends to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to the Company's business and are likely to enhance its opportunities.

The company wants to expand its loan portfolio to target high net worth individuals with impeccable credit track record to whom the company may advance funds both secured/ unsecured based on the risk profile and as envisaged in the loan policy of the company. The management sees opportunities in the niche segment of IPO funding with further deepening and maturity of the Capital Markets in India.

SUMMARY OF OUR FINANCIAL INFORMATION

Summary Statement of Assets and Liabilities, As Restated

(₹ in Lacs)

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
A. Fixed Assets						
Gross Block	3.00	9.87	6.87	0.00	5.13	5.13
Less: Depreciation	1.56	3.97	1.33	0.00	3.70	1.54
Net Block (A)	1.44	5.90	5.54	0.00	1.43	3.59
B. Investments	0.00	124.26	162.32	153.45	0.00	0.00
C. Current Assets, Loans & Advances						
Inventories	124.27	401.56	395.66	95.35	33.48	189.68
Receivables	0.00	0.00	0.00	0.00	0.00	0.00
Cash & Bank Balances	601.61	643.65	594.16	707.41	1528.44	118.10
Loans & Advances	715.94	207.53	286.05	400.30	331.59	60.10
Total C	1441.82	1252.74	1275.87	1203.07	1893.51	367.88
Total Assets D (A + B + C)	1443.26	1382.89	1443.72	1356.52	1894.94	371.47
E. Borrowed Funds						
Secured Loans	231.39	278.41	365.60	0.00	608.33	0.00
Unsecured Loans	45.00	0.00	0.00	0.00	0.00	0.00
Total E	276.39	278.41	365.60	0.00	608.33	0.00
F. Current Liabilities & Provisions						
Current Liabilities	50.44	0.23	0.00	0.00	0.06	0.00
Provisions	12.49	8.54	5.02	306.20	306.12	55.09
Total F	62.93	8.77	5.02	306.20	306.18	55.09
G. Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
Total H (F + G)	62.93	8.77	5.02	306.20	306.18	55.09
I. Total Liabilities & Provisions (E + H)	339.32	287.18	370.62	306.20	914.51	55.09
Net Worth J [D - I]	1103.94	1095.72	1073.10	1050.32	980.43	316.37
Represented by Shareholders' Fund:						
Share Capital	796.26	159.25	159.25	159.25	158.25	158.25
Reserves & surplus	307.68	936.47	913.85	891.70	823.45	160.03
Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	0.00	0.63	1.27	1.91
Net Worth	1103.94	1095.72	1073.10	1050.32	980.43	316.37

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

Summary Statement of Profits and Losses, As Restated

(₹ in Lacs)

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
INCOME						
Interest Income	71.07	86.17	83.32	121.46	61.88	8.49
Net Income from Securities Transaction / Investments	67.41	60.79	70.89	-23.57	1078.33	167.81
Total Income from NBFC Activities	138.48	146.95	154.21	97.89	1140.21	176.30
EXPENDITURE						
Interest Expenses	14.42	22.87	7.90	55.00	73.04	7.37
Administrative Expenditure	42.93	35.64	69.17	35.49	53.93	0.16
Directors Remuneration	68.00	60.00	48.00	36.00	96.00	0.00
Loss on Sale/disposal of Fixed Assets	0.60	-	-	1.44	-	-
Preliminary Expenses written off	-	0.00	0.64	0.64	0.64	0.64
Depreciation	0.36	2.63	1.33	0.00	2.16	1.54
Total Expenditure	126.31	121.14	127.04	128.56	225.76	9.71
Net Profit/(Loss) before tax	12.18	25.81	27.16	(30.67)	914.45	166.59
Provision for Taxation	3.95	3.20	5.02	0.08	251.03	53.91
Current Years Income Tax	3.95	3.20	5.02	0.08	251.03	53.91
Net Profit after tax but before extra- ordinary items	8.23	22.61	22.15	(30.75)	663.42	112.68
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after tax and extraordinary items	8.23	22.61	22.15	(30.75)	663.42	112.68

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

Statement of Cash Flows, As Restated

(₹ in Lacs)

Particulars	As at Sep 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
A. Cash Flows from operating activities						
Net Profit before tax	12.18	25.81	27.16	(30.67)	914.45	166.59
Adjustments for:						
Depreciation	0.36	2.63	1.33	0.00	2.16	1.54
Loss / (profit) on sale of fixed assets	0.60	0.00	0.00	1.44	0.00	0.00
Preliminary Expenses W/off	0.00	0.00	0.64	0.64	0.64	0.64
Interest expense	14.42	22.87	7.90	55.00	73.03	7.37
Provision on Standard Assets	0.00	0.325	0.00	0.00	0.00	0.00
Operating cash generated before working capital changes and taxes	27.55	51.64	37.04	26.40	990.28	176.14
(Increase) / Decrease in Inventory	277.29	(5.90)	(300.30)	(61.87)	156.20	(189.68)
(Increase) / Decrease in Loans & Advances	(490.03)	72.84	(185.05)	(48.44)	3.41	(5.00)
Increase / (Decrease) in Current Liabilities	50.21	0.23	0.00	(0.06)	0.06	0.00
Operating cash generated before taxes	(134.97)	118.80	(448.32)	(83.96)	1149.94	(18.54)
Less: Direct Tax paid	18.39	(5.68)	6.90	20.28	274.90	54.15
Net cash generated from operating activities (A)	(153.36)	124.48	(455.22)	(104.24)	875.04	(72.69)
B. Cash Flows from investing activities						
Sale / (Purchase) of Fixed Assets (Net)	3.50	(3.00)	(6.87)	0.00	0.00	(5.13)
Sale / (Purchase) of Investments (Net)	124.26	38.07	(8.87)	(153.45)	0.00	0.00
Net Cash generated from investing activities (B)	127.76	35.07	(15.74)	(153.45)	0.00	(5.13)
C. Cash flow from financing activities						
Proceeds from issue of share capital	0.00	0.00	0.00	100.00	0.00	0.00
Increase / (decrease) in Secured Loans	(47.02)	(87.19)	365.60	(608.33)	608.33	0.00
Increase / (decrease) in Unsecured Loans	45.00	0.00	0.00	0.00	0.00	0.00
Interest paid	(14.42)	(22.87)	(7.90)	(55.00)	(73.03)	(7.37)
Net cash from financing activities [C]	(16.44)	(110.06)	357.70	(563.34)	535.50	(7.37)
Net increase / decrease in cash and cash equivalents (A + B + C)	(42.04)	49.49	(113.26)	(821.03)	1410.35	(85.19)
Opening balance of cash and cash equivalents	643.65	594.16	707.42	1528.45	118.10	203.29
Closing balance of cash and cash equivalents	601.61	643.65	594.16	707.42	1528.45	118.10

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ISSUE DETAILS IN BRIEF**PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS**

Equity Shares Offered: Present Issue of Equity Shares by our Company	35,40,000 Equity Shares of ₹10 each for cash at a price of ₹ 25/- per share aggregating ₹ 885.00 Lacs
Issue Reserved for the Market Makers	6,40,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 25/- per share aggregating ₹160.00 Lacs
Net Issue to the Public	29,00,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 25/- per share aggregating ₹ 725.00 Lacs
Equity Shares outstanding prior to the Issue	79,62,585 Equity Shares
Equity Shares outstanding after the Issue	1,15,02,585 Equity Shares
Objects of the Issue	Please refer Chapter to the title " <i>Objects of the Issue</i> " on page 44 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 150 of this Draft Prospectus.

GENERAL INFORMATION

Our Company was originally incorporated with the Registrar of Companies, on November 25th, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 our Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. A Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011.

Brief Company and Issue Information

Registered Office	1204, P.J Towers, Dalal Street, Mumbai: 400001, Maharashtra, India. Tel No.: +91 – 22 – 2272 2414 Fax No.: +91 – 22 – 2272 2414
Date of Incorporation	November 25, 2005
Company Registration No.	157586
Company Identification No.	U65990MH2005PLC157586
Address of Registrar of Companies	100, Everest, Marine Drive, Mumbai – 400002.
Name of the Stock Exchange	SME Platform of BSE Limited
Issue Programme	Issue Opens on : [●] Issue Closes on : [●]
Company Secretary & Compliance Officer	Mr. Manish Kumar Mourya 1204, P.J Towers, Dalal Street, Mumbai: 400001, Maharashtra, India. Tel No.: +91 – 22 – 2272 2414 Fax No.: +91 – 22 – 2272 2414 Email: manish@bcbfinance.com

Note: Investors can contact the Compliance Officer in case of any Pre Issue or Post Issue related problems such as non-receipt of letter of allotment or share certificates, credit of securities in depositories' beneficiary account or dispatch of refund orders etc.

Board of Directors of the Company

Our Board of Directors consists of:

Name	Designation	DIN No.
Mr. Bharat Bagri	Chairman and Executive Director	01379855
Mr. Uttam Bagri	Managing Director	01379841
Mr. Haresh Sanghvi	Non – Executive Independent Director	00006301
Mr. Kalpesh Ranka	Non – Executive Independent Director	01900183
Mr. Suresh Ahiya	Non – Executive Independent Director	02973290

For further details pertaining to the education qualification and experience of our Directors, please refer to page 79 of this Draft Prospectus under the Section titled “*Our Management*”.

Details of Key Intermediaries pertaining to this Issue and our Company

Lead Manager of the Issue	Registrar to the Issue
<p>Aryaman Financial Services Limited 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001, India. Tel. No.: +91 – 22 – 2261 8264 Fax No.: +91 – 22 – 2263 0434 Website: www.afsl.co.in Email: info@afsl.co.in, Contact Person: Ms. Anju Kanuga SEBI Registration No.: INM000011344</p>	<p>Purva Sharegistry (India) Private Limited 9, Shiv Shakti Industrial Estate, J.R. Boricha Marg, Off N.M. Joshi Marg, Near Lodha Excelus, Lower Parel (E), Mumbai – 400 011.India Tel No.: +91 – 22 – 2301 8261 / 2301 6761 Fax No.: +91 – 22 – 2301 2517 Website: www.busi-comp.com Email: busicomp@vsnl.com Contact Person: Mr. Rajesh Shah SEBI Registration No.: INR000001112.</p>
Bankers to the Company	Legal Advisor to the Issue
<p>Bank of India Founding Branch, Oriental Building, Ground Floor, 364, D.N. Road. Fort, Mumbai - 400 001. Tel No.: +91 – 22 – 2284 5440 / 43 Fax No.: +91 – 22 – 2284 5440 Email: founding.mumbaisouth@bankofindia.co.in Contact Person: Mr. Amit Roy</p>	<p>M/s. Entete Legale 1-B, 3rd Floor, Jai Hind Building, 106, Near Dwarka Restaurant, Nagindas Master Road, Fort, Mumbai - 400 023 Tel. No. +91 – 22 – 2267 6677 / 6420 1975 Email: nahar@entetelegale.com Contact Person: Mr. Nahar S. Mahala</p>
Auditors of the Company	Bankers to the Issue (Escrow Collection Banks)
<p>Mohanlal Jain and Co. Chartered Accountants Chartered House, Gr. Floor, Office No. 10, Dr. C.H. Street, Marine Lines, Mumbai – 400 002. Membership No.: 36824 Tel. No.: +91 – 22 – 2207 6886 Fax No.: +91 – 22 – 2207 9496 Email: jain.mohanlal58@gmail.com Contact Person: Mohanlal Jain</p>	<p>Axis Bank Limited Universal Insurance Building, Sir P.M. Road, Fort, Mumbai – 400 001. Tel No.: +91 – 22 – 6610 7353 / 7265 Fax No.: +91 – 22 – 2283 5758 / 6610 7322 Email: rajesh.khandelwal@axisbank.com Website: www.axisbank.com Contact Person: Rajesh Khandelwal / Nachiket Kalwit SEBI Registration No.: INBI00000017</p>
Refund Banker to the Issue	
<p>Axis Bank Limited Universal Insurance Building, Sir P.M. Road, Fort, Mumbai – 400 001. Tel No.: +91 – 22 – 6610 7353 / 7265 Fax No.: +91 – 22 – 2283 5758 / 6610 7322 Email: rajesh.khandelwal@axisbank.com Website: www.axisbank.com Contact Person: Rajesh Khandelwal SEBI Registration No.: INBI00000017</p>	<p>HDFC Bank Limited FIG – OPS Department, Lodha I, Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400 042. Tel No.: +91 – 22 – 3075 2928 Fax No.: +91 – 22 – 2579 9801 Email: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Deepak Rane SEBI Registration No.: INBI00000063</p>

Statement of inter se allocation of responsibilities

Since Aryaman Financial Services Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

Self Certified Syndicate Banks (“SCSBs”)

The list of Designated Branches that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/pmd/scsb.html>. For more information on the Designated Branches collecting ASBA Forms, see the above mentioned SEBI link.

Credit Rating

As this is an issue of Equity Shares there is no credit rating for this Issue.

Trustees

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

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 ₹ 500.00 Crore. Since the Issue size is only of ₹ 8.85 Crore, 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 the Stock Exchange 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.

Underwriting

This issue is 100% Underwritten. The Underwriting agreement is dated January 24, 2012. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this issue:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹ in Lacs)	% of the Total Issue Size Underwritten
Aryaman Financial Services Limited 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400001, Tel. No.: +91 – 22 – 2261 8264; Fax No.: +91 – 22 – 2263 0434 Website: www.afsl.co.in ; Email: info@afsl.co.in , Contact Person: Ms. Anju Kanuga SEBI Registration No.: INM000011344	29,00,000	725.00	81.93%
IKAB Securities & Investment Limited 5, Raja Bahadur Compound, 2nd Floor, 43 Tamarind Lane, Fort, Mumbai 400023 Tel. No.: +91 – 22 – 4046 3500 Fax No.: +91 – 22 – 4046 3502 / 4046 3534 Website: www.oasiscaps.com Email: admin@oasiscaps.com Contact Person: Smita Nair SEBI Registration No.: INB011037737	6,40,000	160.00	18.07%

In the opinion of our company's Board of Directors the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective obligations in full.

Details of the Market Making Arrangement for this Issue

Our company and the Lead Manager have entered into a tripartite agreement dated January 24, 2012 with the following Market Maker to fulfil the obligations of Market Making:

Name:	IKAB Securities & Investment Ltd.
Address:	5, Raja Bahadur Compound, 2nd Floor, 43 Tamarind Lane, Fort, Mumbai 400023
Tel No.:	+91 – 22 – 4046 3500
Fax No.:	+91 – 22 – 4046 3502 / 4046 3534
E-mail:	admin@oasiscaps.com
Contact Person:	Mrs. Smita Nair
SEBI Registration No.:	INB011037737

The Market Maker shall fulfil 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 ₹ 1,00,000/- . However, the investors with holdings of value less than ₹ 1,00,000/- shall be allowed to offer their holding to the Market Maker(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) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
- 4) 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.
- 5) 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 office from 11.00 a.m. to 5.00 p.m. on working days.

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.

(₹ in Lacs, except share data)

	Particulars	Aggregate Nominal value	Aggregate Value at Issue Price
A	Authorised Share Capital		
	1,20,00,000 Equity Shares of face value of ₹ 10/- each	1200.00	-
B	Issued, Subscribed & Paid-up Share Capital before the Issue		
	79,62,585 Equity Shares of face value of ₹ 10/- each	796.26	-
C	Present Issue in terms of this Draft Prospectus*		
	35,40,000 Equity Shares of ₹ 10/- each at a premium of ₹ 15/- per Equity Share	354.00	885.00
	Which Comprises		
(I)	6,40,000 Equity Shares of ₹ 10/- each at a premium of ₹ 15/- per Equity Share reserved as Market Maker Portion	64.00	160.00
(II)	Net Issue to Public of 29,00,000 Equity Shares of ₹ 10/- each at a premium of ₹ 15/- per Equity Share to the Public	290.00	725.00
	Of Which		
	14,50,000 Equity Shares of ₹ 10/- each at a premium of ₹ 15/- per Equity Share will be available for allocation for Investors of upto ₹ 2.00 Lacs	145.00	362.50
	14,50,000 Equity Shares of ₹ 10/- each at a premium of ₹ 15/- per Equity Share will be available for allocation for Investors of above ₹ 2.00 Lacs	145.00	362.50
D	Post Issue Issued, Subscribed & Paid-up Share Capital	1150.26	-
E	Share Premium Account		
	Before the issue		0.00
	After the Issue		531.00

* The present issue has been authorized pursuant to a resolution of our Board dated July 12, 2011 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at an Annual General Meeting of our shareholders held on September 30, 2011.

CLASSES OF SHARES

The Company has only one class of share capital i.e. Equity Shares of ₹ 10/- each only.

Changes in Authorized Share Capital

Sr. No	Date and Type of Shareholders Meeting approving the change	Nature of Change	Increase (No. of shares)	Cumulative No. of Equity Shares	Face Value (₹)	Cumulative Authorised Share Capital (₹)
1	On Incorporation	-	-	30,00,000	10	3,00,00,000
2	EGM held on June 06, 2011	Increase	90,00,000	1,20,00,000	10	12,00,00,000

Notes to the Capital Structure:

1. Share Capital History of our Company:

a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. Our Company has not made any allotment of preference shares. The following is the Equity share capital build-up of our Company:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Nature of Consideration	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
November 25, 2005	30,000	10	10	Subscription to MoA	Cash	30,000	300,000	-
December 03, 2005	11,02,500	10	10	Allotment to Promoter and Promoters Group	Cash	11,32,500	1,13,25,000	-
December 05, 2005	4,50,000	10	20	Allotment to Non-Promoters	Cash	15,82,500	1,58,25,000	45,00,000
September 01, 2006	17	10	20	Allotment to Promoters Group and Non – Promoters	Cash	15,82,517	1,58,25,170	45,00,170
October 01, 2008	10,000	10	1000	Allotment to Non – Promoter	Cash	15,92,517	1,59,25,170	1,44,00,170
June 15, 2011	63,70,068	10	0	Bonus Issue in the ratio of 4:1 to all eligible equity shareholders	Bonus	79,62,585	7,96,25,850	-

b) Shares allotted for consideration other than cash

The following shares were allotted for consideration other than cash:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment (Reasons for Issue / Benefits to issuer)	Nature of Consideration	Allotted person
June 15, 2011	63,70,068	10	-	Bonus Issue in the ratio of 4:1	Bonus	Allotted to all the Shareholders of the Company

Notes:

Bonus Equity shares have been issued to all our Shareholders on June 15, 2011 by capitalizing Share Premium Account (₹ 1,44,00,170) and Profit & Loss Account (₹ 493,00,510). The relevant provisions of the Companies Act have been complied with w.r.t the bonus issues.

No bonus shares have been issued out of Revaluation Reserves.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

c) History & Share Capital Build-up of our Promoters

Our Promoters have been allotted Equity Shares and have entered into Purchase/Sale Transactions of the Company's Equity shares from time to time. The following is the Equity share capital build-up of our Promoter:

Date of Allotment / Transfer	Allotment / Transfer	Consideration	No. of Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
(i) Mr. Bharat Bagri							
November 25, 2005	Subscription to MOA	Cash	10,000	10	10	0.13%	0.087%
December 03, 2005	Preferential Allotment	Cash	9,00,000	10	10	11.30%	7.82%
March 31, 2008	Transfer	Cash	1,75,000	10	20	2.20%	1.52%
June 15, 2011	Allotment of Bonus Shares	-	43,40,000	10	0	54.50%	37.73%
Sub-Total (ii)			54,25,000	10		68.13%	47.16%
(ii) Mr. Uttam Bagri							
November 25, 2005	Subscription to MOA	Cash	10,000	10	10	0.13%	0.087%
March 31, 2010	Transfer	Cash	2	10	500	Negligible	Negligible
October 05, 2010	Transfer	Cash	11	10	500	Negligible	Negligible
June 15, 2011	Allotment of Bonus Shares	-	40,052	10	0	0.50%	0.35%
Sub-Total (i)			50,065	10		0.63%	0.44%
Grand Total (i + ii)			54,75,065			68.76%	47.60%

Notes:

- None of the shares belonging to our promoters have been pledged till date.
- All the promoters' shares shall be subject to lock-in from the date of listing of the equity shares issued through this Draft Prospectus for periods as applicable under Regulation 36 of the SEBI (ICDR) Regulations. For details please refer to Note No. 2 of "Capital Structure" on page 38 of this Draft Prospectus.

- d) Except for the Bonus Shares Issued to our Promoters and Promoters Group Members, no other shares have been acquired by the Promoters and Promoters Group members during the last one year for a price which is below the issue price. Details of the Bonus Shares allotted to our Promoters and Promoters Group Members are as below:

Name of Promoter and Promoter Group Member	Shares
Mr. Aadya Bagri (Minor Rep by F&NG Uttam Bagri)	12,004
Ms. Ankita Bagri	2,04,004
Mr. Bharat Bagri	43,40,000
M/s. Bharat Bagri HUF	4
Ms. Krishnadevi Bagri	4
Ms. Sarla Bagri	11,40,000
Mr. Uttam Bagri	40,052
Ms. Urvashi Pachisia	9,992
Mr. Utsav Bagri (Minor Rep by F&NG Uttam Bagri)	5,04,004
M/s. Uttam Bagri HUF	1,20,004
Total	63,70,068

- e) None of the members of the Promoters Group/Directors and their immediate relatives have entered into any Transactions in the Equity shares of our Company within the last six months from the date of this Draft Prospectus.
- f) None of the members of the Promoters Group/Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of this Draft Prospectus with SEBI.

2. Promoters Contribution and Other Lock-In details:

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

Pursuant to the Regulation 32(1) and 36(a) of the SEBI Regulations, an aggregate 20% of the Post-Issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment of Equity Shares in this Issue.

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

Name of Promoter	No. of Shares	As a % of Post Issue Share Capital
Mr. Bharat Bagri	23,02,000	20.01

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

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.

- Equity Shares acquired, except the bonus shares issued, by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

The lock in period shall commence from the date of allotment of Equity Shares in the proposed public issue as per the applicable SEBI Regulations.

Our Promoter has given their written undertaking for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of 3 years from the date of Allotment of Equity Shares in the proposed Issue.

In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of this Draft Prospectus with SME Platform of BSE till the date of commencement of lock in period as stated in this Draft Prospectus.

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

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

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

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

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	as a % of Issued Equity	No. of Equity Shares	as a % of Issued Equity
A	Promoter				
1	Mr. Bharat Bagri	54,25,000	68.13%	54,25,000	47.16%
2	Mr. Uttam Bagri	50,065	0.63%	50,065	0.44%
	Total (A)	54,75,065	68.76%	54,75,065	47.60%
B	Promoter Group, Relatives and Other Associates acting in Concert				
1	Mr. Aadya Bagri (Minor Rep by F&NG Uttam Bagri)	15,005	0.19%	15,005	0.13%
2	Ms. Ankita Bagri	255,005	3.20%	255,005	2.22%
3	Mr. Bharat Bagri HUF	5	Negligible	5	Negligible
4	Ms. Krishnadevi Bagri	5	Negligible	5	Negligible
5	Ms. Sarla Bagri	1,425,000	17.90%	1,425,000	12.39%
6	Ms. Urvashi Pachisia	12,490	0.16%	12,490	0.11%
7	Mr. Utsav Bagri (Minor Rep by F&NG Uttam Bagri)	630,005	7.91%	630,005	5.48%
8	Mr. Uttam Bagri HUF	150,005	1.88%	150,005	1.30%
	Total (B)	24,87,520	31.24%	24,87,520	21.63%
	Total (A+B)	79,62,585	100.00%	79,62,585	69.22%

4. Neither the Company, nor its promoters, directors, nor the LM have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.

5. None of our Directors or Key managerial personnel holds Equity Shares in the Company, except as stated in the section titled "Our Management" beginning on page 83 of this Draft Prospectus.

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

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

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Mr. Bharat Bagri	54,25,000	68.13%
2	Ms. Sarla Bagri	1,425,000	17.90%
3	Mr. Utsav Bagri (Minor Rep by F&NG Uttam Bagri)	630,005	7.91%
4	Ms. Ankita Bagri	255,005	3.20%
5	Mr. Uttam Bagri HUF	150,005	1.88%

6	Mr. Uttam Bagri	50,065	0.63%
7	Ms. Aadya Bagri (Minor Rep by F&NG Uttam Bagri)	15,005	0.19%
8	Ms. Urvashi Pachisia	12,490	0.16%
9	Mr. Bharat Bagri HUF	5	Negligible
10	Mr. Krishnadevi Bagri	5	Negligible
Total		79,62,585	100.00%

b. The top ten Shareholders of our Company ten (10) days prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Mr. Bharat Bagri	54,25,000	68.13%
2	Ms. Sarla Bagri	1,425,000	17.90%
3	Mr. Utsav Bagri (Minor Rep by F&NG Uttam Bagri)	630,005	7.91%
4	Ms. Ankita Bagri	255,005	3.20%
5	Mr. Uttam Bagri HUF	150,005	1.88%
6	Mr. Uttam Bagri	50,065	0.63%
7	Ms. Aadya Bagri (Minor Rep by F&NG Uttam Bagri)	15,005	0.19%
8	Ms. Urvashi Pachisia	12490	0.16%
9	Mr. Bharat Bagri HUF	5	Negligible
10	Mr. Krishnadevi Bagri	5	Negligible
Total		79,62,585	100.00%

c. The top ten Shareholders of our Company two (2) years prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares Issue Share Capital
1	Bharat Bagri	1,085,000	68.13%
2	Sarla Bagri	285,000	17.90%
3	Utsav Bagri (Minor Rep by F&NG Uttam Bagri)	125,001	7.85%
4	Ankita Bagri	50,001	3.14%
5	Uttam Bagri HUF	25,001	1.57%
6	Uttam Bagri	10,000	0.63%
7	Vijay Kalantri HUF	10,000	0.63%
8	Urvashi Pachisia	2,498	0.16%
9	Aadya Bagri (Minor Rep by F&NG Uttam Bagri)	1	Negligible
10	Bharat Bagri HUF	1	Negligible
Total		15,92,503	99.99%

7. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum

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

- 8.** In the case of over-subscription in all categories the allocation in the issue shall be as per the requirements of Regulation 43(4) of SEBI (ICDR) Regulations, 2009 and its amendments from time to time.
- 9.** Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
- 10.** There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
- 11.** Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of filing of this Draft Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
- 12.** The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise.
- 13.** We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Prospectus.
- 14.** As on date of filing this Draft Prospectus, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP's till date.
- 15.** Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
- 16.** The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.
- 17.** As of the date of filing of this Draft Prospectus the total number of holders of the Equity Shares is 10.
- 18.** Our Company has not made any public issue or rights issue since its incorporation.

19. Shareholding Pattern of the Company

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

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares Held in Demat Form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of Total no. of shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals/ Hindu Undivided Family	10	79,62,585	79,62,585	100.00%	100.00%	-	-
Bodies Corporate	-	-	-	-	-	-	-
Sub Total	10	79,62,585	79,62,585	100.00%	100.00%	-	-
(2) Foreign	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)	10	79,62,585	79,62,585	100.00%	100.00%	-	-
(B) Public Shareholding							
(1) Institutions	-	-	-	-	-	-	-
(2) Non-Institutions							
Bodies Corporate	-	-	-	-	-	-	-
Individuals							
Individual shareholders holding nominal share capital upto ₹ 1 lac	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lac	-	-	-	-	-	-	-
NRI's / OCB's	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total Public Shareholding (B)	-	-	-	-	-	-	-
Total (A+B)						-	-
(C) Shares held by Custodians and against which Depository receipts have been issued							
	-	-	-	-	-	-	-
Total (A+B+C)	10	79,62,585	79,62,585	100.00%	100.00%	-	-

SECTION IV: PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The Objects of the Issue are as follows:

- To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities.
- To Meet the Issue Expenses
- To Meet General Corporate Expenses

In addition, our company expects to receive the benefits from listing of equity shares on the SME Platform of BSE Limited.

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

Fund Requirements

The funds raised from this Issue shall be utilized for the following purposes:

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	750.00
2.	To Meet the Issue Expenses	70.00
3.	To Meet General Corporate Expenses	65.00
Total		885.00

Means of Finance

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Public Issue Proceeds	885.00

The Entire fund requirements of the Objects of the Issue as detailed above are proposed to be funded from the proceeds of this Public Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount proposed to be raised from the issue.

The fund requirements and the intended use of the proceeds of this issue have been estimated internally by the company's management and have not been appraised by any bank or financial institution. We may have to revise our funding requirements and utilization schedules depending on variety of factors including but not limited to the overall economic environment, capital markets scenarios and stability, changes in strategy, financial condition and the overall management perception of risk in the market.

In case of any minor shortfall in raising the requisite amount of capital from this issue, the extent of shortfall will be met by internal accruals of the company. Likewise, in case of any excess of funds, we may use such surplus towards general corporate purposes which would be in accordance with the policies of the Board made from time to time.

In case of delay in raising the funds requirement from this issue, we may complete our expansion plans and funding requirements through unsecured loans and then, the proceeds of the issue shall be utilized to repay such unsecured loans taken.

No part of the issue proceeds will be paid as consideration to Promoter, Promoter Group, Group Entities, directors, Key Managerial Personnel and associates.

DETAILS OF THE UTILISATION OF ISSUE PROCEEDS

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

We are a RBI Registered NBFC involved in the business of equity and debt investments, trading in securities and providing financing against shares and other collaterals. As on March 31, 2011, our asset base includes Interest Bearing Loans and Advances, Stock & Investments and Cash & Bank Balances aggregating to ₹ 130.00 Lacs, ₹ 525.82 Lacs and ₹ 643.81 Lacs respectively. We propose augment our capital base by ₹ 750.00 Lacs through this Issue and utilize the funds raised from the same to further increase our operational scale of these business activities and assets.

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

		(₹ in Lacs)
Sr. No.	Particulars	Amount
a	Investment in Shares and Securities in line with our investment strategy in primary and secondary markets	350.00
b	Granting of loans against shares and other collaterals and IPO Funding	200.00
c	Repayment of current outstanding on Overdraft Facility	200.00
	Total	750.00

a) Investment in Shares and Securities in line with our investment strategy in primary and secondary markets.

The Company will continue to make investments consistent with its investment process as approved by the management from time to time. The company in accordance with its investment process will aim to invest in a diversified portfolio of securities (quoted and unquoted) of companies which are expected to give superior returns. The Company believes that such investments provide a sustainable competitive advantage to the Company and would contribute to its income streams

The company relies on the expertise of its management team to maximize returns through active management of the company's investment portfolio. The Company will pursue appropriate long-term value creation strategies in accordance with its investment process. The Company seeks to achieve this, subject to general market conditions, by buying and selling stocks that offer value at prevailing market prices based on the decisions of its management team. The Company may consider short-term opportunities where it may see prospects for attractive returns and will also focus on a long-term value creation strategy rather than on any near-term impact on its revenues, profits or cash flows. The Company's strategy is to extract optimal returns on its investments and to this end the management team will continue to seek opportunities that demonstrate clear growth prospects.

b) Granting of loans against shares and other collaterals and IPO Funding.

Our business of providing loans against shares is complementary to our group's broking business as we believe we understand equity markets better than entities that are purely into the lending business. The company wants to expand its loan portfolio to target high net worth individuals with impeccable credit track record to whom the company may advance funds both secured/ unsecured based on the risk profile and as

envisaged in the loan policy of the company. The management sees opportunities in the niche segment of IPO funding with further deepening and maturity of the Capital Markets in India.

We provide the loans against appropriate margin of liquid and marketable securities. We provide loans against shares mentioned in the approved list which is reviewed periodically by the senior management team of our risk management department and by our Board. We have established effective risk management system & tools to monitor the financing provided to the customers. For further details please refer to “*Our Business*” beginning on page 67 of this Draft Prospectus.

c) Part repayment of Overdraft Facility

As on March 31, 2011 and September 30, 2011, we have an outstanding balance in our Overdraft Accounts to the tune of ₹ 278.41 and ₹ 231.39 lacs respectively. The monies raised from the Overdraft Accounts are currently utilized for our LAS and IPO Funding Businesses. We propose to repay an amount aggregating to ₹ 200 Lacs from the Issue Proceeds.

2. To Meet the Issue Expenses

The expenses for this Issue include issue management fees, printing and distribution expenses, legal fees, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed ₹ 70 Lacs.

A broad breakup of the same is as under:

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses.	45.00
2.	Printing & Stationery and Postage Expenses	15.00
3.	Marketing and Advertisement Expenses	5.00
4.	Regulatory fees and expenses	4.00
5.	Other Expenses	1.00
	Total	70.00

3. To Meet General Corporate Expenses

The application of the Issue proceeds for general corporate purposes would include but not be restricted to financing our working capital requirements, capital expenditure, deposits for renting or otherwise acquiring business premises, setting-up of new services, brand building exercises, additional market making expenses or deposits, obtaining new or enabling accreditations and licenses, strengthening of our marketing capabilities, meeting exigencies etc. which we in the ordinary course of business may incur. Our Management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. We intend to use ₹ 65.00 lacs for general corporate purposes.

Schedule of Implementation

The funds raised from this Issue shall be utilized for the specified objectives prior to 31st March 2012.

Year wise break up of proceeds to be used

All funds raised through this issue, are proposed to be utilized in the FY 2011-12 itself.

DEPLOYMENT OF FUNDS

M/s. Mohanlal Jain & Co, Chartered Accountants have vide certificate dated December 12, 2011, confirmed that as on December 12, 2011, following funds were deployed for the proposed Objects of the Issue:

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Issue Expenses	7.95
	Total	7.95

SOURCES OF FINANCING FOR THE FUNDS DEPLOYED

M/s. Mohanlal Jain & Co, Chartered Accountants have vide certificate dated December 12, 2011, further confirmed that the funds deployed for the proposed Objects of the Issue on December 12, 2011, have been funded from the following sources:

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Internal Accruals	7.95
	Total	7.95

INTERIM USE OF FUNDS

We, in accordance with the policies established by our Board, will have flexibility in deploying the Proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the proposed objects of the issue. Pending utilization for the purposes described above, we may temporarily invest the funds from the Issue in interest bearing liquid instruments including Deposits with banks or repayment of bank liabilities/overdraft, if any and investments in mutual funds and other financial products, other fixed and variable return instruments, and listed debt instruments.

APPRAISAL

The Fund requirements and Means of finance presented above are not appraised by Bank or Financial Institution and are based purely on Company management estimates.

MONITORING OF UTILIZATION OF FUNDS

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.

BASIC TERMS OF ISSUE

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

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

The present issue has been authorized pursuant to a resolution of our Board dated July 12, 2011 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at an Annual General Meeting of our shareholders held on September 30, 2011.

Face Value	Each Equity Share shall have the face value of ₹ 10/- each.
Issue Price	Each Equity Share is being offered at a price of ₹ 25/- each.
Market Lot and Trading Lot	The Market lot and Trading lot for the Equity Share is 4000 (Four Thousand) and the multiple of 4000; subject to a minimum allotment of 4000 Equity Shares to the successful applicants.
Terms of Payment	100% of the issue price of ₹ 25/- shall be payable on Application. For more details please refer to page 159 of this Draft Prospectus.
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

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.

BASIS OF 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 66 & 98 respectively to get a more informed view before making any investment decisions.

Qualitative Factors

For qualitative factors pertaining to the pricing of this issue, please refer to “Our Business” on page 67 of this Draft Prospectus.

Quantitative factors

1. Earnings Per Share**

Financial years	Basic EPS (₹)	Adjusted EPS** (₹)	Weights
2008/2009	(1.94)	(0.38)	1
2009/2010	1.39	0.28	2
2010/2011	1.42	0.28	3
Weighted Average EPS	0.85	0.17	

*Source: Auditors Report

The Adjusted EPS** for the six months period ended September 30, 2011 is ₹ 0.19/-

**The Adjusted EPS Calculations include the retrospective effect from bonus issue made by the company on 15-06-2011. For further details, please refer to “Annexure XIX – Statement of Accounting Ratios” of the “Auditors Report” on page 118 of this Draft Prospectus.

2. Price/Earnings Ratio (P/E) in relation to Issue Price of ₹25/- per share

Particulars	P/E ratios
P/E based on Basic EPS for the year ended March 31, 2011	17.60
P/E based on Weighted Average Basic EPS	29.41
Industry P/E	
Highest- Agarwal Holdings Limited	95.40
Lowest- First Leasing Co. Limited	01.90
Average	11.50

*Source: Capital Market, December 12 to 25, 2011; Sector–Finance and Investments

3. Return on Net Worth in the last three years

Particulars	RONW (%)	Weights
Year ended March 31, 2009	(2.93)%	1
Year ended March 31, 2010	2.06%	2
Year ended March 31, 2011	2.06%	3
Weighted Average RONW	0.40%	

The RONW for the six months period ended September 30, 2011 is 0.72%

Minimum Return on Post-Issue Net Worth to maintain pre-issue Basic EPS and the Adjusted EPS at March 31, 2011 is 8.03% and 1.58% respectively.

4. Net asset value (₹)

Financial year	Net worth (₹ In Lacs)	No. of shares (In Lacs)	NAV(₹)
2008/2009	1050.32	15.92	66.16
2009/2010	1073.11	15.92	67.38
2010/2011	1095.72	15.92	68.80
6 months ended September 30, 2011	1148.94	79.62	14.43

* Source Auditors Report

5. Net Asset Value (NAV) per share and comparison thereof with after issue NAV along with Issue Price

Sr. No.	Particulars	Amount (In ₹)
1.	As on March 31, 2011	14.43
2.	After Issue	17.68
3.	Issue Price	25.00

*Source: Auditors report

6. Comparison of Accounting Ratios with Peer Group Companies

Particulars	Face Value (₹)	EPS* (₹)	P/E Ratio	RONW (%) ^	NAV (₹) ^^
Agarwal Holdings Ltd.	10	0.5	106.40	7.80	13.30
First Leasing Co. Ltd.	10	30.70	1.90	25.80	134.80
Edelweiss Financial Services Ltd.	1	0.80	25.90	4.50	17.50
LKP Finance Ltd.	10	18.30	23.00	17.90	117.10
Muthoot Finance Ltd.	10	13.30	9.10	51.50	60.10
Tata Investment Corporation	10	33.70	14.30	12.50	347.40
BCB Finance Limited	10	1.42	17.61	2.06	68.80

Source: Capital Market, December 12 to 25, 2011; Sector–Finance and Investments

*Basic Standalone EPS for F.Y 2010-11

^RONW = Profit after tax and prior period adjustments/Networth

^^NAV = Share Capital + Reserves – Revaluation Reserves – Misc. Expenditure/ No. of Shares at the end of the year

The Company in consultation with the Lead Manager believes that the issue price of ₹ 25/- 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.

The Face Value of the Equity Shares is ₹ 10/- per share and the Issue Price is 2.50 times of the face value i.e. ₹ 25/- per share.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
BCB Finance Ltd.
Mumbai.

Dear Sirs,

Initial Public Offer of Equity Shares

Tax benefits

We refer to the proposed Initial Public Offer of BCB Finance Limited (the "Company") and give below the current position of tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961, Wealth-tax Act, 1957 and the Gift Tax Act, 1958 for inclusion in the Offer document for the proposed initial public issue.

The current position of tax benefits available to the Company and to its shareholders is provided for general information purposes only. In view of the individual nature of tax benefits, each investor is advised to consult its own tax consultant with respect to the specific tax implications arising out of its participation in the issue. The current position is given based on the income tax provisions applicable for the financial year 2011-12.

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 (the "Act"). All the provisions set out below are subject to conditions specified in the respective sections for the applicable period.

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

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

The contents of the enclosed 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. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any other person in respect of this statement.

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

SPECIAL TAX BENEFITS TO THE COMPANY

Nil

GENERAL TAX BENEFITS TO THE COMPANY (Under the Income-Tax Act)

I.

1. In accordance with section 10(34), dividend income (referred to in section 115-O) will be exempt from tax.

2. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
3. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
5. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
6. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I.T.Act.
7. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 - 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
 - 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
9. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
10. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal installments for each of the succeeding previous years subject to conditions specified in that section.
11. In accordance with section 35, the company is eligible for –

- Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.
 - As per section 35(2AA) a deduction of 200% shall be allowed as a deduction of the sum paid by the company, to a National Laboratory or a University or an Indian Institute of Technology or a specified person as specified in this section with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.
12. In accordance with section 80-IA, the company can claim, subject to fulfillment of certain conditions, deduction of an amount equal to hundred percent of the profits and gains derived from the business of, development of Infrastructure facilities including construction of roads, bridges, rail systems, highways, irrigation projects, ports etc, for Ten consecutive assessment years out of Twenty years beginning from the year in which the company develops such facility.
13. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.

II Section 115O

- Tax on distributed profits of domestic companies.
- Any amount declared, distributed or paid by company by way of dividend shall be charged to additional income tax at the rate of 15% plus applicable surcharge and education cess.

III Tax Rates

- The tax rate is 30%
- The surcharge on Income Tax is 5% if the taxable income exceeds ₹1,00,00,000/-, Education Cess is 3%

SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

Nil

GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

I. Under the Income-Tax Act

A. Resident

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax.
2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
4. As per the provision of section 71, if there is a loss under the head "Capital Gain", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off

against any long term capital gain. But Long Term Capital Loss cannot be set-off against short term capital gain.

5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of :
 - a. 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
 - b. 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹ 50 lacs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred.

The cost of the specified equity shares will not be eligible for deduction under section 80C.

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.
 - Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

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

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

B. Non-Residents

- a. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- c. In accordance with section 48, capital gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
- d. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and additional surcharge called as "Education Cess").
- e. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
- f. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹ 50 lacs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

- g. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred.

The cost of the specified equity shares will not be eligible for deduction under section 80C.

- h. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.

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

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

C. Non-Resident Indians

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

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset of the company shall be taxable at the rate of 20% (plus applicable surcharge and "Education Cess"). In case of income by way of long term capital gains in respect of a specified asset, shall be chargeable at 10% plus applicable surcharge and "Education Cess")

2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long -term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer in any specified asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income Tax Act.
4. In accordance with section 115-I, where a Non-Resident India opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
5. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they were beneficial than the domestic law wherever India has entered into Double Taxation Avoidance\ Agreement (DTAA) with the relevant country.

D. Foreign institutional investors (FIIs)

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharges and "Education Cess") on long-term capital gains in respect of securities (other than units referred to in section 115AB) listed in a recognised stock exchange in India in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), and any rules made thereunder
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

E. Mutual Funds

In accordance with section 10(23D), any income of:

- i. a Mutual fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- ii. such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

II. Under the Wealth Tax and Gift Tax Acts

1. "Asset" as defined under-section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, these are not liable to wealth-tax.
2. Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift-tax.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its share holders in the offer document which the company intends to submit to the Securities and Exchange Board of India, Mumbai.

**For and on behalf of
MOHANLAL JAIN & CO.
Chartered Accountants
(Firm Reg. No: 106532W)**

**Mohanlal Jain
(M.No. 36824)
Proprietor**

**Place: Mumbai
Date: December 12, 2011**

SECTION V: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

Overview of the Global and Indian Economy

Global Scenario:

The global economy slowed in Q2 (April-June) of 2011. Lead indicators such as purchasing managers' indices (PMIs) suggest a further moderation in economic activity in Q3, with the global manufacturing PMI approaching the neutral level of 50. In recent weeks, global financial markets have been rattled by perceptions of inadequate solutions to the euro area sovereign debt problem, exposure of banks to euro area sovereign debt and renewed fears of recession.

Global recovery will also be affected by fiscal consolidation measures in some of the advanced economies. In the US, apart from fiscal concerns, stubbornly high unemployment and weak housing markets continued to weigh on consumer confidence and private consumption. In response to the weakening of economic activity, the US Federal Open Market Committee indicated that it would keep the federal funds rate near zero at least through mid-2013.

Economic activity in the euro area decelerated significantly during Q2 of 2011 reflecting decline in both private and government consumption expenditures as well as deceleration in capital formation. Economic activity contracted in Japan reflecting the impact of the earthquake/tsunami.

In contrast to advanced economies, growth remained relatively resilient in emerging and developing economies, notwithstanding some moderation in response to monetary tightening to contain inflation. (Source: RBI Mid-Quarter Monetary Policy Review: September 2011)

Global Growth:

Global growth prospects appear to be declining, even though recovery has not stalled. There have been significant downward revisions in growth projections for the advanced economies. Risks to global growth have amplified with business and consumer confidence dampening on the back of the deepening sovereign debt crisis in Europe. Private sector balance sheets are at risk and significant banking sector weakness is re-emerging as a result. Importantly, financial stress could extend beyond euro area boundaries. If the euro area slows down further, as currently expected, it may have a domino effect on the global economy with spill-overs to emerging markets.

The International Monetary Fund (IMF) has significantly lowered its global growth forecast by 0.3 percentage points for 2011 and 0.5 percentage points for 2012. The world economy is still expected to grow at 4.0 per cent in both these years. The cuts in growth projections were deeper for advanced economies (AEs), but were also pervasive among emerging and developing economies (EDEs). The IMF also lowered its growth forecast for India. Its current projections of 7.8 per cent for 2011 and 7.5 per cent for 2012 in market prices correspond to a projection of 7.6 per cent growth at factor cost for 2011-12 and 2012-13.

Global commodity prices, especially those of metals, have softened significantly. However, even after some correction, the current Brent crude oil price is still over 25 per cent higher than its average for 2010-11. The IMF has revised upwards its consumer price inflation forecast for EDEs by 0.6 percentage point to 7.5 percent for 2011, while leaving the projection for AEs unchanged at 2.6 per cent.

Indian Scenario:

Growth in 2011-12 is likely to moderate to below trend. Agriculture prospects remain encouraging with the likelihood of a record Kharif crop. However, moderation is visible in industrial activity and some services, mainly construction and community, social and personal services. Given the linkage of domestic industrial growth with global cycle, some further moderation is likely ahead given the weak global PMIs. Capacity constraints seem to be easing in some manufacturing activity, especially cement, fertilizers and steel. Construction activity has slowed and leading indicators suggest that services growth may slightly weaken ahead.

Investment demand is softening as a result of combination of factors including monetary tightening, hindrances to project execution and deteriorating business confidence. Planned corporate fixed investment in new projects declined significantly since the second half of 2010-11. Consequently, the pipeline of investment is likely to shrink, putting 2012-13 growth at risk.

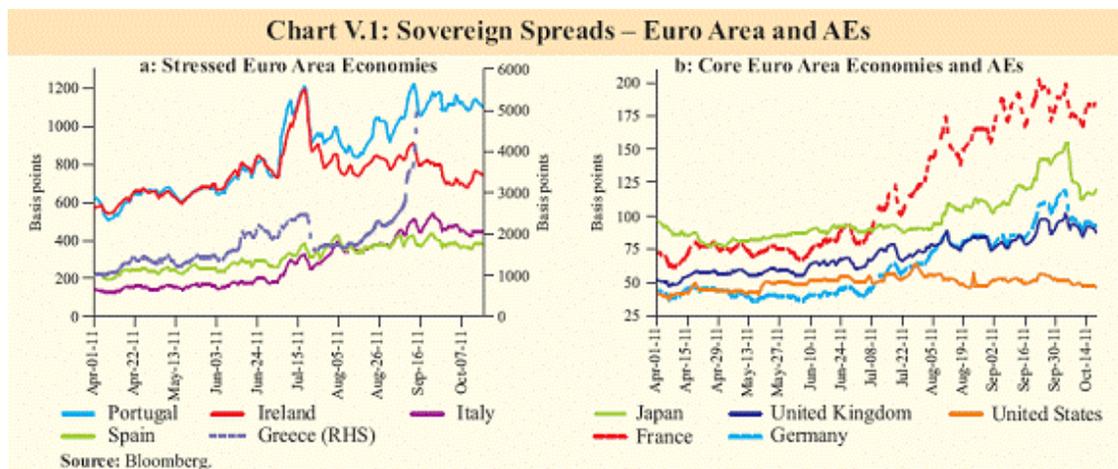
The Current Account Deficit (CAD) widened in Q1 of 2011-12. The Indian rupee has seen significant nominal and real depreciation in Q2 of 2011-12. However, this trend has been in line with that of other emerging market currencies, which too depreciated significantly as US dollar appreciated with flight to safety amidst rising risk aversion.

During the first quarter of 2011-12, real GDP growth moderated to 7.7 per cent, decelerating for the third successive quarter and recording the lowest rate in the previous five quarters. While agriculture sector registered a considerably improved performance vis-a-vis the first quarter of the previous year, moderation was evident in the industry and services sectors. The deceleration was particularly marked for the industrial sector. However, despite some moderation, growth is only slightly below trend.

At the sectoral level, agriculture growth was supported by improved rabi crop for 2010-11, while the slackening of industrial growth was reflected in the 'mining and quarrying' and 'manufacturing' sectors. The services sector witnessed moderation on account of a fall in growth rate of all its sub-components except 'trade, hotels, transport and communication'. The sharp deceleration in the growth of the construction sector, in particular, is likely to negatively impact capital formation, going forward.

Financial Markets:

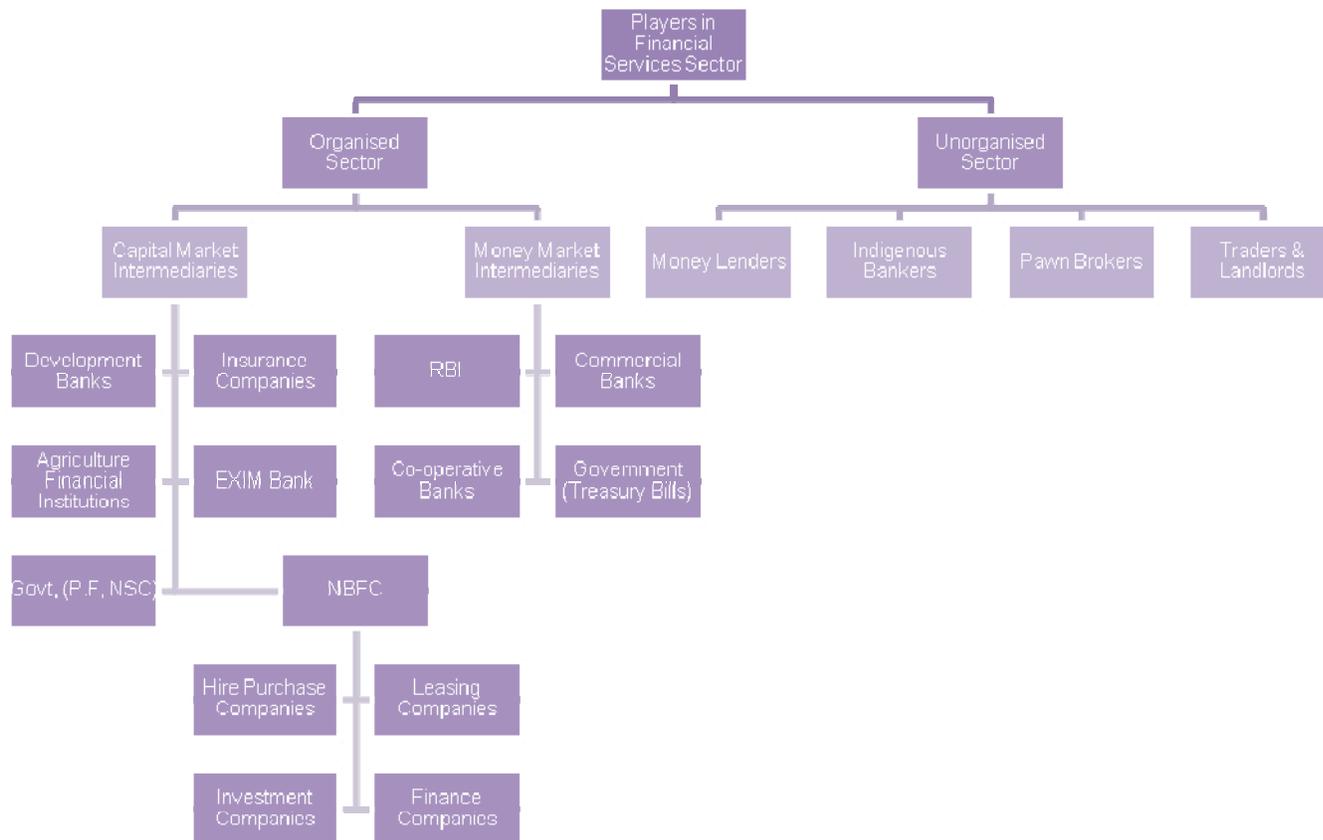
Indian equity and foreign exchange markets, unlike the debt and money markets, showed greater volatility in Q2 of 2011-12 than in the previous quarter. This mainly reflected risk aversion arising out of the deepening euro area sovereign debt crisis. Going forward, domestic growth and inflation outlook, resilience of the banking sector and the nature and depth of global uncertainty will shape the developments in the financial markets. The global markets will primarily track the international policy actions to address the problem of euro area sovereign debt crisis and slowdown in advanced economies (AEs). The downgrade of US sovereign debt rating by S&P and deteriorating sovereign debt problems in the euro area resulted in renewed volatility in global financial markets during Q2 of 2011-12. The credit default swaps (CDS) spreads of stressed euro area economies like Portugal, Italy and Greece widened since August 2011, reflecting market perception of worsening sovereign debt sustainability of these economies. Several periphery and core European countries including Italy and Spain were downgraded by the credit rating agencies following the debt concerns, slackening economic activity and weakening financial systems. AAA rated sovereigns, such as Germany and France, were also impacted in the absence of credible measures to contain the pervasive impact of the worsening sovereign crisis as shown in the illustration below:



(Source: RBI: Macroeconomic and Monetary Developments–Second Quarter Review 2011-12)

Indian Financial Services Sector:

There has been a considerable broadening and deepening of the Indian financial market due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in the recent years and the entry of sophisticated domestic and international players. Sectors such as banking, asset management and brokerage have been liberalised to allow private sector involvement, which has contributed to the development and modernisation of the financial service sector. This is particularly evident in the non-banking financial service sector, such as equities, derivatives and commodities brokerage, residential mortgage and insurance service, where new products and expanding delivery channels have helped these sectors achieve high growth rates.



Indian Capital Markets:

In the recent years, the capital markets have also undergone substantial reforms in regulation and supervision. Reforms, particularly the establishment and empowerment of SEBI, market-determined prices and allocation of resources, screen-based nation-wide trading, dematerialisation 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 23 recognized Stock Exchanges in India, including the Over-the-Counter Exchange of India (“OTCEI”) for small and new companies and the NSE, which was set-up as a model exchange to provide nation-wide services to investors. In 2003, the National Commodity and Derivative Exchange (“NCDEX”), an online Multi-Commodity Exchange (“MCX”) for trading of various commodities was also established.

Primary Equity Market:

The primary segment of the capital markets in India has been witnessing a surge in activities driven by the strong fundamentals of the Indian economy, a buoyant secondary market, revival of structural reforms by the government and an investor friendly framework provided by SEBI. In addition, sustained growth of the corporate sector and its increasing capital requirements have resulted in a record level of capital raising from the primary equity market in the present year.

During September 2011, ₹ 3,029.1 crore was mobilised in the primary market through 12 issues as compared to ₹ 3,865.7 crore mobilised through 11 issues in August 2011, showing a decrease of 21.6 percent over the previous month. Of the 11 equity issues, nine issues of amount ₹ 626.8 crore were mobilised through IPO channel and two issues of amount ₹ 1,648.6 crore were rights issues. In addition, there was one debt issue in September 2011 that raised ₹ 753.8 crore. The cumulative amount mobilised for the financial year 2011-12 so far, stood at ₹ 16,342 crore through 46 issues as against ₹ 19,231.5 crore through 45 issues during the corresponding period in 2010-11.

The number of primary equity market issuances in India is set forth in the table below:

Items	Sep-11		Aug-11		2011-12\$		2010-11\$	
	No. of Issues	Amount (₹ crore)						
1	2	3	4	5	6	7	8	9
a) Public Issues (i) +(ii)	10	1,380.6	8	3,546.7	36	14,254.4	34	15,252.2
i) Public issue (Equity)	9	626.8	4	605.1	30	9,559.0	33	14,752.2
of which								
IPOs	9	626.8	4	605.1	29	4,980.8	31	13,741.4
FPOs	0	0.0	0	0.0	1	4,578.2	2	1,010.9
ii) Public Issue (Debt)	1	753.8	4	2,941.6	6	4,695.4	1	500.0
b) Rights Issues	2	1,648.6	3	319.0	10	2,087.6	11	3,979.3
Total Equity Issues (i + b)	11	2,275.3	7	924.1	40	11,646.6	44	18,731.5
Total (a + b)	12	3,029.1	11	3,865.7	46	16,342.0	45	19,231.5

Note: IPOs imply Initial Public Offers, FPOs imply Follow on Public Offers.

NCD implies Non Convertible Debenture.

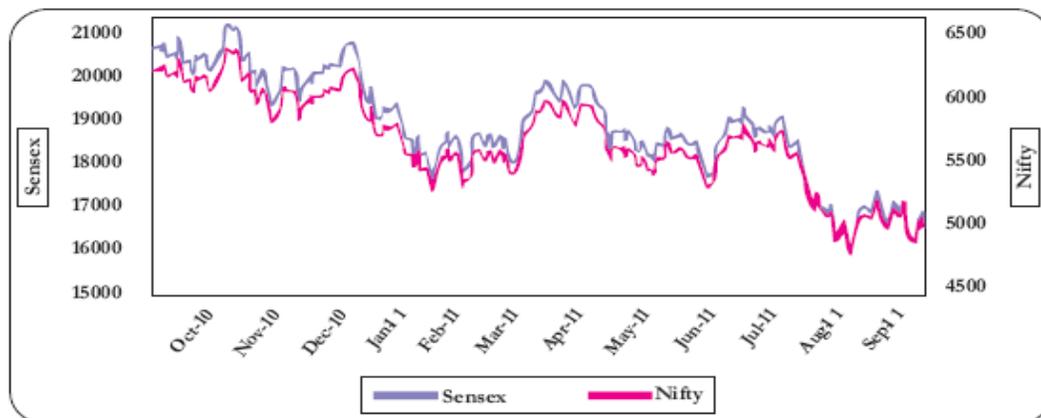
\$ As on last trading day of September 2011

Secondary Equity Market:

BSE Sensex closed at 16,453.8 on September 30, 2011, as against 16,676.8 on August 30, 2011, registering a decrease of 223 points (1.3 percent). During September 2011, Sensex recorded an intraday high of 17,211.8 on September 9, 2011 and an intraday low of 15,801.0 on September 26, 2011. The P/E ratio of BSE Sensex was 18.0 as on September 30, 2011 as against 18.4 on August 30, 2011. The market

capitalisation of BSE decreased by 1.8 percent from ₹ 60,61,626 crore as on August 30, 2011 to ₹ 59,53,887 crore as on September 30, 2011.

S&P CNX Nifty closed at 4,943.3 on September 30, 2011 compared to 5,001.0 on August 30, 2011, indicating a decrease of 57.7 points (1.2 percent). During September 2011, Nifty recorded an intraday high of 5,169.3 on September 8, 2011 and an intraday low of 4,758.9 on September 26, 2011. The P/E ratio of S&P CNX Nifty was 17.9 as on September 30, 2011 as against 18.1 on August 30, 2011. The market capitalisation of NSE, stood at ₹ 58,20,334 crore on September 30, 2011 compared to ₹ 59,21,684 crore as on August 30, 2011, a decrease of 1.7 percent.



(Source: SEBI Bulletin, October 2011)

Consolidation in the Indian Equity Trading Markets

As the Indian capital markets continue to evolve, they are undergoing rapid consolidation driven by increased trading volumes, increased regulation, customer sophistication, availability of better technology and increased back-office requirements. With this, significant changes have been introduced to strengthen the risk management systems, for instance, the margin requirements for exposure and mark-to-market have been introduced in line with global practices. In addition, the shorter settlement cycles have required stronger back-office capabilities. Historically, settlement cycles on exchanges were T+5, although these have been reduced to T+2 and there are plans to reduce this to an industry standard of T+1. These changes in the regulatory framework and settlement mechanics have resulted in smaller operating players losing market share, leading to consolidation in the industry. With this, there has been a significant growth in retail investors' participation in equity markets. Trade volumes for retail investors have grown steadily with the introduction of dematerialisation and the recent acceleration in opening of dematerialised accounts.

The retail business segment has approximately a 65 per cent share of total exchange traded volumes, with foreign individual and institutional investors business having a 15 per cent share, and proprietary trading by brokers & related parties accounting for the remaining 20 per cent share.

Equity Brokerage

As the Indian capital markets continue to evolve, they are undergoing rapid consolidation driven by increased trading volumes, increased regulation, customer sophistication, availability of better technology and increased back-office requirements. As a result, significant changes have been introduced to strengthen risk management systems. Changes in the regulatory framework and settlement mechanics have resulted in smaller operating players losing market share, leading to consolidation in the industry.

Transaction Advisory

There has been a significant increase in the merger and acquisition activities by Indian companies in recent years. This continuing increase is evident in the inbound, outbound and domestic segments.

The Industry in which our Company Operates:

The primary business of our company is to provide Margin Funding to our clients for purchase of securities, Loan against Shares and Trading in Shares & Securities. The company is registered as a Non-deposit taking Non-Banking Finance Company with RBI.

Non Banking Finance Companies Overview

The activities of non-banking financial companies (NBFCs) in India have undergone qualitative changes over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognised as they have inherent ability to take quicker decisions, assume greater risks, and customise their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis. The distinction between banks and non-banks has been gradually getting blurred since both the segments of the financial system engage themselves in many similar types of activities. At present, NBFCs in India have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments etc.

By employing innovative marketing strategies and devising tailor-made products, NBFCs have also been able to build up a clientele base among the depositors, mop up public savings and command large resources as reflected in the growth of their deposits from public, shareholders, directors and other companies, and borrowings by issue of non-convertible debentures, etc. Consequently, the share of non-bank deposits in household sector savings in financial assets, increased from 3.1 per cent in 1980-81 to 10.6 per cent in 1995-96. In 1998, the definition of public deposits was for the first time contemplated as distinct from regulated deposits and as such, the figures thereafter are not comparable with those before.

The importance of NBFCs in delivering credit to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised. The rising importance of this segment calls for increased regulatory attention and focused supervisory scrutiny in the interests of financial stability and depositor protection

In response to the perceived need for better regulation of the NBFC sector, the Reserve Bank of India (RBI) Act, 1934 was amended in 1997, providing for a comprehensive regulatory framework for NBFCs. The RBI (Amendment) Act, 1997 conferred powers on the RBI to issue directions to companies and its auditors, prohibit deposit acceptance and alienation of assets by companies and initiate action for winding up of companies. The Amendment Act provides for compulsory registration with the RBI of all NBFCs, irrespective of their holding of public deposits, for commencing and carrying on business of a non-banking financial institution; minimum entry point norms; maintenance of a portion of deposits in liquid assets; and creation of reserve fund and transfer of 20 per cent of profit after tax but before dividend annually to the fund. Accordingly, to monitor the financial health and prudential functioning of NBFCs, the RBI issued directions to companies on: acceptance of public deposits; prudential norms like capital adequacy, income recognition, asset classification, provisioning for bad and doubtful assets, exposure norms and other measures. Directions were also issued to the statutory auditors to report non-compliance with the RBI Act and regulations to the RBI, and Board of Directors and shareholders of the NBFCs.

Non-Banking Financial Entities Regulated by the RBI

The developments in the NBFC sector in terms of policies and performance during 2001-02 and for the subsequent periods (to the extent information is available) are discussed in the subsequent paragraphs. Non-banking financial entities partially or wholly regulated by the RBI include: (a) NBFCs comprising equipment leasing (EL), hire purchase finance (HP), loan (LC), investment (1C) (including primary dealers³ (PDs)) and residuary nonbanking (RNBC) companies; (b) mutual benefit financial company (MBFC), i.e. Nidhi company;

(c) mutual benefit company (MBC), i.e. potential Nidhi company; (d) miscellaneous non-banking company (MNBC), i.e. chit fund company.

Non-Banking Financial Entity	Principal Business
1. Non-Banking Financial Company	In terms of the Section 45-l(f) read with Section 45-i(c) of the RBI Act, 1934, as amended in 1997, their principal business is that of receiving deposits or that of a financial institution, such as lending, investment in securities, hire purchase finance or equipment leasing.
(a) Equipment leasing company (EL)	Equipment leasing or financing of such activity.
(b) Hire purchase finance company (HP)	Hire purchase transactions or financing of such transactions.
(c) Investment company (IC)	Acquisition of securities. These include Primary Dealers (PDs) who deal in underwriting and market making for government securities.
(d) Loan company (LC)	Providing finance by making loans or advances, or otherwise for any activity other than its own; excludes EL/HP/Housing Finance Companies (HFCs).
(e) Residuary non-banking company (RNBC)	Company which receives deposits under any scheme or arrangement by whatever name called, in one lump-sum or in instalments by way of contributions or subscriptions or by sale of units or certificates or other instruments, or in any manner. These companies do not belong to any of the categories as stated above.
II. Mutual Benefit Financial (MBFC) i.e., Nidhi Company	Company Any company which is notified by the Central Government as a Nidhi Company under section 620A of the Companies Act, 1956 (1 of 1956)
IV. Miscellaneous non-banking company (MNBC), Managing, Conducting or supervising as a promoter, foreman or i.e., Chit Fund Company	Managing, conducting or supervising as a promoter, foreman or agent of any transaction or arrangement by which the company enters into an agreement with a specified number of subscribers that every one of them shall subscribe a certain sum in instalments over a definite period and that every one of such subscribers shall in turn, as determined by tender or in such manner as may be provided for in the arrangement, be entitled to the prize amount.

BUSINESS OVERVIEW

OVERVIEW

Our Company was originally incorporated with the Registrar of Companies, on November 25th, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 our Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. A Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011. Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 451A of the Reserve Bank of India Act, 1934 bearing Registration no. N.13.01840 dated August 30, 2006.

We operate as a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. Our Company provides its shareholders with the opportunity to participate in a diverse portfolio of investments and gain access to a defined investment process and the investment experience of the management team.

Our company is the NBFC Arm promoted by the Bagri Family in order to carry out their financing and investment activities and in order to bring in the benefits of synergies from their brokerage and other businesses.

Business Strengths

1. Strong Management Team backed by Experienced Promoters:

We have a strong management team backed by the promoters who have several years of experience in capital markets and financial services industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and Promoters please refer to sections titled “*Our Management*” and “*Our Promoters & Promoter Group*” beginning on pages 79 and 91 of this Draft Prospectus respectively.

2. Focus on discipline investment process:

Over time, the Indian Capital Market is maturing and the markets are becoming deeper. New products are introduced on a regular basis. This process of evolution throws up many opportunities of market inefficiencies that can be exploited to get superior returns in the market. The Company's philosophy is to use such opportunities for the benefit of its shareholders

Our Company's also looks at options to invest on a long-term basis in both quoted and unquoted securities and in companies which are engaged in diverse businesses and industry sectors. Our company does not exclude an industry from consideration a priori, instead preferring to assess the individual competitive position of a company within its industry. Our company believes in investing in securities, both debt and equity, of quality businesses that deliver consistent results and have competitive advantages. The Company focuses on a disciplined investment process to invest in companies that can consistently grow shareholder value over sustained periods of time.

Our company also looks for opportunities in the business cycles including interest rate cycles to generate superior returns.

3. Continuous Business Possibilities due to synergies with Group Companies

Our Group Company – BCB Brokerage Pvt. Ltd. is a Registered Stock Broker. Our company is the NBFC Arm of the Bagri Family. The group has interests in the Capital Markets and Financial Services Segment both directly and through strategic stakes of over five decades. This has led to deep relationships with the

participants in the financial markets and provides many opportunities to our company to deploy funds and earn higher returns.

In line with the trend of the industry, where in Stock Broking Business continuously needs support from Financing Arms, there exist synergies for regular business opportunities for our company. With the further deepening and growth of the Capital Markets, the requirement of Funding and Investment Opportunities is expected to grow and flourish.

4. Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of the Company's portfolio. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

Business Strategy

2. Adherence to a disciplined investment process

The Company will continue to make investments consistent with its investment process as approved by the management from time to time. The company in accordance with its investment process will aim to invest in a diversified portfolio of securities (quoted and unquoted) of companies which are expected to give superior returns. The Company believes that such investments provide a sustainable competitive advantage to the Company and would contribute to its income streams

The company relies on the expertise of its management team to maximize returns through active management of the company's investment portfolio. The Company will pursue appropriate long-term value creation strategies in accordance with its investment process. The Company seeks to achieve this, subject to general market conditions, by buying and selling stocks that offer value at prevailing market prices based on the decisions of its management team. The Company may consider short-term opportunities where it may see prospects for attractive returns and will also focus on a long-term value creation strategy rather than on any near-term impact on its revenues, profits or cash flows. The Company's strategy is to extract optimal returns on its investments and to this end the management team will continue to seek opportunities that demonstrate clear growth prospects.

3. Maintain and expand long term Relationship with Clients

The Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time. The Company believes that a long term client relationship with large clients fetches better dividends. The Company intends to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to the Company's business and are likely to enhance its opportunities.

The company wants to expand its loan portfolio to target high net worth individuals with impeccable credit track record to whom the company may advance funds both secured/ unsecured based on the risk profile and as envisaged in the loan policy of the company. The management sees opportunities in the niche segment of IPO funding with further deepening and maturity of the Capital Markets in India.

DETAILS OF OUR BUSINESS

Location

Our Company operates from its Registered office located at 1204 P J Towers, Dalal Street, Fort, Mumbai 400 001. There are no branch offices of our company currently.

Key Business Processes and Policies

FLOW CHART FOR PROCESS OF GIVING LOAN AGAINST SHARES AND IPO FUNDING



FLOW CHART FOR PROCESS OF MAKING INVESTMENTS



Summary of our Key Policies and Procedures

A. KYC Policy

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

For Depositors

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

For Borrowers

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

B. Fair Practice Code

Pursuant to RBI Notification dated September 28, 2006, the Board of Directors of the company has adopted the following Fair Practices Code in its meeting held on Monday, the 16th of October 2006.

1. Application for loans and their proceedings:
 - The Loan application forms should indicate clearly the rate of interest, penal interest, all charges payable by the borrower in any head other than that of rate of interest and penal interest and list of all documents that are needed.
 - The acknowledgement for receipt of all loan applications should be given immediately on receipt. In case of receipt by post, the acknowledgments should be dispatched within 2 working days.
 - All loan applications should be disposed of within 7 working days of the receipt of last document called for

2. Loan appraisal and terms/conditions

It should be conveyed in writing to the borrower by means of sanction letter the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application.

3. Disbursement of loans including changes in terms and conditions
 - Notice to the borrower should be given of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
 - Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
 - All securities should be released on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the borrower. If

such right of set off is to be exercised, the borrower should be given notice about the same with full particulars about the remaining claims and the conditions under which we are entitled to retain the securities till the relevant claim is settled/ paid.

4. General

- We should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement.
- In case of receipt of request from the borrower for transfer of borrowal account, the consent or objection, if any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- In the matter of recovery of loans, we should not resort to undue harassment

5. Dispute

All disputes arising out of the decisions of functionaries will be heard by the Director.

COLLABORATION

The company has no collaborations.

PRODUCTS AND SERVICES

We offer a variety of products and services

Loan against securities:

We provide loans against securities where in customers seeking for loan can pledge the share that they hold in dematerialized or physical form against the loan taken. Once the loan is repaid, the pledged securities are released. The duration of the loan may vary from client to client. The rate of interest keeps fluctuating depending on market practice. Securities taken as a pledge include shares, stocks, bonds, mutual funds etc.

IPO funding

We provide loans to investors who wish to apply / subscribe in an IPO by granting them loan against shares they to be allotted to them in the IPO. In case the allotment money is refunded, the application is immediately closed and in case of allotment, loan repayment term may vary from client to client. Interest is payable every quarter.

Unsecured loans/ bridge loans

We also provide unsecured / bridge loans to various clients.

COMPETITION

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

INSURANCE

The Company has not taken any insurance cover at present. The Company will work towards taking insurance coverage to such amounts that will be sufficient to cover all normal risks associated with its operations and is in accordance with the industry standard.

INTELLECTUAL PROPERTY RIGHTS

The logo and the name BCB is currently being registered in the name of the promoter Shri Bharat Bagri. Shri Bharat Bagri has filed an application dated June 10, 2011 before the Trade Mark Registry for registration of its name and logo under class 36. The application is pending for registration. The company shall be taking permission from the promoter to use the logo once the same is registered.

EXISTING CAPACITY & CAPACITY UTILIZATION

Capacity and Capacity Utilization is not applicable to our Company.

HUMAN RESOURCES

As on date of this Draft Prospectus, the Company has 3 employees.

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

LAND AND PROPERTY

Registered Office

Schedule of the property and use	Area	Consideration	Nature of Interest	Date and/or term of lease	Seller
1204 P J Towers, Dalal Street, Fort, Mumbai 400 001	200 sq ft (carpet)	None	Permitted for use by group company BCB Brokerage Private Limited	Upto 31 st March 2013	N.A.

LEGAL PROCEEDINGS

Other than as described in the section titled "*Outstanding Litigation and Material Developments*" on page 133 of this Draft Prospectus, the Company is not currently a party to any proceedings and no proceedings are known by it to be contemplated by government authorities or third parties, which, it believes, if adversely determined, would have a material adverse effect on its business, prospects, financial condition or results of operations.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain sector laws and regulations in India, which are applicable to the company being part of the non-banking industry/investment industry. The information detailed in this chapter has been obtained from publication available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information. The Company is engaged in the activities of investment and trading in shares and securities and providing short term loans and advances. Set further below are certain general legislations and regulations which govern this industry in India.

I. NBFC REGULATIONS

The Reserve bank of India Act, 1934

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

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

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

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

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

Under Section 45 – I (C) of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is an NBFC not accepting / holding public deposit ("NBFC-ND") or not. Further, no appropriation can be made from the fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to RBI within 21 days from the date of withdrawal.

Maintenance of Liquid Assets

The company does not invest any fund of the public as the company is NBFC (non acceptance of public deposits) and it invests in securities and advances loan / money. The company is able to maintain its liquid assets as deemed to it from time to time.

Prudential Norms

The RBI has issued the non banking financial (non-deposit accepting or holding) companies prudential norms (Reserve Bank) directions, 2007 as amended from time to time. The prudential norms directions inter alia prescribe guidelines regarding income recognition, assets classification, provisioning requirements, constitution of audit committee, capital adequacy requirements etc. The said prudential norms directions are not applicable to NBFC's being investment companies provided that such NBFC is not accepting / holding public deposits. Therefore, the said prudential norms directions are not applicable to the company. However, there are no loss assets, doubtful assets or any sub-standard assets in the company. All assets are standard assets.

Exposure Norms

The prudential norms directions prescribed credit exposure limits for financial institutions in respect of the loans granted and investments undertaken by an NBFC – ND –SI. The company does not lend money exceeding 15% of its own funds to any single borrower and the lending to any single group of borrowers exceeding 25% of the owned fund. The company also invests in the shares of the company within the limits prescribed for NBFC –ND-SI.

Capital Adequacy Norms & Asset Liability Management

The company is able to maintain the minimum capital ratio consisting of capital of not less than 10% of its aggregated risk weighted assets on balance sheet and of risk adjusted value of off – balance sheet is required to be maintained. The company's assets are financial assets and hence the ALM guidelines requiring the NBFC to manage the asset liability is implemented by reviewing its functioning periodically and overseeing. The ALM guidelines mainly address liquidity and interest rate risks. There is no mis-match of the asset liability ratio as the interest rates have been reasonable and the same has been honoured by the domestic customers / borrowers. There have been no investments or advances subjected to overseas investors / customers and therefore, there has been no risk as to interest rate sensitivity.

Guidelines on Fair Practices Code

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

- Inclusion of necessary information affecting the interest of the borrower in the loan application form.
- Devising a mechanism to acknowledge receipt of loan application and establishing a time frame within which such loan applications shall be disposed.
- Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of terms should be kept in its record by the NBFC.
- Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
- Refraining from interfering in the affairs of the borrower except for the purpose provided in the terms and conditions of the loan agreement.
- Not resorting to undue harassment in the matter of recovery of loans.
- The Board of Directors of the NBFC should lay down the appropriate grievance redressal mechanism.
- Periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report where of may be submitted to the Board of Directors.

There have been no grievances whatsoever pending for redressal.

KYC Guidelines

The RBI has extended the KYC guidelines to NBFC's and advised all NBFC's to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and Anti-Money Laundering measures is put in place. The KYC policies are required to have the following key elements, namely, customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence of KYC guidelines by the persons authorized by NBFC's including brokers/agents, due diligence of persons authorized by NBFC's including brokers/agents, customer service in terms of identifiable contact with persons authorized by NBFC's including brokers/agents.

The company maintains the check list of the KYC and all documents as per the check list are obtained from the customers / clients and the same are maintained in hard copy as well as in soft copy. All customers are identifiable and contactable.

II. DEALING IN SECURITIES

Securities regulation in India takes place under the provisions of the Companies Act, SCRA, SEBI Act, Depositories Act, 1996 and the Rules & Regulations promulgated there under. All the investments in securities and the advances of loan / money made to the customers by the company is in accordance with and consistent with the provisions of the above said Laws governing the dealing in securities. The company is not in violation of any of the provisions while dealing in securities.

III. INSIDER TRADING

The company has been investing in securities from time to time based on its discretion exercised from the business point of view and considering the market situations coupled with fundamentals of the Investee Company. The Company has complied with SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time governed the law with respect to insider trading in India.

IV. APPLICABLE FOREIGN INVESTMENT REGIME

The company has not made any investments in share holdings of the foreign companies nor has it lent any money to the person resident outside India duly governed by RBI and the Central Government under the provisions of the FEMA, 1999. The company has also not dealt with any FDI investments by the person resident outside India making investment in the company.

V. LAWS RELATING TO EMPLOYMENT

a) *Shops and establishment legislation.*

The provisions of Bombay Shops and Establishments Act as applicable, regulate the conditions of the 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. The company is in compliance with the provisions of the said Bombay Shops and Establishments Act.

b) *Labour Laws*

The Labour Laws comprises of the Minimum Wages Act, 1948, Payment of Bonus Act, 1965, The Payment of Wages Act, 1936, The Payment of Gratuity Act, 1972, The Employees Provident Funds & Miscellaneous Provisions Act, 1952 and other several Acts.

The company is not engaged into any manufacturing activity and therefore it does not fall in any industry / established specified in Schedule 1 of the EPF Act. The company has not employed 20 or more persons thereby the applicability of the provisions of EPF Act does not arise at all. Consequently, other labour laws are also not applicable.

VI. LAWS RELATING TO 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, trade marks, service marks, brand names, trade names and research works.

HISTORY AND OTHER CORPORATE MATTERS

Brief history of the Company

The Company was originally incorporated with the Registrar of Companies, on November 25th, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 the Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011.

Our Company was registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934, as a non banking financial institution without accepting public deposits by a certificate of registration No. N.13.01840 dated August 30, 2006.

Our company is the NBFC Arm promoted by the Bagri Family in order to carry out their financing and investment activities and in order to bring in the benefits of synergies from their brokerage and other businesses. For details of the business being carried out by our Company and its group please refer to the section titled "*Our Business*" on page 67 of this Draft Prospectus.

Changes in the Registered Office of the Company

Vide a resolution passed in the Board Meeting dated May 08, 2011, our company changed its registered office from 1207-A, P.J. Towers, Dalal Street, Fort, Mumbai – 400001 to 1204, P.J. Towers, Dalal Street, Fort, Mumbai – 400001.

Except as mentioned above, there have not been any changes in our Registered Office since inception till date of this Draft Prospectus.

Capital raising (Debt / Equity)

For details of the equity capital raising of our Company, please refer to the section titled "*Capital Structure*" on page 35 of this Draft Prospectus.

We have not done any debt issuances or raised any long term debt since incorporation till date.

As of the date of this Draft Prospectus, the Company has 10 holders of Equity Shares.

Main objects of the Company

The main objects of our company as set out in its Memorandum of Association are:

- 1. To act as investors, guarantors and financiers with the object of financing industrial and other enterprises to lend or deal in money either with or without interest or security, including in current or deposit account with any bank or banks, other person or persons upon such terms conditions and manner as may from time to time be determined and to receive money or deposit or loan upon such terms and conditions as the company may approve, provided that the company shall not do any banking business as defined under the Banking Regulations Act, 1949 and to insure or guarantee the payment or performance of any debt contract or obligation or become security for any person, firm or company for any purpose, and to act as agents for the collection, receipt or company for any purpose, and to act as agents for the collection, receipt or payment of money or otherwise and generally to give guarantee and indemnities and to invest the capital or other funds of the company in the purchase or acquisition or rights in movable or immovable properties to use the capital funds and assets of the company as security for borrowing and the acquisition of or rights in movable or immovable property, shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and other securities and to carry on business of an investment company or an investment trust company and to subscribe for, take, acquire, hold, sell, exchange and*

deal in shares, stocks, debentures, debenture stocks, bonds and to form, promote, subsidies and assist companies, syndicates and partnerships and not to carry on chit funds business.

2. *To provide financial services, advise and facilities of any and every description, including (but without limiting the generality of the foregoing words) all those capable of being provided by merchant bankers, stock brokers, stock jobbers, investment and pension fund managers and advisers, promoters and managers of unit trusts and other investment media, trustees, debenture, investment consultants, trustees, insurance brokers, underwriting, issuing houses, monetary agents, investment consultants and financiers and to promote the formation and mobilisation of capital, to manage capital savings and investment, to negotiate loans of every description, to raise venture capital or manage the issue of shares or other securities, to undertake portfolio management, advisory and counseling services, to provide loan syndication, to revolve investments and to carry on business of foreign exchange broking, dealing in securities, licenses, import and export entitlement certificates, scrip's and other similar instruments, and to act as registrars and transfer agents for shares and securities and to issue, accept and register all types of instruments.*
3. *To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity and to make evaluations, feasibility studies, project reports, forecasts and surveys and to give expert advice, and suggest ways and means for improving efficiency in factories, mines, trades, plantations, business organisations, and industries of all kinds and supply to and to provide, maintain and operate service facilities, conveniences, bureaus and the like for the benefit of any person, company, corporate body, firm, trust, association, society or organisation whatsoever and generally to act as services organisation or for providing generally administrative, secretarial, advisory, commercial, financial, management consultancy, technical, accountancy, quality control, legal and other services to persons, companies, corporate bodies, firms, trusts, associations or organisations whatsoever and to undertake the supervision of any business or organisation and to undertake turnkey projects.*
4. *To carry on the business of financing, leasing and hire-purchase financing and to finance the acquisition or to acquire and provide on lease or hire-purchase or deferred payment basis all types of vehicles, plants, machinery, equipment, tools, hardware dies, mould appliances, implements, instruments or apparatus, installations and fitting for domestic, industrial, commercial, trading, office or agricultural use and goods, articles and commodities of all kinds and description and to subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods or installation, to acquire and discount hire-purchase or others agreements or any rights under them (whether proprietary or contractual), to undertake bill discounting, to purchase, finance, discount, rediscount bills of exchange, promissory notes and other negotiable instruments and securities to act as a discount and acceptance house, to borrow, to lend and generally to carry on the business of financing, factoring, consumer financing, housing finance and to act as factor or in any other capacity and to import, export, buy, sell, barter, exchange, pledge, make advances upon or otherwise deal in goods, produce and merchandise.*

Changes in the Memorandum of Association of the Company

The following changes have been made to the Memorandum of Association of the Company since its incorporation:

Date of Shareholders Approval	Nature of Change
June 06, 2011	Increase in Authorised Capital from ₹ 3,00,00,000 divided into 30,00,000 shares of ₹10/- each to ₹ 12,00,00,000 divided into 1,20,00,000 shares of ₹ 10/-.
June 06, 2011	The company was converted from a Private Limited Company to a Public Limited Company.

Key events and milestones of Our Company

Year	Milestone
2005	Incorporation as “BCB Finance Pvt. Ltd.”
2006	Received RBI License to carry our NBFC Activities (Non Deposit Taking Non Systemic)
2008	Our total asset base crosses the ₹ 100 Million Mark.
2011	Conversion of the Company into a Public Limited Company

Shareholders agreement

There are no shareholders' agreements currently subsisting where the Company is a party.

Technology arrangements

For details of our technology arrangements, please refer to the section titled "*Our Business*" on page 66 of this Draft Prospectus.

Acquisition of business/undertakings

We have not acquired any business/undertakings till date.

Managerial competence

For details on managerial competence, please refer to the section titled "*Our Management*" on page 79 of this Draft Prospectus.

Defaults or rescheduling of borrowing

The Company has not defaulted or rescheduled its borrowing. Furthermore, none of the Company's loans have been converted into equity in the past.

Injunctions or restraining orders

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

Strategic and financial partners

We have no strategic or financial partners.

Standing of the Company vis-a-vis its prominent competitors

For details of the standing of the Company with reference to its prominent competitors, please refer to the section titled "*Our Business*" on page 67 of this Draft Prospectus.

Company's subsidiaries

Our company does not have any subsidiary.

OUR MANAGEMENT

Board of Directors:

The company has Five (5) Directors out of which three (3) are Non Executive Directors & two (2) are Executive Directors.

The following table sets forth the details of the Board of Directors as on the date of this Draft Prospectus:

Sr. No.	Name, Father's Name & Address,	Age	Designation & Term	Occupation, Qualification, & DIN	Other Directorships
1.	Mr. Bharat Bagri S/o Shri. Chandratandas Bagri Bagri Niwas 53/55 Nath Madhav Path, 3 rd Floor, Mumbai-400002, Maharashtra, India	62	Chairman & Whole Time Director Term: 3 years w.e.f 01/10/2011	Business Master of Commerce DIN: 01379855	<ul style="list-style-type: none"> BCB Brokerage Private Limited.
2.	Mr. Uttam Bagri S/o Mr. Bharat Chandratandas Bagri Bagri Niwas 53/55 Nath Madhav Path, Near C P Tank, Mumbai - 400002, Maharashtra, India.	36	Managing Director Term: 3 years w.e.f 01/10/2011	Business Bachelor in Commerce & Post Graduate Diploma in Management (IIM - A) DIN: 01379841	<ul style="list-style-type: none"> BCB Brokerage Private Limited. BSE Limited
3.	Mr. Haresh Sanghvi S/o. Shri. Purshottamdas Sanghvi A-6 Mazdock Apartment, 74/6, J.P.Road, Seven Bungalows, Andheri (W), Mumbai-400061, Maharashtra, India	58	Designation: Independent Director Term: Liable to retire by rotation	Business Qualification: B.Com, M.Com, LL.B., FCS DIN: 00006301	<ul style="list-style-type: none"> Infra Industries Limited.
4.	Mr. Kalpesh Ranka S/o. Vimalchand Mohanraj Ranka 2/24, Suraj Building, Elphiston Road, Mumbai – 400013, Maharashtra, India.	32	Designation: Independent Director Term: Liable to retire by rotation	Business DIN: 01900183	<ul style="list-style-type: none"> All In One Consultancy Private Limited. Ranka Trading Private Limited.

Sr. No.	Name, Father's Name & Address,	Age	Designation & Term	Occupation, Qualification, & DIN	Other Directorships
5.	Mr Suresh Ahiya S/o Muljibhai Ahiya Smruti, Plot No. 199-19, Near G.T.V Nagar Station, Sion (East), Mumbai – 400022, Maharashtra, India.	88	Designation: Independent Director Term: Liable to retire by rotation	Retired Matriculate DIN: 02973290	NIL

Brief Profile of Our Directors

Mr. Bharat Bagri, aged 62 years is the Chairman and Whole Time Director of our Company. He is also one of the Core Promoters of the Company. He is a Post graduate in Commerce by qualification. He has an overall experience of about 40 years in the field of Capital Markets. He has been actively involved in Stock Market Related activities and has been on the Board of Directors of BSE (from 1994 to 1995) and was an active member of the Arbitration Committee of the BSE for many years. He is a Trustee of the Bikaner Seva Sangh and Maheshwari Pragati Mandal (Girgaon). He is on our Board since incorporation and is responsible for strategic planning and administration of the Company.

Mr. Uttam Bagri, aged 36 years, is the Managing Director of our Company. He is also one of the Core Promoters of the Company. After having done his Bachelors of Commerce from University of Mumbai he further did his Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Ahmedabad. He has over a decade of experience in the field of stock broking and allied financial services. He is associated with the Capital Market since 1998, and is currently the Secretary of the BSE Brokers Forum and a Trading Member Representative Director of BSE Limited. He has been actively involved in the business of our Company and has played a key role in the growth of our Company with his inputs in strategic planning and business development.

Mr. Haresh Sanghvi aged 58, is a Non-Executive Independent Director of our Company. He is a B.com, LLB, MBA and FCS by qualification. He has over 3 decades of industry experience having worked at senior executive positions at the Mariwala Group for a period of 7 years and the Khatau Group for a period of 7 years. After obtaining his Fellow Company Secretary registration in 2001, he has been a Practicing Company Secretary for the last 10 years and has diversified experience servicing listed and unlisted corporates.

Mr. Kalpesh Ranka aged 32 years, is a Non-Executive Independent Director of our company. He is a CA by qualification. He has done his Bachelors of Commerce from Kishanchand Chellaram (K.C.) College of Commerce and Economics, Mumbai. Post which he pursued his education for CA and received Fellow Membership as Chartered Accountant by the Institute of Chartered Accountants of India in 2008. He was also a partner in M/s. Lalit Mehta Associates. He has diverse exposure in audit of partnership firms and corporate entity (audit and assessment) and other areas like financial due diligence, supervision, statutory audit of different entities, trading houses, construction companies, stock broking entities etc.

Mr. Suresh Ahiya, aged 88 years, is a Non-Executive Independent Director of our Company. He has over 4 decades of Industry and Business experience in the Building and Construction Business. He has served as the President of Indian Jaycees, a membership based NGO working in India for the past 53 years for developing the leadership skills in young men and women. His professional achievements include setting up a factory in Ahmedabad for making building blocks for which he was felicitated by the Gujarat Government. He is currently retired since over 12 years.

Relationship between Directors

Except for Mr. Uttam Bagri being the son of Mr. Bharat Bagri, none of the other directors are related to each other in any manner.

Important Notes regarding the Board of Directors

- There is no arrangement or understanding with any shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management.
- There is no service contracts entered into by the Directors with our Company.
- None of our Directors have been or are presently directors on the boards of listed companies whose shares have been / were suspended from being traded on the Stock Exchanges during the last five years preceding the date of filing of this Draft Prospectus.
- Except as mentioned below, none of our Directors have been or are presently directors on the boards of listed companies whose shares have been delisted from the Stock Exchange(s):

Sr. No.	Name of Director and Designation in our Company	Name of Company whose shares were Delisted	Name of Stock Exchange from where the shares were Delisted	Term of Director in such company	Delisting Details
1.	Haresh Sanghvi (Independent Director)	Infra Industries Limited	Madras Stock Exchange	From 27/12/2005 till date	The company opted for a Voluntary Delisting of shares from the MSE, as the same was not a National Level Exchange. The Delisting date was 24-03-2004.

Borrowing Powers of the Board of Directors

Our Company at its Annual General Meeting held on September 30, 2011, passed a resolution authorizing Board of Directors pursuant to the provisions of section 293(1) (d) for borrowing from time to time any sum or sums of money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deems fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 50 Crores (Rupees Fifty Crores only).

Compensation of Executive Directors

Sr. No.	Name of Executive Director	Current Compensation Term Period	Basic Salary	Perquisites and Other Benefits
1.	Mr. Bharat Bagri	3 years w.e.f 01/04/2012 subject to annual renewal by the Remuneration Committee.	₹ 1 lac to ₹ 2 Lac per month	(i) Medical Reimbursement: As per actual expense incurred (ii) Hospitality: As per actual expenses incurred.

				<ul style="list-style-type: none"> (iii) Leave Travel Concession: For him and his family in accordance with any rules specified by the Company. (iv) Club Fees: Subject to two clubs which will not include admission and Life membership fee. (v) Personal accident Insurance: As per actual premium paid. (vi) Reimbursement of Expenses: Actual incurred on Credit Card, Cell Phone etc
2.	Mr. Uttam Bagri	3 years w.e.f 01/04/2012 subject to annual renewal by the Remuneration Committee.	₹ 1 lac to ₹ 2 Lac per month	<ul style="list-style-type: none"> (i) Medical Reimbursement: As per actual expense incurred (ii) Hospitality: As per actual expenses incurred. (iii) Leave Travel Concession: For him and his family in accordance with any rules specified by the Company. (iv) Club Fees: Subject to two clubs which will not include admission and Life membership fee. (v) Personal accident Insurance: As per actual premium paid. (vi) Reimbursement of Expenses: Actual incurred on Credit Card, Cell Phone etc

Compensation of Non-Executive Directors

Pursuant to a resolution passed at the meeting of the Board of the Company on 12/07/2011 a sitting fees of ₹ 5,000/- is payable to Non-Executive Directors for attending each meeting of the Board and a sitting fees of ₹ 2,500/- is payable to Non-Executive Directors for attending each meeting of a Committee. Further, if any Director is called upon to advise the Company as an expert or is called upon to perform certain services, the Board is entitled to pay the director such remuneration as it thinks fit. Save as provided in this section, except for the sitting fees and any remuneration payable for advising the Company as an expert or for performing certain services, our non-executive directors are not entitled to any other remuneration from the Company.

Compensation paid to Directors for the last completed financial year (i.e. Year ended March 31, 2011)

Mrs. Sarla Bagri (*who has resigned w.e.f. November 30, 2011*), Mr. Uttam Bagri, and Mr. Bharat Bagri were paid a gross remuneration of ₹ 12 lacs, ₹ 48 lacs, and ₹ 12 Lacs respectively for the financial year ended March 31, 2011. Other than as already mentioned in the "Annexure XVII" of the "Auditors Report" on page 113 of this Draft Prospectus, no additional Remuneration, Perquisites, Bonuses, Sitting Fees or any other monetary benefits were paid to any of the directors in the last financial year (2010-11). Also, there is no contingent or deferred compensation which has accrued but unpaid to any of the Directors for the last financial year (2010-11).

Interest of the Directors

Our Company has been promoted by Mr. Bharat Bagri and Mr. Uttam Bagri. The Promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and their relatives. The Promoters may also benefit from holding directorship in our Company. All our Directors may be deemed to be

interested to the extent of remuneration and/or fees, if any, payable to them for attending meetings of the Board and of committees thereof, reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under the Articles of Association and the applicable laws. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to anybody-corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees. 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.

Except as stated otherwise in this Draft Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

Shareholding of the Directors

The following table details the shareholding of the Directors in their personal capacity and either as sole or first holder, as on the date of this Draft Prospectus:

Name of Director	No. of Shares held	Holding in Percentage
Mr. Bharat Bagri	54,25,000	68.13
Mr. Uttam Bagri	50,065	0.63
Mr. Haresh Sanghvi	-	-
Mr. Suresh Ahiya	-	-
Mr. Kalpesh Ranka	-	-
TOTAL	54,75,065	68.76

Changes in the Board of Directors in the last 3 years

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

Sr. No.	Name of Director	Date of Change	Reason for change
1	Uttam Bagri	26.05.2010 06.06.2011 30.09.2011	Resignation Appointment Change in Designation
2	Bharat Bagri	30.09.2011	Change in Designation
3	Sarla Bagri	30.11.2011	Resignation
4	Haresh Sanghvi	12.07.2011	Appointment
5	Vijay Ajgaonkar	12.07.2011	Appointment
6	Kalpesh Ranka	12.07.2011	Appointment
7	Vijay Ajgaonkar	10.01.2012	Resignation
8	Suresh Ahiya	10.01.2012	Appointment

Corporate Governance

The provisions of the SME Equity Listing Agreement to be entered into with the Stock Exchange with respect to corporate governance and SEBI ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. Our Company has complied with the corporate governance code in accordance with Clause 52 of the SME Equity Listing Agreement to be entered into with the Stock Exchange, particularly, in relation to appointment of independent directors to our Board and constitution of an audit committee, a remuneration committee and a shareholders' grievance committee. Our Board functions either on its own or through committees constituted thereof, to oversee specific operational areas.

Board Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on date the Board is comprised of total 5 directors, which includes 1 Managing Director, 1 Chairman and Whole Time Director and 3 Non Executive Independent Directors. The Company complies with the revised norms for Independent Directors.

Sr. No	Name of Director	Nature of Directorship
1	Mr. Bharat Bagri	Chairman and Whole Time Director
2	Mr. Uttam Bagri	Managing Director
3	Mr. Haresh Sanghvi	Non Executive Independent Director
4	Mr. Suresh Ahiya	Non Executive Independent Director
5	Mr. Kalpesh Ranka	Non Executive Independent Director

Various Committees of Directors

1. Audit Committee

The Audit Committee of our Board was constituted by our Directors by a board resolution dated July 12, 2011 pursuant to section 292A of the Companies Act. The Audit Committee comprises of:

Name of the Member	Nature of Directorship	Designation in committee
Kalpesh Ranka	Independent Director	Chairman
Haresh Sanghvi	Independent Director	Member
Uttam Bagri	Managing Director	Member

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

1. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings

- e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 9. Discussion with internal auditors any significant findings and follow up there on.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 14. 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.
 15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

The Audit Committee enjoys following powers:

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

a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

The Audit Committee shall mandatorily review the following information:

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

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

Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

2. Shareholder and Investor Grievance Committee

The Shareholder and Investor Grievance Committee of our Board was constituted by our Directors by a board resolution dated July 12, 2011. The Shareholder and Investor Grievance Committee comprises of:

Name of the Member	Nature of Directorship	Designation in committee
Haresh Sanghvi	Independent Director	Chairman
Uttam Bagri	Managing Director	Member
Bharat Bagri	Whole Time Director	Member

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

- 1. Allotment and listing of our shares in future
- 2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- 3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- 4. Reference to statutory and regulatory authorities regarding investor grievances;
- 5. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- 6. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

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

Policy on Disclosures & Internal procedure for prevention of Insider Trading

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

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

3. Remuneration Committee

The Remuneration Committee of our Board was first constituted by our Directors by a board resolution dated July 12, 2011 and was subsequently reconstituted on January 10, 2012. The Remuneration Committee currently comprises of:

Name of the Member	Nature of Directorship	Designation in committee
Suresh Ahiya	Independent Director	Chairman
Haresh Sanghvi	Independent Director	Member
Kalpesh Ranka	Independent Director	Member

The remuneration committee has been constituted to recommend/review remuneration of Directors and key managerial personnel based on their performance and defined assessment criteria. The remuneration policy of our Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

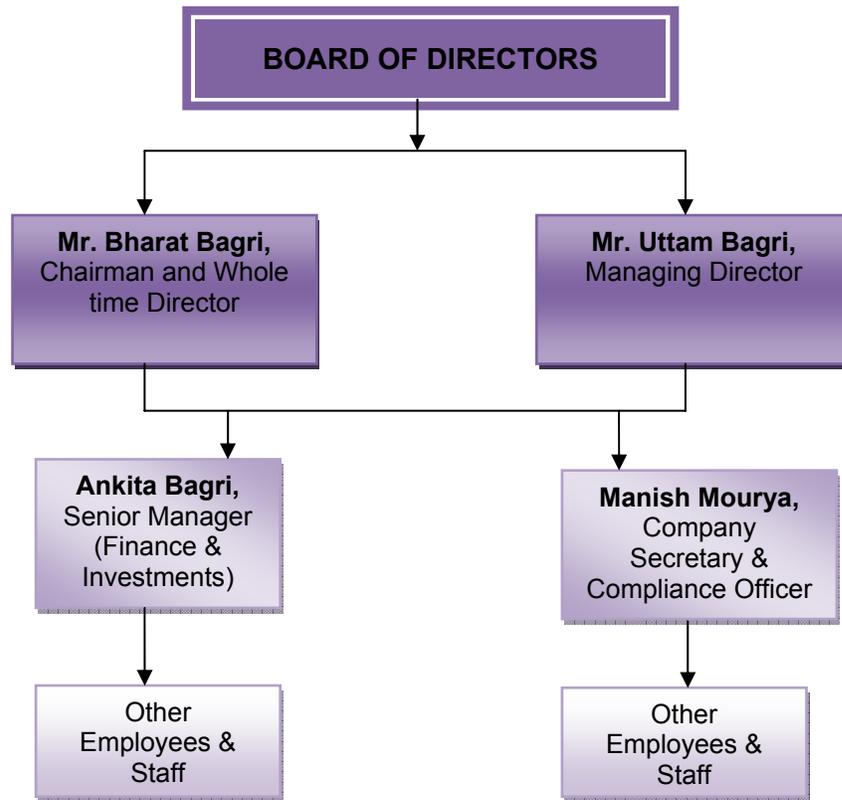
The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, this would determine the remuneration packages of the executive directors. It comprises of at least three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

The scope of Remuneration/Compensation Committee shall include but shall not be restricted to the following:

1. To recommend to the Board, the remuneration packages of the Company's Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
2. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
3. To implement, supervise and administer any share or stock option scheme of the Company;
4. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

The Committee is required to meet at least once a year.

Organization Chart of the Company



Key Management Personnel

The following table provides brief details regarding our Key Managerial Personnel:

Name & Designation	Role In The Company	Qualification	Experience (In Years)	C.T.C p.a. (₹ in lacs)	Appointment Date	Details Of Previous Employment
Ankita Bagri, Senior Executive	Finance and Investments	B.Com from Rajasthan University	4	12	01 April, 2007	Nil
Manish Mourya, Company Secretary	Company Secretary and Compliance Officer	B.Com from Mumbai University and ACS from ICSI	1.5	3	01 July, 2011	M/s B. Durgaprasad Rai, Practising Company secretary – Associate Company Secretary (March 2010 – June 2011)

Important Notes regarding our KMP

All our KMP as disclosed above are permanent employees of the Company. Mrs. Ankita Bagri is wife of our Managing Director Mr. Uttam Bagri, however, Mr. Manish Mourya is not related to any of the Directors/Promoters of the Company.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the KMP of our Company are selected as a director or member of Senior Management

Shareholding of the Key Management Personnel

Except Ankita Bagri who holds 2,55,005 equity shares of our company, none of the Key Managerial Persons hold any shares in the Company as on the date of this Draft Prospectus.

Bonus or Profit Sharing Plan of the Key Management Personnel

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

Interest of Key Management Personnel

The KMP of our Company does not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of their shareholding, if any in the Company.

None of our KMP have been paid any consideration of any nature from our Company, other than their remuneration.

Changes in the Key Management Personnel during the last three years:

Sr. No.	Name of Employee	Nature of Change	Date of Change	Designation
1	Mr. Manish Mourya	Appointment	01 July, 2011	Company Secretary
2	Ms. Urvashi Pachisia	Resignation	30 November 2011	Senior Officer, Operations

Employee Stock Option Scheme

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

Payment or Benefit to Officers of the Company

Except for the statutory benefits upon termination of their employment, payment of salaries and yearly bonus, we do not provide any other benefits to our employees.

OUR PROMOTERS AND PROMOTERS GROUP

OUR PROMOTERS

Mr. Bharat Bagri & Mr. Uttam Bagri are the Promoters of the Company.

Following are the certain key details regarding our promoters:

Mr. Bharat Bagri

	Identification	Details
	Age	62 years
	Residential Address	Bagri Niwas, 53/55 Nath Madhav Path, Near C. P. Tank, Mumbai – 400002.
	Educational Qualifications	B.Com, M.Com
	Experience	40 years
	Occupation	Business
	PAN	AABPB5207D
	Passport No.	J1604421
	Driving License Number	88/20154
	Voter's ID	MT/04/023/060646
	Bank Account Number	008610100011525
	Name of Bank & Branch	Bank of India, Stock Exchange Branch
	% of pre-issue share holding in the Issuer Company	68.13%
DIN	01379855	

Mr. Uttam Bagri

	Identification	Details
	Age	36 years
	Residential Address	Bagri Niwas, 53/55 Nath Madhav Path, Near C. P. Tank, Mumbai – 400002.
	Educational Qualifications	B.Com PGDM (IIM – A)
	Experience	12 years
	Occupation	Business
	PAN	AAEPB6014D
	Passport No.	F3360718
	Driving License Number	25309
	Voter's ID	MT/04/023/060644
	Bank Account Number	008610100008956
	Name of Bank & Branch	Bank of India, Stock Exchange Branch
	% of pre-issue share holding in the Issuer Company	0.63%
DIN	01379841	

For a detailed profile and information regarding the other directorships held, special achievements and work experience in our line of business of our promoters please refer to “*Our Management*” beginning on page 79 of this Draft Prospectus.

Declaration

We confirm that the personal details of our Promoter viz., Permanent Account Number, Bank Account Details and Passport Number have been submitted to the Stock Exchange, at the time of filing of this Draft Prospectus.

Our Promoters, the Group Companies and the relatives of the Promoters have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority. Neither (i) the Promoters, the members of the Promoter Group and the Group Companies; nor (ii) the companies with which the Promoters are or were associated as a Promoter, Director or person in control, are debarred or prohibited from accessing the capital market for any reason by the SEBI or any other authority. There are no violations of securities laws committed by our Promoters and the Group Companies in the past or currently pending against them.

Our Promoters are the original promoters of the company and there has not been any change in control of the company since incorporation.

Interest of Promoters in our Company

Our Company is promoted by Mr. Bharat Bagri and Mr. Uttam Bagri (together referred to as “*Core Promoters*”). At present our Core Promoters hold 54,75,065 Equity shares of our Company. Our promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and also to the extent of shares held by their relatives and group companies. Our Promoters may also benefit from holding directorship in our Company.

Further, save and except as stated otherwise in the chapters titled ‘*Business Overview*’, ‘*Our Management*’ and the section titled ‘*Financial Statements*’ beginning on page nos. 66, 79 and 98 respectively, of this Draft Prospectus, and to the extent of Equity Shares held by them, our Promoters does not have any other interests in our Company as on the date of filing of this Draft Prospectus.

Payment or benefits to our Promoter during the last two years

Except as stated in the “Annexure XVII” of the “*Auditors Report*” on page 113 of this Draft Prospectus, there has been no payment or benefits to our Promoter during the last two years from the date of this Draft Prospectus.

Interest in the property of Company

Except as stated in the “Annexure XVII” of the “*Auditors Report*” and “*Business Overview – Property*” on page 113 and 71 of this Draft Prospectus respectively, the promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company.

Shareholding of Promoter & Promoter Group:

The Pre-Issue & post-Issue shareholding of our Promoters and our Promoter Group is as follows:

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	as a % of Issued Equity	No. of Equity Shares	as a % of Issued Equity
A	Promoter				
1	Mr. Uttam Bagri	50,065	0.63%	50,065	0.44%
2	Mr. Bharat Bagri	54,25,000	68.13%	54,25,000	47.16%
	Total (A)	54,75,065	68.76%	54,75,065	47.60%
B	Promoter Group, Relatives and Other Associates acting in Concert				
1	Mr. Aadya Bagri (Minor Rep by F&NG Uttam Bagri)	15,005	0.19%	15,005	0.13%
2	Ms. Ankita Bagri	255,005	3.20%	255,005	2.22%
3	Mr. Bharat Bagri HUF	5	Negligible	5	Negligible
4	Ms. Krishnadevi Bagri	5	Negligible	5	Negligible
5	Ms. Sarla Bagri	1,425,000	17.90%	1,425,000	12.39%
6	Ms. Urvashi Pachisia	12,490	0.16%	12,490	0.11%
7	Mr. Utsav Bagri (Minor Rep by F&NG Uttam Bagri)	630,005	7.91%	630,005	5.48%
8	Mr. Uttam Bagri HUF	150,005	1.88%	150,005	1.30%
	Total (B)	24,87,520	31.24%	24,87,520	21.63%
	Total (A+B)	79,62,585	100.00%	79,62,585	69.22%

GROUP COMPANIES

The following companies, firms and ventures have been promoted by the Promoter of the Company and are referred to in this Draft Prospectus as the Group Companies. The Group Companies are companies, firms and ventures in which the Promoter (i) exercises control; or (ii) has been named as promoters by such entity in any filing with the stock exchanges in India. We define control as the (a) ownership directly or indirectly of 50% or more of the equity share capital or voting interest of the entity; or (b) power to appoint the majority of the directors or similar governing body of such entity; or (c) power to control the management or policy decisions of the entity, directly or indirectly, including through the exercise of shareholding or management or similar rights or voting arrangements or in any other manner.

Based on the above, there is only one Group Company i.e. BCB Brokerage Private Limited.

DETAILS OF OUR GROUP ENTITIES

The following are the Group Companies. Unless otherwise specifically stated, none of the Group Companies as described below (i) is listed on any stock exchange; (ii) has completed any public or rights issue since the date of its incorporation; (iii) has become a sick company; (iv) is under winding-up; or (v) had a negative net worth as of the date of its last audited financial statements. No application has been made in respect of any

of the Group Companies to the relevant Registrar of Companies in whose jurisdiction such Group Company is registered, for striking off its name.

BCB Brokerage Private Limited

BCB Brokerage Private Limited was incorporated at Mumbai, vide certificate of incorporation dated November 24, 2000 issued by the Registrar of Companies, Mumbai under the provisions of the Companies Act, 1956. The Company is actively engaged in stock broking and other related investment activities. The Company registration number is U67120MH2000PTC129742.

Shareholding Pattern

The shareholding Pattern of BCB Brokerage Pvt. Ltd. as on date of this Draft Prospectus is as follows:

Equity:

Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
Bharat Bagri	2,00,000	41.41%
Sarla Bagri	81,500	16.87%
Uttam Bagri	2,00,000	41.41%
Urvashi Pachisia	1,500	0.31%
Total	4,83,000	100.00%

Preference:

Name of Shareholder	No. of Preference Shares Held	Shareholding (%)
Bharat Bagri	2,00,000	44.45%
Uttam Bagri	2,50,000	55.55%
Total	4,50,000	100.00%

Board of Directors:

Name	Position
Uttam Bagri	Promoter Director
Bharat Bagri	Promoter Director
Sarla Bagri	Promoter Director

Financial Performance:

Particulars	(₹ in Lacs)		
	Year Ended 31/03/2011	Year Ended 31/03/2010	Year Ended 31/03/2009
Equity share capital	48.30	48.30	48.30
Reserves (excluding revaluation reserves)	954.90	952.44	951.71
Networth	1003.20	1000.75	1000.01
Preference Share	45.00	45.00	45.00
Total Income	279.84	368.19	270.79
PAT/Loss	2.47	0.73	(10.52)
EPS	0.51	0.15	(2.18)
NAV (Per Equity Shares)	207.70	207.19	207.04
Face Value (Per Equity Shares)	10.00	10.00	10.00

Litigation

For details relating to Litigations involving the Promoters and Our Group Companies Entities please refer to “*Outstanding Litigations and Material Developments*” on Page 133 of this Draft Prospectus.

Common Pursuits

Our Group Company i.e. BCB Brokerage Pvt. Ltd and our company have common pursuits as they are both involved in the business of Trading and Dealing in Securities. However, we shall adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they may arise.

We confirm that, except for certain regular transactions as mentioned in the “Annexure XVII” of the “*Auditors Report*” on page 113 of this Draft Prospectus, our group company does not have any significant business interest in our company or affect our financial performance significantly.

Disassociation by the Promoters in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any of the companies, firms or entities during the last three years preceding the date of this offer document:

Mr. Bharat Bagri

Bharat Bagri has disassociated from the following companies during the preceding three years:

Sr. No.	Name of the Company	Designation	Resignation Date
1	BCB IT Resources Private Limited ⁽¹⁾	Director	April 01, 2011
2	BCB Securities Private Limited ⁽²⁾	Director	December 01, 2010
3	CRD Holding Private Limited ⁽³⁾	Director	December 01, 2010
4	Yash Trading and Finance Limited ⁽⁵⁾	Director	January 07, 2012
5	Ratnakar Commodities Private Limited ⁽⁶⁾	Director	December 05, 2011

As on date neither Mr. Bharat Bagri nor any of his group members are associated with above companies.

Mr. Uttam Bagri

Uttam Bagri has disassociated from the following companies during the preceding three years:

Sr. No.	Name of the Company	Designation	Resignation Date
1	BCB IT Resources Private Limited ⁽¹⁾	Director	May 26, 2010
2	BCB Securities Private Limited ⁽²⁾	Director	May 26, 2010
3	CRD Holding Private Limited ⁽³⁾	Director	May 26, 2010
4	Pointer Impex Private Limited ⁽⁴⁾	Director	May 26, 2010
5	Yash Trading and Finance Limited ⁽⁵⁾	Director	May 26, 2010
6	Ratnakar Securities Private Limited ⁽⁷⁾	CEO	December 31, 2011

⁽¹⁾Mr. Bharat Bagri & Mr. Uttam Bagri along with other relatives were collectively holding 20,000 Equity Shares representing 100% of the paid up capital of BCB IT Resources Private Limited. They have sold the entire shareholding to Mr. Vimal Chandak on June 30, 2011 because they did not want to continue with the particular line of business. Neither the promoter nor any of their relatives hold any shares/ directorship in BCB IT Resources Private Limited as on date

⁽²⁾The relatives of Mr. Bharat Bagri & Mr. Uttam Bagri were collectively holding 50,000 Equity Shares representing 100% of the paid up capital of BCB Securities Private Limited. They have sold the entire shareholding to Mr. Vimal Chandak on March 30, 2011 due to conflicting interests with the group companies and low level of operations in the said company. Neither the promoter nor any of their relatives hold any shares/ directorship in BCB Securities Private Limited as on date

⁽³⁾The relatives of Mr. Bharat Bagri & Mr. Uttam Bagri were collectively holding 20,000 Equity Shares representing 100% of the paid up capital of CRD Holding Private Limited. They have sold the entire shareholding to Mr. Vimal Chandak on February 02, 2011 due to conflicting interests with the group companies and low level of operations in the said company. Neither the promoter nor any of their relatives hold any shares/ directorship in CRD Holding Private Limited as on date.

⁽⁴⁾Shri Uttam Bagri was Director of Pointer Impex Private Limited. Mr Uttam Bagri and his relatives held NIL Shares of the said company. Shri Uttam Bagri resigned from the company due to his pre-occupations. Neither the promoter nor any of their relatives hold any shares/ directorship in Pointer Impex Private Limited as on date.

⁽⁵⁾Mr. Bharat Bagri & Mr. Uttam Bagri were collectively holding 1,83,000 Equity Shares representing 74.69% of the paid-up capital of Yash Trading and Finance Limited, a public limited company listed on BSE. They have sold 1,71,500 Equity Shares representing 70.00% via Share Purchase Agreement July 15, 2011 to Mr. Pradeep Kumar Sethy. As per SEBI (SAST) Regulations, 1997 Mr. Pradeep Kumar Sethy had given the Open Offer to the Shareholders of the Yash Trading and Finance Limited. The Open Offer closed on January 02, 2012. Mr. Bharat Bagri has resigned from this company's board on January 07, 2012 i.e. after the completion of the open offer formalities. Neither the promoter nor any of their relatives hold any directorship in Yash Trading Limited as on date. The remaining 11,400 shares held by Uttam Bagri are now part of the General Public Shareholding of this company.

⁽⁶⁾Mr. Bharat Bagri along with his relatives were collectively holding 5,62,000 Equity Shares representing 65% of the paid-up capital of Ratnakar Commodities Private Limited. They have sold their entire shareholding on January 19, 2012 to Ratnakar Securities Private Limited, a company promoted by Shri Ajay Shah and Smt Mayuri Shah because the promoters of Ratnakar Securities Pvt. Ltd. wished to restructure the group's corporate structure in order to show the commodities business as a wholly owned subsidiary of their equity broking business and also they were not in concert with this IPO. Neither the promoter nor any of their relatives hold any shares/ directorship in Ratnakar Commodities Private Limited as on date.

⁽⁷⁾Mr. Uttam Bagri holds 49% Strategic Equity Stake in Ratnakar Securities Private Limited, a company promoted by Shri Ajay Shah and Smt. Mayuri Shah (who together hold 51% of this company). Mr. Uttam Bagri was managing the company's Mumbai operations and other regulatory liasoning work till December 31, 2011. Since, the promoters of Ratnakar Securities Pvt. Ltd. were not in concert with this IPO and were also in the process of their internal restructuring, Mr. Uttam Bagri has hence resigned from the post of CEO and the relevant duties have been passed on to the Chairman and Managing Director of this company - Mr. Ajay Shah. Currently Mr. Uttam Bagri does not hold any directorship in this company nor does he hold any executive position. He is now purely as a strategic shareholder of the company.

Related Party Transactions

Save and except as disclosed in "Annexure XVII" of the "Auditors Report" on page 113 of this Draft Prospectus, there has been no payment or benefits to our Promoters during the last five years preceding the date of this Draft Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of our Company, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Our Company has not declared any dividend since inception.

SECTION VI: FINANCIAL INFORMATION

AUDITOR'S REPORT

To,
The Board of Directors,
BCB Finance Limited,
Mumbai.

Dear Sirs,

We have examined the Restated Summary Financial Statements and Other Financial Information of BCB FINANCE LIMITED (the 'Company') for each of the five financial years ended March 31, 2007, 2008, 2009, 2010 & 2011 and for the six months period ended 30th September 2011 annexed to this report and initialled by us for identification. The said Restated Summary Financial Statements and Other Financial Information have been prepared for the purposes of inclusion in the Draft Prospectus / Prospectus (collectively hereinafter referred to as "Offer Document") in connection with the proposed Initial Public Offer ("IPO") of the Company in accordance with the requirements of:

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI'); and the related clarifications issued by the Securities and Exchange Board of India as amended to date;
- (iii) The terms of our letter of engagement dated November 14, 2011 with the Company requesting us to carry out assignment in connection with the Offer Document being issued by the Company for its proposed IPO.

The Restated Summary financial Statements and Other Financial Information have been prepared by the Company and approved by the Board of Directors of the Company.

A. Restated Summary Financial Statements:

1. We have examined the attached 'Summary financial Statement of Assets and Liabilities, As Restated' (Annexure I) as at March 31, 2007, 2008, 2009, 2010 & 2011 and for the six months period ended 30th September 2011 and the attached 'Summary Statement of Profits and Losses, As Restated' (Annexure II) and the attached 'Summary Statement of Cash Flows, As Restated' (Annexure III) for the years ended March 31, 2007, 2008, 2009, 2010 & 2011 and for the six months period ended 30th September 2011 which have been extracted by the management and approved by the board of directors. Audit of all the financial year from F.Y. 2006-07 to F.Y. 2011-12 and for the six months period ended 30th September 2011 was conducted by us. Representations have been taken from the management for the additional information for all the financial years including and for the six months period ended 30th September 2011. (Annexure I, II and III are collectively referred to in this report as the "Restated Summary Financial Statements").
2. The Restated Summary Financial Statements are after making adjustments and regroupings as in our opinion were appropriate and more fully described in the 'Statement of Significant Accounting Policies' and 'Notes to the Re-stated Financial Statements' (Annexure IV) and (Annexure V) respectively.
3. In accordance with the requirements of paragraph B (1) of Part II of Schedule II of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations 2009 and terms of our engagement agreed with the company, and based on our examination of the Restated Summary Statements, we confirm that:

- a. The Restated summary Financial Statement - the restated summary statement of assets and liabilities, the restated summary statement of profit and loss, and the restated summary statement of cash flow ("summary statements") of the company, for the year ended March 31, 2007, 2008, 2009, 2010 and 2011 and for the six months period ended 30th September 2011 examined by us, as set out in annexure-I, II and III to this report read with and subject to the non adjustment in respect of certain previous year audit qualifications as referred to at point no. 2, Annexure V - Notes to the restated Financial statements and other observations as given herein after, are after making material adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes to the financial statements (refer annexure- IV & V).
- b. Based on and subject to our comments as above, we are of the opinion that restated financial information have been made after incorporating:
 - i. Adjustments if any, made for the changes in Accounting Policies and Estimates adopted by the Company with retrospective effect to reflect the significant accounting policies being adopted by company as on 30th September 2011 are explained in annexure V to this report.
 - ii. The "Restated Summary Financial Statements" have to be read in conjunction with the Significant Accounting Policies and Notes given in Annexure IV of this report.
 - iii.
 - iv. Amounts if any, relating to adjustments for previous years have been identified and adjusted in the statements in the year to which they relate;
 - v.
 - vi. There are no extra-ordinary items that need to be disclosed separately in the Restated Summary financial Statements;
 - vii.
 - viii. There are no qualifications in auditor's reports for incorrect accounting policies that require Adjustment in the Restated Summary Statements.

Summary of significant accounting policies adopted by the Company and material adjustments carried out in the preparation of the Restated Summary Statements & the significant notes to thereto be enclosed as Annexure IV and Annexure V to this report.

B. Other Financial Information:

4. At the request of the company, we have also examined the following financial information ("Other Financial Information") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:

Annexure VI	: Statement of Reserves and Surplus, as restated
Annexure VII	: Statement of Secured Loans, as restated
Annexure VIII	: Statement of Unsecured Loans, as restated
Annexure IX	: Statement of Fixed Assets, as restated
Annexure X	: Statement of Investments, as restated
Annexure XI	: Statement of Loans and Advances, as restated
Annexure XII	: Statement of Inventories, as restated
Annexure XIII	: Statement of Current Liabilities & Provisions, as restated
Annexure XIV	: Statement of Investment/Securities Transactions Income, as restated
Annexure XV	: Statement of Capitalization
Annexure XVI	: Statement of Contingent Liabilities
Annexure XVII	: Statement of Related Parties and Transactions
Annexure XVIII	: Statement of Tax Shelter
Annexure XIX	: Statement of Accounting Ratios

Annexure XX : Statement of Dividends
Annexure XXI : Statement of Segment Reporting

5. In our opinion, the Restated Summary Financial Statements and the other Financial Information set forth in Annexure I to XXI read with the significant accounting policies and notes to the restated financial statements have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.
6. This report should not in any way construed as a reissuance or redrafting of any of the previous audit report issued by us nor should this report be construed as new opinion on any of the financial statement referred to therein.
7. This report is intended solely for your information and for inclusion in the Offer document in connection with the Company's proposed IPO of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

As per our report attached

For and on behalf of
MOHANLAL JAIN & CO.
Chartered Accountants
Firm Regn. No. 106532W

Mohanlal Jain
(M. No. 36824)
Proprietor

Place: Mumbai
Date: December 12, 2011

ANNEXURE I: STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lacs)

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
A. Fixed Assets						
Gross Block	3.00	9.87	6.87	0.00	5.13	5.13
Less: Depreciation	1.56	3.97	1.33	0.00	3.70	1.54
Net Block (A)	1.44	5.90	5.54	0.00	1.43	3.59
B. Investments	0.00	124.26	162.32	153.45	0.00	0.00
C. Current Assets, Loans & Advances						
Inventories	124.27	401.56	395.66	95.35	33.48	189.68
Receivables	0.00	0.00	0.00	0.00	0.00	0.00
Cash & Bank Balances	601.61	643.65	594.16	707.41	1528.44	118.10
Loans & Advances	715.94	207.53	286.05	400.30	331.59	60.10
Total C	1441.82	1252.74	1275.87	1203.07	1893.51	367.88
Total Assets D (A + B + C)	1443.26	1382.89	1443.72	1356.52	1894.94	371.47
E. Borrowed Funds						
Secured Loans	231.39	278.41	365.60	0.00	608.33	0.00
Unsecured Loans	45.00	0.00	0.00	0.00	0.00	0.00
Total E	276.39	278.41	365.60	0.00	608.33	0.00
F. Current Liabilities & Provisions						
Current Liabilities	50.44	0.23	0.00	0.00	0.06	0.00
Provisions	12.49	8.54	5.02	306.20	306.12	55.09
Total F	62.93	8.77	5.02	306.20	306.18	55.09
G. Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
Total H (F + G)	62.93	8.77	5.02	306.20	306.18	55.09
I. Total Liabilities & Provisions (E + H)	339.32	287.18	370.62	306.20	914.51	55.09
Net Worth J [D - I]	1103.94	1095.72	1073.10	1050.32	980.43	316.37
Represented by Shareholders' Fund:						
Share Capital	796.26	159.25	159.25	159.25	158.25	158.25
Reserves & surplus	307.68	936.47	913.85	891.70	823.45	160.03
Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	0.00	0.63	1.27	1.91
Net Worth	1103.94	1095.72	1073.10	1050.32	980.43	316.37

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE II: STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(₹ in Lacs)

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
INCOME						
Interest Income	71.07	86.17	83.32	121.46	61.88	8.49
Net Income from Securities Transaction / Investments	67.41	60.79	70.89	-23.57	1078.33	167.81
Total Income from NBFC Activities	138.48	146.95	154.21	97.89	1140.21	176.30
EXPENDITURE						
Interest Expenses	14.42	22.87	7.90	55.00	73.04	7.37
Administrative Expenditure	42.93	35.64	69.17	35.49	53.93	0.16
Directors Remuneration	68.00	60.00	48.00	36.00	96.00	0.00
Loss on Sale/disposal of Fixed Assets	0.60	-	-	1.44	-	-
Preliminary Expenses written off	-	0.00	0.64	0.64	0.64	0.64
Depreciation	0.36	2.63	1.33	0.00	2.16	1.54
Total Expenditure	126.31	121.14	127.04	128.56	225.76	9.71
Net Profit/(Loss) before tax	12.18	25.81	27.16	(30.67)	914.45	166.59
Provision for Taxation	3.95	3.20	5.02	0.08	251.03	53.91
Current Years Income Tax	3.95	3.20	5.02	0.08	251.03	53.91
Net Profit after tax but before extra- ordinary items	8.23	22.61	22.15	(30.75)	663.42	112.68
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after tax and extraordinary items	8.23	22.61	22.15	(30.75)	663.42	112.68

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in Lacs)

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
A. Cash Flows from operating activities						
Net Profit before tax	12.18	25.81	27.16	(30.67)	914.45	166.59
Adjustments for:						
Depreciation	0.36	2.63	1.33	0.00	2.16	1.54
Loss / (profit) on sale of fixed assets	0.60	0.00	0.00	1.44	0.00	0.00
Preliminary Expenses W/off	0.00	0.00	0.64	0.64	0.64	0.64
Interest expense	14.42	22.87	7.90	55.00	73.03	7.37
Provision on Standard Assets	0.00	0.325	0.00	0.00	0.00	0.00
Operating cash generated before working capital changes and taxes	27.55	51.64	37.04	26.40	990.28	176.14
(Increase) / Decrease in Inventory	277.29	(5.90)	(300.30)	(61.87)	156.20	(189.68)
(Increase) / Decrease in Loans & Advances	(490.03)	72.84	(185.05)	(48.44)	3.41	(5.00)
Increase / (Decrease) in Current Liabilities	50.21	0.23	0.00	(0.06)	0.06	0.00
Operating cash generated before taxes	(134.97)	118.80	(448.32)	(83.96)	1149.94	(18.54)
Less: Direct Tax paid	18.39	(5.68)	6.90	20.28	274.90	54.15
Net cash generated from operating activities (A)	(153.36)	124.48	(455.22)	(104.24)	875.04	(72.69)
B. Cash Flows from investing activities						
Sale / (Purchase) of Fixed Assets (Net)	3.50	(3.00)	(6.87)	0.00	0.00	(5.13)
Sale / (Purchase) of Investments (Net)	124.26	38.07	(8.87)	(153.45)	0.00	0.00
Net Cash generated from investing activities (B)	127.76	35.07	(15.74)	(153.45)	0.00	(5.13)
C. Cash flow from financing activities						
Proceeds from issue of share capital	0.00	0.00	0.00	100.00	0.00	0.00
Increase / (decrease) in Secured Loans	(47.02)	(87.19)	365.60	(608.33)	608.33	0.00
Increase / (decrease) in Unsecured Loans	45.00	0.00	0.00	0.00	0.00	0.00
Interest paid	(14.42)	(22.87)	(7.90)	(55.00)	(73.03)	(7.37)
Net cash from financing activities [C]	(16.44)	(110.06)	357.70	(563.34)	535.50	(7.37)
Net increase / decrease in cash and cash equivalents (A + B + C)	(42.04)	49.49	(113.26)	(821.03)	1410.35	(85.19)
Opening balance of cash and cash equivalents	643.65	594.16	707.42	1528.45	118.10	203.29
Closing balance of cash and cash equivalents	601.61	643.65	594.16	707.42	1528.45	118.10

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE IV: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, AS RESTATED

i) Basis of preparation of financial statements:

The financial statements are prepared on historical cost convention complying with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable. The company follows prudential norms for income recognition; asset classification and provisioning for non-performing assets as prescribed by Reserve Bank of India vide Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction 2007

ii) Use of Estimates :

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known/materialize.

iii) Fixed Assets :

Fixed Assets are stated at cost of acquisition less accumulated depreciation thereon. Fixed Assets are accounted at cost of acquisition inclusive of inward freight, duties taxes and other incidental expenses related to acquisition and installation of Fixed Assets incurred to bring the assets to their working condition for their intended use.

iv) Depreciation :

Depreciation is provided for in the books on written down value method as per the rates prescribed under Schedule XIV of the Companies Act 1956.

v) Investments :

Investments made by the Company with a long term prospective in Quoted and Unquoted securities are held as investments and are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

vi) Revenue Recognition :

Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses. Income from Non- Performing Assets is recognized only when it is realized. Interest on deposits and loans is accounted for on the time proportion basis after considering reasonable certainty that the ultimate collection will be made. Dividend income is recognized when right to receipts is established. Profit or loss on sale of securities is accounted on trade date basis.

vii) Foreign Currency Translation :

Foreign currency transactions are recorded in the books at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized as income or expense in the profit and loss account of the same period.

Foreign currency assets and liabilities are translated at the yearend rates and the resultant exchange differences, are recognized in the profit and loss account.

viii) Borrowing Cost :

Borrowing Costs that are directly attributable to the acquisition or production of qualifying assets are capitalized as the cost of the respective assets. Other Borrowing Costs are charged to the Profit and Loss Account in the year in which they are incurred.

ix) Employees benefits :

All employee benefit obligations payable wholly within twelve months of the rendering the services are classified as Short Term Employee Benefits. Such Benefits are estimated and provided for in the period in which the employee renders the related service.

Post Employment Benefits:

All eligible employees of the Company are entitled to receive benefits under the provident fund and Gratuity is accounted for as and when paid.

x) Inventories :

Funds deployed by the Company for short term trading in Quoted securities are held as stock in trade and are measured at lower of the cost and net realizable value. Cost of inventories comprises all costs of purchase (net of input credit) and other costs incurred in bringing the inventories to their present condition. Costs of inventories are determined by using the First-In First-Out Method (FIFO)..

xi) Accounting for taxes on Income :

- i) Income tax comprises the current tax and net change in deferred tax assets, which are made in accordance with the provisions as per the Income Tax Act, 1961.
- ii) Deferred Tax resulting from timing differences between accounting income and taxable income for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

xii) Leased Assets :

Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as Operating Leases. The rental and all other expenses of leased assets are treated as revenue expenditure.

xiii) Provisions and Contingent Liabilities :

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiv) Impairment of Assets :

The Company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the assets

belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the profit and loss account. If at the balance date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount.

ANNEXURE V: NOTES TO THE RESTATED FINANCIAL STATEMENTS

1. Background

BCB Finance Limited ("the Company") is in the business of NBFC activities i.e providing loans from the funds raised from internal sources and investing/trading in securities.

The Restated Statement of Assets and Liabilities as at September 2011 and March 31, 2011, 2010, 2009, 2008 and 2007 and the related Restated Statement of Profits and Losses and Cash Flows for the six months period ended September 2011 and years ended March 31, 2011, 2010, 2009, 2008 and 2007 (herein collectively referred to as Restated Financial Statements) related to the Company have been prepared specifically for inclusion in the offer document to be filed by the Company with Securities and Exchange Board of India (SEBI) in connection with the proposed initial public offering of equity shares of the Company.

The Restated Financial Statements have been prepared to comply in all material respects with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations) issued by SEBI in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

2. Material Adjustments

Due to Changes in Accounting Policies or estimates:

- Company had provided for the provisions of taxation before taking into consideration the rebate available on the Securities Transaction Tax (STT) paid by it on the transaction done on recognized stock exchange and on also on adhoc basis based on the estimations of the Company which has been rectified and provided on the basis of Income Tax Return filled by the Company considering any adjustments made in the assessment order for the relevant assessment year.

Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profits of the Company is as under:

Particulars	30.09.2011	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Profit after tax as per audited financial statements	8.23	22.61	18.16	-30.75	639.54	112.68
Add : Provisions for tax as per Audited Financial Statement	3.95	3.20	9.00	0.08	274.90	53.91
Less : Provision for tax as per Income Tax Records	3.95	3.20	5.02	0.08	251.03	53.91
Profit after tax as per restated financial statements	8.23	22.61	22.15	30.75	663.42	112.68
Impact on the profit after tax for the year – Increase/(Decrease)	0.00	0.00	3.98	0.00	23.87	0.00

- Investments made by the company till March ended 2008 has been recognized as inventories as the intention of the Company was not to hold for the long time but to utilize the amount available with it and to earn profit on the same. However the later on Company has changed it's policy and started investing on long term prospective which is accounted as investments in the books of the Company.

However, as per the representation by the management that the liability due to change in accounting policies for the earlier years is not material in nature, we have not made any adjustment or provision for the same in the Restated Financial Statements.

Except the above stated changes, there have been no changes in any accounting policies of the company in the last five years.

3. Non-Adjustment Items

No Audit qualifications for the respective periods, which require any corrective adjustment in these Restated Financial Statements of the Company, have been pointed out during the last five years.

4. Material Regroupings

Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financial statements of the Company for the six month period ended September 30, 2011 and the requirements of the SEBI Regulations.

5. Contingent Liabilities not provided for are given as Annexure XVI.
6. Related Party Disclosures as required in terms of 'Accounting Standard -18 are given in Annexure XVII.
7. Earnings Per Share (EPS) as required in terms of 'Accounting Standard -20 are given in Annexure XIX.
8. In the opinion of the management, current assets, loans and advances have realizable value of at least the amounts at which they are stated in the accounts.
9. Provision for tax has been made on the book profits as per provision under the Income Tax Act, 1961.
10. As per Accounting Standard (AS) 17 on "Segment Reporting", Segment information has not been provided as the Company has only one reportable segment.
11. The management has asked for confirmation from its suppliers regarding their registration with competent authorities under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). However, No one has confirmed their registration under the act. Accordingly no further information is submitted in this regards. The auditors have relied on the said submission of the management. Details are as under:

The principal amount and the interest thereon due to any supplier as at the year end	The amount of payment made to the supplier beyond the appointed day and the interest thereon, during the year:	The amount of interest due and payable for the period of delay in making payment	The amount of interest accrued and remaining unpaid at the end of the year	The amount of further interest remaining due and payable in the succeeding year
-	-	-	-	-

12. Operating Leases

Operating Leases are entered into for Storage and room premises. The Company has taken these premises under operating lease/leave and license basis. The same is renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposit under certain agreements.

Lease payments are recognized in the Profit and Loss Account under 'Rent' in Schedule – Administrative Expenses. Lease rentals paid during the last five years are as follows:

Particulars	30.09.2011	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Rent	8,00,000	8,00,000	16,80,000	-	9,00,000	-

13. Details required as per Companies Act to the extent applicable is given below:

Particulars	30.09.2011	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Remuneration to Auditors						
Statutory Audit Fees	18,000	18,000	18,000	16,000	3,367	3,367
Tax Advisory & Other Fees	3,000	3,000	167,000	2,000	2,245	2,245
Total	21,000	21,000	185,000	18,000	5,613	5,613
Remuneration to Directors						
Salaries & Allowances	68,00,000	60,00,000	48,00,000	36,00,000	96,00,000	Nil
Expenditure in foreign Currency		Nil	Nil	Nil	Nil	Nil
Income in foreign Currency		Nil	Nil	Nil	Nil	Nil
Value of Imports on CIF Basis		Nil	Nil	Nil	Nil	Nil
Value of Export on FOB Basis		Nil	Nil	Nil	Nil	Nil

ANNEXURE VI: STATEMENT OF RESERVES AND SURPLUS, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Share Premium Account (A)	0.00	144.00	144.00	144.00	45.00	45.00
Profit and Loss Account						
Opening Balance	552.76	540.40	523.70	778.45	115.03	2.35
Current Year Profit	8.23	22.61	22.15	(30.75)	663.42	112.68
Less: Transferred to Statutory Reserves	0.00	10.25	5.45	224.00	0.00	0.00
Total	560.99	552.76	540.40	523.70	778.45	115.03
Less: Utilized for issue of Bonus shares	493.01	0.00	0.00	0.00	0.00	0.00
Total (B)	67.98	552.76	540.40	523.70	778.45	115.03
Statutory Reserves (C)	239.70	239.70	229.45	224.00	0.00	0.00
Total (A+B+C)	307.68	936.47	913.85	891.70	823.45	160.03

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE VII: STATEMENT OF SECURED LOANS, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Overdraft Facilities	231.39	278.41	365.60	0.00	608.33	0.00
Total	231.39	278.41	365.60	0.00	608.33	0.00

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

Principal Terms and Conditions and Security of the Secured Loans outstanding:

Name of Bank	Type of Facility	Interest Rate	Security	Repayment Schedule	Terms in case of Default/penalty
Bank of India	Overdraft facility	1.00 to 2.00% above the Fixed Deposit Rate of the Fixed Deposit held as security	9.75% QIC (Fixed Deposits) held with the Bank	Not Applicable	Not Applicable

ANNEXURE VIII: STATEMENT OF UNSECURED LOANS, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
From Promoters, Directors, Relatives and Associates	45.00	0.00	0.00	0.00	0.00	0.00
From Others (Banks, Financial Institutions etc)	0.00	0.00	0.00	0.00	0.00	0.00
Total	45.00	0.00	0.00	0.00	0.00	0.00

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE IX: STATEMENT OF FIXED ASSETS, AS RESTATED

Particulars	Sept 2011	2010-11	2009-10	2008-09	2007-08	2006-07
<u>Computer</u>						
Gross Block	3.00	3.00	0.00	0.00	5.13	5.13
Less: Accumulated Depreciation	1.56	1.20	0.00	0.00	3.70	1.54
Net Block	1.44	1.80	0.00	0.00	1.44	3.59
<u>Motor Car</u>						
Gross Block	0.00	6.87	6.87	0.00	0.00	0.00
Less: Accumulated Depreciation	0.00	2.77	1.33	0.00	0.00	0.00
Net Block	0.00	4.10	5.53	0.00	0.00	0.00

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE X: STATEMENT OF INVESTMENTS, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
A) Long Term Investments						
Debt Instruments						
- Quoted	0.00	0.00	87.50	0.00	0.00	0.00
- Unquoted	0.00	0.00	0.00	153.45	0.00	0.00
Fully paid Equity Shares						
- Quoted	0.00	69.44	74.80	0.00	0.00	0.00
- Unquoted	0.00	54.82	0.03	0.00	0.00	0.00
Total (A)	0.00	124.26	162.32	153.45	0.00	0.00
B) Short Term Investments*	0.00	0.00	0.00	0.00	0.00	0.00
Total (B)	0.00	0.00	0.00	0.00	0.00	0.00
C) Provision for diminution in value of Investments	0.00	0.00	0.00	0.00	0.00	0.00
Total (A+B+C)	0.00	124.26	162.32	153.45	0.00	0.00
Quoted Investments						
- Book Value	0.00	69.44	162.30	0.00	0.00	0.00
- Market Value	0.00	63.53	160.71	0.00	0.00	0.00
Unquoted Investments						
- Book Value	0.00	54.82	0.03	153.45	0.00	0.00

Notes: i) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively. ii) *Short Term Investments have been categorized as Inventories. For further details on Short Term Investments, kindly refer to Annexure XII pertaining to Inventories

ANNEXURE XI: STATEMENT OF LOANS AND ADVANCES, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Advances Taxes	63.76	45.37	51.05	350.30	330.00	55.10
Other advances receivable in cash or in kind	5.68	0.16	0.00	0.00	1.59	0.00
Director's Salary paid in Advance	0.00	32.00	0.00	0.00	0.00	0.00
Loans & Advances	646.50	130.00	235.00	50.00	0.00	5.00
Total	715.94	207.53	286.05	400.30	331.59	60.10

Notes: i) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively. ii) There are no beneficiaries of Loans & Advances of the Company who are in any way related to the promoters/ directors of the Company as on September 30, 2011.

ANNEXURE XII: STATEMENT OF INVENTORIES, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Equity Shares	64.35	401.31	395.60	95.35	32.00	188.12
CD/Bonds/Mutual Fund Units	59.92	0.25	0.06	0.00	1.48	1.56
Total	124.27	401.56	395.66	95.35	33.48	189.68

Notes: i) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE XIII: STATEMENT OF CURRENT LIABILITIES & PROVISIONS, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Current Liabilities						
Sundry Creditors*	50.02	0.02	0.00	0.00	0.00	0.00
Audit Fees Payable	0.42	0.21	0.00	0.00	0.06	0.00
Total (A)	50.44	0.23	0.00	0.00	0.06	0.00
Provisions						
Provision on Standard Assets	0.33	0.33	0.00	0.00	0.00	0.00
Provision for Tax	12.16	8.21	5.02	306.20	306.12	55.09
Total (B)	12.49	8.54	5.02	306.20	306.12	55.09
Total (A+B)	62.93	8.77	5.02	306.20	306.18	55.09

Notes: i) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

* In the past, when the company was a Private Limited Company, Mrs. Ankita Bagri and Mrs. Urvashi Pachisia, the related employees of the Company were paid compensation over and above the allowed limits under the Companies Act, 1956. The excess amount aggregating to ₹ 50.00 Lacs has been deposited by them back to the company and the same is shown under Sundry Creditors. Since the company was in violation of the law they have thus filed an application with Central Government for compounding this offence and for approval of waiving the recovery of remuneration. The application is currently pending for final approval. Upon receiving the approval, this deposit amount of ₹ 50.00 Lacs shall be repaid to the respective employee.

ANNEXURE XIV: STATEMENT OF INVESTMENTS/SECURITIES TRANSACTION INCOME, AS RESTATED

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Sources of Income						
Recurring in Nature:						
Income from Securities Transaction / Investments	72.38	74.59	94.01	(5.21)	1,084.00	169.71
Less : Service Tax and Other Charges	0.17	0.37	0.70	1.21	5.68	1.90
Less : Securities Transaction Tax	4.80	13.44	22.42	17.14	0.00	0.00
Net Income from Securities Transaction / Investments	67.41	60.79	70.89	(23.57)	1,078.33	167.81
Non-Recurring in nature:	0.00	0.00	0.00	0.00	0.00	0.00
Total	67.41	60.79	70.89	23.57	1,078.33	167.81

Note: The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.

ANNEXURE XV: STATEMENT OF CAPITALIZATION

Particulars	Pre Issue as on September 30, 2011	Post Issue
Debt		
Long Term Debt	0.00	[•]
Short Term Debt	276.39	[•]
Total Debts (A)	276.39	[•]
Equity (shareholders' funds)		[•]
Equity share capital	796.26	[•]
Profit & Loss Accounts	67.98	[•]
Statutory Reserves	239.70	[•]
Total Equity (B)	1103.94	[•]
Long Term Debt / Equity Shareholders' funds	-	[•]
Total Debt / Equity Shareholders' funds	0.25	[•]

Note: Loans payable after one year are classified as "Long Term Debt" and any principal amount of outstanding debt payable within one year or repayable on demand has been classified short term debt and remaining have been classified as long term debt.

ANNEXURE XVI: STATEMENT OF CONTINGENT LIABILITIES

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Contingent Liabilities at the end of the year	0.00	0.00	0.00	0.00	0.00	0.00

ANNEXURE XVII: STATEMENT OF RELATED PARTIES AND TRANSACTIONS

Names of related parties:

- i. **Enterprises having significant influence the reporting enterprise**
Nil
- ii. **Individuals (directly/indirectly) having control over the reporting enterprise / Key Managerial Persons**
 - a. Mr. Bharat Bagri, Director
 - b. Mrs. Sarla Bagri, Director
 - c. Mr. Uttam Bagri, Director
 - d. Mr. Kalpesh Ranka, Director
 - e. Mr. V. Ajgaonkar, Director
 - f. Mr. Hareesh Sanghvi, Director
- iii. **Subsidiary Companies**
Nil
- iv. **Joint Venture Companies**
Nil
- v. **Enterprises over which persons mentioned at (ii) have significant influence and with whom transactions have taken place during the period/ year:**
 - a. BCB Brokerage Pvt. Ltd.
 - b. BCB Securities Pvt. Ltd.
 - c. Ratnakar Securities Pvt. Ltd.
 - d. CRD Holding Pvt. Ltd.
 - e. Ratnakar Commodities Pvt. Ltd.
 - f. Yash Trading & Finance Ltd.
 - g. Bharat Bagri HUF
 - h. Uttam Bagri HUF
- vi. **Relatives of the individuals mentioned at (ii) with whom transactions have taken place during the period/ year**

Sr. No.	Name
1	Ankita Bagri
2	Urvashi Pachisia
3	Aadya Bagri
4	Krishnadevi Bagri
5	Utsav Bagri
6	Dilip Bagri
7	Shashikant Damani
8	Amit Pachisia

Details of Related Party Transactions:

(₹ in Lacs)

Nature of Transaction / Name of Related Party	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Remuneration Paid:						
- Bharat Bagri	12.00	12.00	12.00	12.00	24.00	0.00
- Sarla Bagri	12.00	12.00	12.00	12.00	24.00	0.00
- Uttam Bagri	44.00	36.00	24.00	12.00	48.00	0.00
Loan Taken						
- Bharat Bagri	0.00	17.25	20.00	8.00	6.00	17.00
- Sarla Bagri	0.00	64.00	35.00	27.00	24.00	22.00
- Uttam Bagri	100.00	11.75	107.00	355.00	10.00	0.10
- BCB Brokerage Pvt Ltd.	45.00	0.00	0.00	200.00	225.00	0.00
- BCB Securities Pvt Ltd.	0.00	0.00	0.00	6.50	6.75	6.71
- CRD Holding Pvt Ltd.	0.00	0.00	0.00	0.00	338.75	3.91
- Yash Trading & Finance Ltd.	0.00	0.00	0.00	60.00	58.00	48.00
- Urvashi Pachisia	0.00	15.25	25.00	10.00	14.00	22.50
- Ankita Bagri	0.00	45.75	42.25	45.00	36.00	53.75
- Krishnadevi Bagri	0.00	10.75	1.00	9.00	0.00	1.25
- Bharat Bagri HUF	0.00	27.20	12.00	50.00	111.00	10.50
- Aadya Bagri	0.00	14.00	4.25	104.00	100.00	0.00
- Utsav Bagri	0.00	7.00	1.50	8.50	19.50	0.00
- Uttam Bagri HUF	0.00	16.00	6.50	4.00	12.00	14.25
- Amit Pachisia	0.00	0.00	0.00	20.00	20.00	0.00
- Shashikant Damani	0.00	0.00	0.00	0.00	75.00	17.50
Loan Repaid						
- Bharat Bagri	0.00	17.25	20.00	8.00	6.00	17.00
- Sarla Bagri	0.00	64.00	35.00	27.00	24.00	22.00
- Uttam Bagri	100.00	11.75	107.00	355.00	10.00	0.10
- BCB Brokerage Pvt Ltd.	0.00	0.00	0.00	200.00	225.00	0.00
- BCB Securities Pvt Ltd.	0.00	0.00	0.00	6.50	6.75	6.71
- CRD Holding Pvt Ltd.	0.00	0.00	0.00	0.00	338.75	3.91
- Yash Trading & Finance Ltd.	0.00	0.00	0.00	60.00	58.00	48.00
- Urvashi Pachisia	0.00	15.25	25.00	10.00	14.00	22.50
- Ankita Bagri	0.00	45.75	42.25	45.00	36.00	53.75
- Krishnadevi Bagri	0.00	10.75	1.00	9.00	0.00	1.25
- Bharat Bagri HUF	0.00	27.20	12.00	50.00	111.00	10.50
- Aadya Bagri	0.00	14.00	4.25	104.00	100.00	0.00
- Utsav Bagri	0.00	7.00	1.50	8.50	19.50	0.00
- Uttam Bagri HUF	0.00	16.00	6.50	4.00	12.00	14.25
- Amit Pachisia	0.00	0.00	0.00	20.00	20.00	0.00
- Shashikant Damani	0.00	0.00	0.00	0.00	75.00	17.50
Interest paid/Provided on Loan						
- Bharat Bagri	0.00	0.12	0.29	0.36	0.03	0.00
- Sarla Bagri	0.00	0.29	0.27	1.51	0.20	0.35

- Uttam Bagri	0.00	0.03	0.00	7.25	0.05	0.00
- BCB Brokerage Pvt Ltd.	0.00	0.00	0.00	0.00	9.92	0.00
- BCB Securities Pvt Ltd.	0.00	0.00	0.00	0.29	0.72	0.16
- CRD Holding Pvt Ltd.	0.00	0.00	0.00	0.00	3.67	0.09
- Yash Trading & Finance Ltd.	0.00	0.00	0.00	3.84	5.28	2.00
- Urvashi Pachisia	0.00	0.01	0.28	1.18	1.27	0.15
- Ankita Bagri	0.00	0.17	0.37	2.71	0.49	1.41
- Krishnadevi Bagri	0.00	0.01	0.00	0.42	0.00	0.03
- Bharat Bagri HUF	0.00	0.03	0.12	2.99	1.69	0.32
- Aadya Bagri	0.00	0.14	0.07	1.90	1.91	0.00
- Utsav Bagri	0.00	0.19	0.02	0.50	0.75	0.00
- Uttam Bagri HUF	0.00	0.05	0.21	0.42	0.05	0.00
- Amit Pachisia	0.00	0.00	0.00	2.18	1.32	0.00
- Shashikant Damani	0.00	0.00	0.00	0.00	4.04	0.83
Loan Given						
- Ratnakar Securities Pvt Ltd.	0.00	275.00	2130.00	92.00	0.00	0.00
- Ratnakar Commodities Pvt Ltd.	50.00	25.00	51.00	49.00	702.00	6.00
Loan Received Back						
- Ratnakar Securities Pvt Ltd.	0.00	275.00	2130.00	92.00	0.00	0.00
- Ratnakar Commodities Pvt Ltd.	50.00	25.00	51.00	49.00	707.00	1.00
Interest received/receivable on loan						
- Ratnakar Securities Pvt Ltd.	0.00	0.71	5.14	0.22	0.00	0.00
- Ratnakar Commodities Pvt Ltd.	0.02	0.00	0.27	0.23	4.19	0.00
Salary Paid						
- Urvashi Pachisia	12.00	12.00	12.00	12.00	12.00	0.00
- Ankita Bagri	12.00	12.00	12.00	12.00	12.00	0.00
Advance Salary paid						
- Uttam Bagri	0.00	32.00	0.00	0.00	0.00	0.00
Rent Paid						
- Bharat Bagri						
- Sarla Bagri						
- Uttam Bagri	4.00	4.00	12.00	0.00	0.00	0.00
- Krishnadevi Bagri	4.00	4.00	4.80	0.00	9.00	0.00
Purchase of Investments						
- Shashikant Damani	0.00	7.48	0.00	0.00	0.00	0.00
Sale of Investments						
- Uttam Bagri	54.82	0.00	0.00	0.00	0.00	0.00
Brokerage on Shares Transaction						
- BCB Brokerage Pvt Ltd.	0.16	0.37	3.53	1.63	13.99	5.05
- Ratnakar Securities Pvt Ltd.	1.34	2.19	3.33	5.46	26.68	10.67

- Dilip Bagri	0.00	0.00	0.00	0.00	0.02	0.07
Additional Remuneration Deposited Back which is repayable to parties on CG Approval:*						
- Urvashi Pachisia	25.00	0.00	0.00	0.00	0.00	0.00
- Ankita Bagri	25.00	0.00	0.00	0.00	0.00	0.00
Outstanding Loan account Balance receivable as at year end:						
- Ratnakar Commodities Pvt Ltd.	0.00	0.00	0.00	0.00	0.00	5.00

* In the past, when the company was a Private Limited Company, Mrs. Ankita Bagri and Mrs. Urvashi Pachisia, the related employees of the Company were paid compensation over and above the allowed limits under the Companies Act, 1956. The excess amount aggregating to ₹ 50.00 Lacs has been deposited by them back to the company and the same is shown under Sundry Creditors. Since the company was in violation of the law they have thus filed an application with Central Government for compounding this offence and for approval of waiving the recovery of remuneration. The application is currently pending for final approval. Upon receiving the approval, this deposit amount of ₹ 50.00 Lacs shall be repaid to the respective employee.

ANNEXURE XVIII: STATEMENT OF TAX SHELTER

(₹ in Lacs)

Particulars	As at March 31				
	2011	2010	2009	2008	2007
Profit before tax	25.81	27.16	-30.67	914.45	166.59
Normal tax rates	33.22%	33.99%	30.90%	30.90%	33.66%
Special Tax Rates	15.45%	15.45%	11.33%	11.33%	11.22%
Minimum alternative tax rates	19.93%	16.995%	11.33%	11.33%	11.22%
Normal tax at normal rates (A1)	7.74	8.15	0.00	274.33	49.98
Tax at special rates (A2)	3.62	2.59	0.00	20.88	0.00
Permanent differences					
Exempt Income	5.16	1.58	0.00	3.34	0.58
Other adjustments – disallowances	0.00	0.00	0.00	0.00	0.00
Total (B)	5.16	1.58	0.00	3.34	0.58
Timing differences					
Capital gains(loss) on sale of assets	24.16	17.26	0.00	208.79	0.00
Total (C)	24.16	17.26	0.00	208.79	0.00
Net adjustments (B+C)	29.31	18.85	0.00	212.12	0.58
Tax savings thereon (D)	8.79	5.65	0.00	63.64	0.17
Total taxation (E = A+D)	3.17	5.24	0.00	128.82	2.86
Add: Interest under IT Act	0.00	0.00	0.00	3.73	0.00

Brought forward losses set off (Dptn)	0.00	0.00	0.00	0.00	0.00
Tax effect on the above (F)	0.00	0.00	0.00	3.73	0.00
Net tax for the year / period (E-F)	3.17	5.24	0.00	132.55	2.86
Tax payable as per MAT	4.78	0.00	0.00	0.00	0.00
Tax expense recognized	3.17	5.02	0.08	251.03	53.91

Note: The tax shelter for the Six months period ended September 30, 2011 is not shown because the same will be calculated at the year ended 31st March 2012 based on the total income of the Company.

ANNEXURE XIX: STATEMENT OF ACCOUNTING RATIOS

Summary of Accounting and other Ratios						
Particulars	As at 30.09.11	As at 31.03.11	As at 31.03.10	As at 31.03.09	As at 31.03.08	As at 31.03.07
Net Worth as per Balance Sheet (₹ in lacs)	1103.94	1,095.72	1,073.11	1,050.32	980.43	316.37
Profit/(Loss) after Tax as per Profit and Loss Account (₹ in lacs)	8.23	22.61	22.15	-30.75	663.42	112.68
Basic/Diluted Earnings Per Share (₹)	0.19	1.42	1.39	-1.94	41.92	7.12
Basic/Diluted Earnings Per Share after considering the effect of Bonus Shares in previous years (₹)	0.19	0.28	0.28	(0.39)	8.38	1.42
Weighted Average Number of Equity Shares (No.'s)	43,07,628	15,92,517	15,92,517	15,87,503	15,82,517	15,82,510
Weighted Average Number of Equity Shares after considering the effect of Bonus (No.'s)	43,07,628	7962585	7962585	7937515	7912585	7912550
No of Shares at the end of the Year (No.'s)	79,62,585	15,92,517	15,92,517	15,92,517	15,82,517	15,82,500
Net Asset Value Per share (₹)	25.63	68.80	67.38	66.16	61.95	19.99
Return on Net Worth (%)	0.75%	2.06%	2.06%	-2.93%	67.67%	35.62%
Net Tangible Asset (₹ in lacs)	1,430.33	1,374.13	1,438.71	1,050.32	1,588.77	316.37

Notes: a) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively. b) Formulas used for calculating above ratios are as under:

- i. Basic EPS is being calculated by using the formula: Net Profit after excluding Extra-ordinary items/ Weighted Average No. of outstanding shares.
- ii. Net Asset Value is being calculated by using the formula: (Equity Share Capital + Reserves and Surplus + Preference Share Capital)/Number of Equity Shares at year end.
- iii. Return on Net worth is being calculated by using the formula: Profit After Tax/(Equity Share Capital + Reserves and Surplus + Preference Share Capital).
- iv. Net Tangible Assets comprises Net Fixed Assets and Net Working Capital.

There is no revaluation reserve in last five years of the Company.

ANNEXURE XX: STATEMENT OF DIVIDENDS

(₹ in Lacs)

Particulars	30.09.2011	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Interim Dividend on Equity Shares	-	-	-	-	-	-
Final Dividend on Equity Shares	-	-	-	-	-	-
Total Dividend on Equity Shares	-	-	-	-	-	-
Dividend Rate (%)	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-

Note: No dividend is paid by the Company during the above mentioned Years/Period.

ANNEXURE XXI: STATEMENT OF SEGMENT REPORTING

The Company is primarily engaged in the business of NBFC Activities which, in the context of AS 17 on 'Segment Reporting', constitutes a single reporting segment. Further the Company does not have any separate geographic segments other than India.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

You should read the following discussion and analysis of our Company's financial condition and results of operations together with our Company's financial statements included in this Draft Prospectus. You should also read the Chapter titled "Risk Factors" beginning on page 9 of this Draft Prospectus, which enumerates number of factors and contingencies that could impact our Company's financial condition and results of operations.

These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our Statutory Auditor dated Dec 12, 2011 in the Chapter titled "Financial Information" beginning on page 98 of this Draft Prospectus.

Our financial year ends on March 31 of each year, so all references to a particular fiscal year to 12-month period ended March 31 of that year. Our Company's historical financial performance may not be considered as indicative of future financial performance.

BUSINESS OVERVIEW

Our Company was originally incorporated with the Registrar of Companies, on November 25th, 2005 as BCB Finance Private Limited. Pursuant to shareholders Resolution dated June 06, 2011 our Company was converted into Public Limited Company and the name was changed to BCB Finance Limited. A Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated June 24, 2011. Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 451A of the Reserve Bank of India Act, 1934 bearing Registration no. N.13.01840 dated August 30, 2006.

We operate as a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of advancing loans and investing/trading in securities. Our Company provides its shareholders with the opportunity to participate in a diverse portfolio of investments and gain access to a defined investment process and the investment experience of the management team.

Our company is the NBFC Arm promoted by the Bagri Family in order to carry out their financing and investment activities and in order to bring in the benefits of synergies from their brokerage and other businesses.

Significant developments after year ended March 31, 2011 that affect our future results of operations

In the opinion of the Board of Directors, no events or circumstances save and except as disclosed in this Draft Prospectus have arisen since the date of the last Audited Financial Statements contained in the Draft Prospectus which materially or adversely affect or is likely to affect the trading and profitability of the Company, or the value of its assets, or its ability to pay liabilities within next twelve months.

Key factors affecting the results of operation

Our Company's business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page 09 of this Draft Prospectus. Some of the important factors that may affect the results of operations, financial condition and cash flows are discussed in this section.

- Changes in Indian economic or financial conditions
- Client Relationships / Fluctuations in customer base
- Growth in overall volumes due to favourable capital market conditions
- Interest Rates and Inflation
- Increasing competition in this industry
- Change in Laws and Regulations governing NBFC Industry

- Operating Expenses
- Recruitment and Retention of employees

Key Accounting Policies

i) Basis of preparation of financial statements:

The financial statements are prepared on historical cost convention complying with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable. The company follows prudential norms for income recognition; asset classification and provisioning for non-performing assets as prescribed by Reserve Bank of India vide Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction 2007

ii) Use of Estimates :

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known/materialize.

iii) Fixed Assets :

Fixed Assets are stated at cost of acquisition less accumulated depreciation thereon. Fixed Assets are accounted at cost of acquisition inclusive of inward freight, duties taxes and other incidental expenses related to acquisition and installation of Fixed Assets incurred to bring the assets to their working condition for their intended use.

iv) Depreciation :

Depreciation is provided for in the books on written down value method as per the rates prescribed under Schedule XIV of the Companies Act 1956.

v) Investments :

Investments made by the Company with a long term prospective in Quoted and Unquoted securities are held as investments and are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

vi) Revenue Recognition :

Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses. Income from Non- Performing Assets is recognized only when it is realized. Interest on deposits and loans is accounted for on the time proportion basis after considering reasonable certainty that the ultimate collection will be made. Dividend income is recognized when right to receipts is established. Profit or loss on sale of securities is accounted on trade date basis.

vii) Foreign Currency Translation :

Foreign currency transactions are recorded in the books at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized as income or expense in the profit and loss account of the same period.

Foreign currency assets and liabilities are translated at the yearend rates and the resultant exchange differences, are recognized in the profit and loss account.

viii) Borrowing Cost :

Borrowing Costs that are directly attributable to the acquisition or production of qualifying assets are capitalized as the cost of the respective assets. Other Borrowing Costs are charged to the Profit and Loss Account in the year in which they are incurred.

ix) Employees benefits :

All employee benefit obligations payable wholly within twelve months of the rendering the services are classified as Short Term Employee Benefits. Such Benefits are estimated and provided for in the period in which the employee renders the related service.

Post Employment Benefits:

All eligible employees of the Company are entitled to receive benefits under the provident fund and Gratuity is accounted for as and when paid.

x) Inventories :

Funds deployed by the Company for short term trading in Quoted securities are held as stock in trade and are measured at lower of the cost and net realizable value. Cost of inventories comprises all costs of purchase (net of input credit) and other costs incurred in bringing the inventories to their present condition. Costs of inventories are determined by using the First-In First-Out Method (FIFO)..

xi) Accounting for taxes on Income :

i) Income tax comprises the current tax and net change in deferred tax assets, which are made in accordance with the provisions as per the Income Tax Act, 1961.

ii) Deferred Tax resulting from timing differences between accounting income and taxable income for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

xii) Leased Assets :

Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as Operating Leases. The rental and all other expenses of leased assets are treated as revenue expenditure.

xiii) Provisions and Contingent Liabilities :

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiv) Impairment of Assets :

The Company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the assets

belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the profit and loss account. If at the balance date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount.

Results of Operations

The following table sets forth selected financial data from our consolidated restated profit and loss accounts for fiscal 2011, 2010, 2009, 2008, 2007 and for the six months period ended September 30, 2011, the components of which are also expressed as a percentage of total income for such periods:

Particulars	As at Sept 30, 2011		As at March 31									
		(%)	2011	(%)	2010	(%)	2009	(%)	2008	(%)	2007	(%)
INCOME												
Interest Income	71.07	51.32	86.17	58.64	83.32	54.03	121.46	124.08	61.88	5.43	8.49	4.82
Net Income from Securities Transaction / Investments	67.41	48.68	60.79	41.36	70.89	45.97	(23.57)	(24.08)	1078.33	94.57	167.81	95.18
Total Income	138.48		146.96		154.21		97.89		1140.21		176.30	
EXPENDITURE												
Interest Expense	14.42	10.41	22.87	15.56	7.90	5.12	55.00	56.19	73.04	6.41	7.37	4.18
Administrative Expenses	42.93	31.00	35.64	24.25	69.17	44.85	35.49	36.25	53.93	4.73	0.16	0.09
Directors Remuneration	68.00	49.10	60.00	40.83	48.00	31.13	36.00	36.78	96.00	8.42	0.00	0.00
Loss on Sale/disposal of Fixed Assets	0.60	0.43	0.00	0.00	0.00	0.00	1.43	1.46	0.00	0.00	0.00	0.00
Depreciation	0.36	0.26	2.63	1.79	1.33	0.87	0.00	0.00	2.16	0.19	1.54	0.87
Preliminary Expenses written off	0.00	0.00	0.00	0.00	0.64	0.41	0.64	0.65	0.64	0.06	0.64	0.36
Total Expenditure	126.31	91.21	121.14	82.43	127.04	82.38	128.56	131.33	225.76	19.8	9.71	5.51
Profit before tax	12.18	8.79	25.81	17.57	27.16	17.62	(30.67)	(31.33)	914.45	80.2	166.59	94.49
Provision for Taxation	3.95		3.20		5.02		0.08		251.03		53.91	
Current Years Income Tax	3.95	2.85	3.20	2.18	5.02	3.26	0.08	0.08	251.03	22.02	53.91	30.58
Net Profit After Tax	8.23	5.94	22.61	15.39	22.15	14.36	(30.75)	(31.41)	663.42	58.18	112.68	63.91

PRINCIPAL COMPONENTS OF OUR PROFIT AND LOSS ACCOUNT

Revenue

Our total income comprises Net Income from Securities Transaction / Investments and Interest Income. Net Income from Securities Transaction / Investments comprises primarily of Income from Securities Transaction / Investment Activities, and Dividend Income.

- Income from Securities Transaction/Investment Activities includes income from sale of such investments, profits from sale of Shares and profit earned from speculative transactions.
- Dividend Income consists primarily of dividend income on shares and on investments in Units of Mutual Funds.
- Interest Income comprises interest earned from Fixed Deposits and Interest received from Parties.

Expenditure

Our Expenditure comprises of Administrative expenses, Interest expenses, Director's Remuneration, Loss on Sale/disposal of Fixed Assets, Depreciation and Preliminary Expenses written off.

- Administrative expenses principally include Audit fees, Postage, Telegram and Telephone expenses, Printing and Stationary, Professional and Legal Expenses, Rent, Repairs and Maintenance, Salaries and Wages and Miscellaneous expenses.
- Interest expenses principally include interest and other fees charged by banks. Interest is charged on our overdraft facilities.
- Depreciation includes depreciation on our Fixed Assets such as Motor Vehicle and Computer.

Taxation

It includes Current Taxes and Deferred Taxes (which is nil in all the previous years). Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

For Six Months Period ended on September 30, 2011

Total Income

Our Total Income was ₹ 138.48 lacs, out of which our Net Income from Securities Transaction / Investments accounted for ₹ 67.41 lacs and Interest Income accounted for ₹ 71.07 lacs for the six months period ended September 30, 2011.

Total Expenditure

Our Total Expenditure was ₹ 126.31 lacs for the six months period ended September 30, 2011, constituting 91.21% of the Total Income for the six months period ended September 30, 2011. Our Administrative expense was ₹ 42.93 lacs, constituting 31% of the Total Income. Director's Remuneration was ₹ 68 lacs or 49.10% of the Total Income. Interest expense was ₹ 14.42 lacs or 10.41% of the Total Income and Depreciation was ₹ 0.36 lacs or 0.26% of the Total Income. Preliminary expenses written off were nil.

Restated Profit/Loss after Tax

Our Net Profit, as restated was ₹ 8.23 lacs or 5.94% of the Total Income for the six months period ended September 30, 2011.

Fiscal 2011 compared to Fiscal 2010***Total Income***

Our Total Income decreased by ₹ 7.25 lacs or 4.70% from ₹ 154.21 lacs in fiscal 2010 to ₹ 146.96 lacs in fiscal 2011, primarily due to a decrease in Net Income from Securities Transaction / Investments.

Net Income from Securities Transaction / Investments

Our Net Income from Securities Transaction / Investments decreased by ₹ 10.10 lacs or 14.25% from ₹ 70.89 lacs in fiscal 2010 to ₹ 60.79 lacs in fiscal 2011.

Interest Income

Income earned from Interest increased by ₹ 2.85 lacs or 3.42% from ₹ 83.32 lacs in fiscal 2010 to ₹ 86.17 lacs in fiscal 2011.

Total Expenditure

Our Total Expenditure decreased by ₹ 5.90 lacs or 4.64% from ₹ 127.04 lacs in fiscal 2010 to ₹ 121.14 lacs in fiscal 2011, primarily due to a substantial decrease in Administrative expenses in that year.

Administrative Expenses

Our Administrative Expenses decreased by ₹ 33.53 lacs or 48.47% from ₹ 69.17 lacs in fiscal 2010 to ₹ 35.64 lacs in fiscal 2011. This was because in FY 2010, the company re-organised and prepared its loan agreements and KYC Documentation, resulting in additional expenses on Legal and Professional Fees. However, the same exercise was not required to be repeated again in FY 2011 and hence there is a reduction in costs as compared to FY 2010.

Interest Expenses

Our Interest Expenses increased by ₹ 14.97 lacs or 189.52% from ₹ 7.90 lacs in fiscal 2010 to ₹ 22.87 lacs in fiscal 2011.

Depreciation

Our Depreciation Charges increased by ₹ 1.30 lacs or 97.06% from ₹ 1.33 lacs in fiscal 2010 to ₹ 2.63 lacs in fiscal 2011.

Taxation

Our Provision for Taxation decreased by ₹ 1.82 lacs or 36.25% from ₹ 5.02 lacs in fiscal 2010 to ₹ 3.20 lacs in fiscal 2011, due to lower operating income.

Net Profit after Tax

Principally due to reasons described above, Net Profit after Tax increased by ₹ 0.47 lacs or 2.13% from a Net Profit of ₹ 22.15 lacs in fiscal 2010 to a Net Profit of ₹ 22.61 lacs in fiscal 2011.

Fiscal 2010 compared to Fiscal 2009***Total Income***

Our Total Income increased by ₹ 56.32 lacs or 57.53% from ₹ 97.89 lacs in fiscal 2009 to ₹ 154.21 lacs in fiscal 2010, primarily due to a substantial increase in Net Income from Securities Transaction / Investments.

Net Income from Securities Transaction / Investments

Our Net Income from Securities Transaction / Investments increased by ₹ 94.46 lacs or 400.76% from a negative figure of ₹ (23.57) lacs in fiscal 2009 to ₹ 70.89 lacs in fiscal 2010, primarily due to recovery in stock market, after global crisis which affected the overall trading volumes across the stock exchanges resulting into an increase in our profit earned from investment activities and speculative transactions.

Interest Income

Income earned from Interest decreased by ₹ 38.14 lacs or 31.40% from ₹ 121.46 lacs in fiscal 2009 to ₹ 83.32 lacs in fiscal 2010.

Total Expenditure

Our Total Expenditure decreased by ₹ 1.52 lacs or 1.18% from ₹ 128.56 lacs in fiscal 2009 to ₹ 127.04 lacs in fiscal 2010, primarily due to a substantial decrease in Interest Expenses in fiscal 2010.

Administrative Expenses

Our Administrative Expenses increased by ₹ 33.68 lacs or 94.90% from ₹ 35.49 lacs in fiscal 2009 to ₹ 69.17 lacs in fiscal 2010, primarily due to a substantial increase in Professional and Legal Fees and Rent expenses.

Interest Expenses

Our Interest Expenses decreased by ₹ 47.10 lacs or 85.64% from ₹ 55 lacs in fiscal 2009 to ₹ 7.90 lacs in fiscal 2010, primarily due to decrease in interest paid on borrowings, banking facility availed from banks.

Depreciation

Our Depreciation Charges accounted to ₹ 1.33 lacs in fiscal 2010, which was nil in fiscal 2009 since our Company scrapped all the old computers during the year, leaving no fixed assets behind.

Taxation

Our Provision for Taxation increased substantially by ₹ 4.94 lacs or 6505.26% from ₹ 0.08 lacs in fiscal 2009 to ₹ 5.02 lacs in fiscal 2010, primarily due to growth in total income, resulting in an increase in Net Profit.

Net Profit after Tax

Principally due to reasons described above, Net Profit after Tax increased by ₹ 52.89 lacs or 172.04% from a Net Loss of ₹ 30.75 lacs in fiscal 2009 to a Net Profit of ₹ 22.15 lacs in fiscal 2010.

Fiscal 2009 compared to Fiscal 2008***Total Income***

Our Total Income decreased by ₹ 1042.32 lacs or 91.41% from ₹ 1140.21 lacs in fiscal 2008 to ₹ 97.89 lacs in fiscal 2010, primarily due to a substantial decrease in Net Income from Securities Transaction / Investments.

Net Income from Securities Transaction / Investments

Our Net Income from Securities Transaction / Investments decreased by ₹ 1101.90 lacs or 102.19% from ₹ 1078.33 lacs in fiscal 2008 to a negative figure of ₹ (23.57) lacs in fiscal 2009, primarily due to global financial crisis which affected the overall trading volumes across the stock exchanges resulting into a fall in our Operating Income.

Interest Income

Income earned from Interest increased by ₹ 59.58 lacs or 91.41% from ₹ 61.88 lacs in fiscal 2008 to ₹ 121.46 lacs in fiscal 2009.

Total Expenditure

Our Total Expenditure decreased by ₹ 97.21 lacs or 43.06% from ₹ 225.76 lacs in fiscal 2008 to ₹ 128.56 lacs in fiscal 2009, primarily due to a substantial decrease of ₹ 60 lacs in Director's Remuneration in fiscal 2009.

Administrative Expenses

Our Administrative Expenses decreased by ₹ 18.44 lacs or 34.19% from ₹ 53.93 lacs in fiscal 2008 to ₹ 35.49 lacs in fiscal 2009, in sync with our decrease in operating income / Net income earned from Securities Transaction / Investments.

Interest Expenses

Our Interest Expenses decreased by ₹ 18.04 lacs or 24.70% from ₹ 73.04 lacs in fiscal 2008 to ₹ 55 lacs in fiscal 2009, primarily due to decrease in interest paid on borrowings, banking facility availed from banks.

Depreciation

Our Depreciation Charges were nil in fiscal 2009, since our Company scrapped all the old computers during the year, leaving no fixed assets behind.

Taxation

Our Provision for Taxation decreased substantially by ₹ 250.95 lacs or 99.97%, from ₹ 251.03 lacs in fiscal 2008 to ₹ 0.08 lacs in fiscal 2008, due to lower operating income, resulting in decrease in Net Profit.

Net Profit after Tax

Principally due to reasons described above, Net Profit after Tax decreased by ₹ 694.16 lacs or 104.63% from a Net Profit of ₹ 663.41 lacs in fiscal 2008 to a Net Loss of ₹ 30.75 lacs in fiscal 2009.

Fiscal 2008 compared to Fiscal 2007***Total Income***

Our Total Income increased by ₹ 963.91 lacs or 546.74% from ₹ 176.30 lacs in fiscal 2007 to ₹ 1140.21 lacs in fiscal 2008.

Net Income from Securities Transaction / Investments

Our Net Income from Securities Transaction / Investments increased by ₹ 910.52 lacs or 542.49% from ₹ 167.81 lacs in fiscal 2007 to ₹ 1078.33 lacs in fiscal 2008.

Interest Income

Interest earned from Income increased by ₹ 53.39 lacs or 628.86% from ₹ 8.49 lacs in fiscal 2007 to ₹ 61.88 in fiscal 2008.

Total Expenditure

Our Total Expenditure increased by ₹ 216.06 lacs or 2225.17% from ₹ 9.17 lacs in fiscal 2007 to ₹ 225.77 lacs in fiscal 2008, primarily due to a substantial increase in Interest Expenses and Administrative Expenses.

Administrative Expenses

Our Administrative Expenses increased by ₹ 53.77 lacs or 33606.25% from ₹ 0.16 lacs in fiscal 2007 to ₹ 53.93 lacs in fiscal 2008, due to a substantial increase in Rent, Postage, Telegram and Telephone expenses, Printing and Stationery expenses, and Salaries and Wages.

Interest Expenses

Our Interest Expenses increased by ₹ 65.67 lacs or 891.10% from ₹ 7.37 lacs in fiscal 2007 to ₹ 73.04 lacs in fiscal 2008, primarily due to increase in interest paid on borrowings, banking facility availed from banks.

Depreciation

Our Depreciation Charges increased by ₹ 0.62 lacs or 40% from ₹ 1.54 lacs in fiscal 2007 to ₹ 2.16 lacs in fiscal 2008.

Taxation

Our Provision for Taxation substantially increased by ₹ 197.12 lacs or 365.65% from ₹ 53.91 lacs in fiscal 2007 to ₹ 251.03 lacs in fiscal 2008, primarily due to growth in total income, resulting in a consequent increase in Net Profit.

Net Profit after Tax

Principally due to reasons described above, Net Profit after Tax increased by ₹ 550.73 lacs or 488.76% from a Net Profit of ₹ 112.68 lacs in fiscal 2007 to a Net Profit of ₹ 663.42 lacs in fiscal 2008.

Financial Conditions, Liquidity and Capital Resources

Cash Flow Statement

The table below sets forth cash flow statement of our Company for the Six months Period ended on September 30, 2011 and fiscals 2011, 2010, 2009, 2008 and 2007:

Particulars	As at Sept 30, 2011	As at March 31				
		2011	2010	2009	2008	2007
Net Cash generated from/(used in) Operating Activities	(153.36)	124.48	(455.22)	(104.24)	875.04	(72.69)
Net Cash flow from/(used in) Investing Activities	127.76	35.07	(15.74)	(153.45)	0.00	(5.13)
Net Cash flow from/(used in) Financing Activities	(16.44)	(110.06)	357.70	(563.34)	535.50	(7.37)
Net increase/(decrease) in Cash and Cash Equivalents	(42.04)	49.49	(113.26)	(821.03)	1410.35	(85.19)

Net Cash from Operating Activities

In the six months period ended September 30, 2011 our company had negative cash flow from Operating Activities amounting to ₹ 153.36 as compared to PBT of ₹ 12.18 Lacs in the same period. This difference is primarily on account of a substantial increase in loans and advances granted by our company.

In fiscal 2011, our company had a positive cash flow from operating activities amounting to ₹ 124.48 Lacs as compared to PBT of ₹ 25.81 Lacs. This difference is mainly due to the working capital decrease for the same period.

In fiscal 2010, our company had a negative cash flow from operating activities amounting to ₹ 455.22 Lacs as compared to PBT of ₹ 27.16 Lacs. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

In fiscal 2009, our company had a negative cash flow from operating activities amounting to ₹ 104.24 Lacs compared to a negative PBT of ₹ 30.67 Lacs. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

In fiscal 2008, our company had a positive cash flow from operating activities amounting to ₹ 875.04 Lacs compared to PBT of ₹ 914.45 Lacs. This difference is mainly due to the working capital decrease for the same period.

In fiscal 2007, our company had a negative cash flow from operating activities amounting to ₹ 72.69 Lacs as compared to PBT of ₹ 166.59 Lacs. This difference is primarily on account of a higher increase in Current Assets (Inventory & Trade and other Receivables) as compared to Current Liabilities (Trade and other Payables).

Net Cash from Investing Activities

In the six months period ended September 30, 2011 our company had positive cash flow from Investing Activities amounting to ₹ 127.76 Lacs. This was mainly on account of sale of fixed assets and investments.

In fiscal 2011, our company had a positive cash flow from Investing Activities amounting to ₹ 35.07 Lacs. This was primarily on account of purchase of fixed assets and sale of investments.

In fiscal 2010, our company had a negative cash flow from Investing Activities amounting to ₹ 15.74 Lacs. This reflected high expenditure incurred towards purchase of fixed assets and investments.

In fiscal 2009, our company had a negative cash flow from Investing Activities amounting to ₹ 153.45 Lacs. This reflected high expenditure incurred towards purchase of investments.

In fiscal 2008, net cash used in investing activities was nil.

In fiscal 2007, our company had a negative cash flow from Investing Activities amounting to ₹ 5.13 Lacs. This reflected expenditure incurred towards purchase of fixed assets.

Net Cash from Financing Activities

In the six months period ended September 30, 2011 our company had positive cash flow from Financing Activities amounting to ₹ (16.44) Lacs primarily on account of repayment to the outstanding overdraft account balances.

In fiscal 2011, our company had a negative cash flow from Financing Activities amounting to ₹ 110.06 Lacs, primarily on account of additional money raised by our company in the form of secured loans.

In fiscal 2010, our company had a positive cash flow from Financing Activities amounting to ₹ 357.70 Lacs, primarily on account of increase in our share capital and share premium account and proceeds from long term borrowing.

In fiscal 2009, our company had a negative cash flow from Financing Activities amounting to ₹ 563.34 Lacs, primarily on account of increase in proceeds from long term borrowing.

In fiscal 2008, our company had a positive cash flow from Financing Activities amounting to ₹ 535.50 Lacs, primarily on account of increase in proceeds from long term borrowing.

In fiscal 2007, our company had a positive cash flow from Financing Activities amounting to ₹7.37 Lacs, primarily on account of increase in our share capital and share premium account.

Related Party Transactions

We have engaged in the past, and may engage in the future transactions with related parties on an arm's lengths basis. For details, please refer to "Annexure XVII" of "Auditor's Report" on page 113 of this Draft Prospectus.

Financial Market Risks

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, foreign exchange risk, inflation and commodity risk. We are exposed to different degrees of these risks in the normal course of our business.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, which we have for the period ended September 30, 2011, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

Effect of Inflation

We are affected by inflation as it has an impact on Salaries, Cost, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW

1. Unusual or infrequent events or transactions

There have been no such events.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

There have been no significant economic changes in the industry in the recent past, which are likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations

Apart from the risks as disclosed under Section “*Risk Factors*” beginning on page 09 of this Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4. Status of any publicly announced new products or business segment.

Our Company has not publicly announced any new products or business segments.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new services or increased charter rates.

Increases in revenues are by and large linked to increases in volume of business.

6. The extent to which the business is seasonal.

Our Company’s business is not seasonal.

7. Any significant dependence on a single or few suppliers or customers.

We do not believe our business to be dependent on a single or few customers.

8. Competitive Conditions

For details of competitive conditions, please refer to the Paragraph titled ‘*Competitors*’ on page 70 of this Draft Prospectus.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, Directors, Promoters and Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/ financial institutions/ small scale undertaking(s), defaults against banks/ financial institutions/ small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, the Promoters or the Directors. Further, as stated below, there are no show-cause notices / claims served on the Company, its Promoters, Directors and Group Companies from any statutory authority / revenue authority that would have a material adverse effect on the business of the Company.

I. LITIGATIONS OR LEGAL PROCEEDINGS INVOLVING ISSUER COMPANY

NIL

II. LITIGATIONS OR LEGAL PROCEEDINGS INVOLVING OUR PROMOTERS / GROUP COMPANIES / DIRECTORS

Mr. Bharat Bagri : Except as mentioned below* - NIL
Mr. Uttam Bagri : Except as mentioned below* – NIL

***Case filed against our Promoter Directors Mr. Bharat Bagri and Mr. Uttam Bagri:**

A Suit bearing reference No 2992/2003 has been filed in High Court Bombay by one M/s. Vaibhav Exports (proprietary concern of on Mr. Hira Lal Jain) against M/s Bharat C Bagri (partnership firm) and impleaded Mr. Bharat Bagri & Uttam Bagri as partners of the said firm. The suit has been filed for alleged recovery of payments of ₹ 6,60,00,000/- and plaintiff have prayed for decree of ₹ 10,11,02,480/- inclusive of the alleged interest amount. Our Promoter Directors have denied any such payment to be made and have filed a suitable written reply stating that this suit is purely frivolous and vexatious as there is no such partnership firm such as M/s. Bharat C. Bagri that Mr. Bharat Bagri & Mr. Uttam Bagri have never been partners in such alleged firm. The Suit is currently pending at its initial stage. The Honourable Court has framed issues and directed the parties by its order dated January 25, 2012 to file their respective affidavit of evidences before February 15, 2012.

III. LITIGATIONS OR LEGAL PROCEEDINGS INVOLVING OUR GROUP COMPANY

BCB Brokerage Pvt. Ltd. : NIL

IV. AMOUNT OWED TO SMALL SCALE UNDERTAKINGS

NIL

V. DEFAULTS

There are no defaults outstanding in meeting statutory dues, institutional dues and towards instrument holders like debentures, fixed deposits etc.

VI. MATERIAL DEVELOPMENTS

In the opinion of the Board, there has not arisen, since the date of the last audited financial statements disclosed in this Draft Prospectus (save except as disclosed in the section titled "*Risk Factors*" beginning on page 09 of this Draft Prospectus), any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of our assets or our ability to pay our material liabilities within the next twelve months.

GOVERNMENT AND OTHER KEY APPROVALS

In view of the approvals listed below, we can undertake our current business activities and that no further major approvals from any governmental or regulatory authority or any other entities are required to undertake or continue our business activities. These approvals are all valid as of the date of this Draft Prospectus.

I. APPROVALS PERTAINING TO THIS ISSUE

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on July 12, 2011, authorised the Issue subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act and approvals by such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to a resolution dated September 30, 2011 under Section 81(1A) of the Companies Act, authorised the Issue.
3. The Company has obtained in-principle listing approvals from the SME Platform of BSE dated [●].

II. INCORPORATION

1. The Company was incorporated on November 25, 2005 in Mumbai as “BCB Finance Private Limited” and was allotted Company Identification Number (CIN) U65990MH2005PTC157586. The company converted into a public company on June 24, 2011 with the name “BCB Finance Limited” and received a fresh certificate of incorporation consequent upon the name change from Roc, Mumbai.
2. Company Identification Number (CIN) U65990MH2005PLC157586

III. APPROVALS FOR BUSINESS / GENERAL APPROVALS:

The Company requires various approvals for it to carry on its business in India. Certain approvals have elapsed in their normal course and the Company has either made an application to the appropriate authorities for renewal of such licences and/or approvals or is in the process of making such applications.

The approvals that the Company requires include the following:

1. Certificate of registration No. N-13.01840 under Section 45IA of the RBI Act, 1934 from the RBI dated August 30, 2006 from the RBI to carry on the business of a non-banking financial institution without accepting public deposits.
2. Allotment of Tax Deduction Account No. MUMB15821B issued under section 203A of the Income Tax Act, by the Income Tax Department.
3. Permanent Account Number of our company – AACCB7317E.
4. Professional Tax Registration Number of our company – 27235237094P.
5. Certificate of Registration under Shop And Establishment Act bearing number 760202279 / commercial II Ward A.

IV. PENDING APPROVALS

There are no pending approvals or any approvals which need to be obtained in order to carry our current and proposed activities which we have not obtained or which have expired but not renewed as on the date of this Draft Prospectus.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors have vide resolution dated July 12, 2011, authorised the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

Our shareholders have, pursuant to a resolution dated September 30, 2011, under Section 81(1A) of the Companies Act, authorised the Issue.

We have received in-principle approvals from the SME Platform of BSE for the listing of our Equity Shares pursuant to letter dated [●]. BSE is the Designated Stock Exchange.

Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, its Directors, Promoters, Promoter Group and Group Companies, from accessing the capital market or operating in the capital markets under any order or direction passed by SEBI.

We further confirm that none of our company, its Promoters, its group companies or the relatives of our promoters and group companies was ever identified as wilful defaulters by RBI or other authorities.

Association with Securities Market

We confirm that none of our Executive Directors are associated with the securities market in any manner, except as directors and promoter shareholders of BCB Brokerage Pvt. Ltd and as Strategic Shareholders of Ratnakar Securities Pvt. Ltd., which are both SEBI registered stock brokers and are engaged in the business of stock broking and depository participants. No action has been initiated against these companies and our executive directors by SEBI at any time.

Further, we confirm that, none of our Non-Executive Independent Directors are not associated with the securities market in any manner. No action has been initiated against these entities by SEBI at any time.

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 X-B of the SEBI (ICDR) Regulations, as we are an issuer whose post issue paid up capital is greater than 10 Crores but less than 25 crores and we may hence issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the “SME Platform of BSE”).

We confirm that:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size. *For further details pertaining to said underwriting please refer to “General Information – Underwriting” on page 136 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) of the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. *For further details of the arrangement of market making please refer to "General Information – Details of the Market Making Arrangements for this Issue" on page 34 of this Draft Prospectus.*

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter X-B of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- (A) THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
- 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
- 7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND

THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

- 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 US.

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 MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

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.

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 January 12, 2012, the Underwriting Agreement dated January 24, 2012 entered into among the Underwriters and our Company and the Market Making Agreement dated January 24, 2012 entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

Note:

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

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this 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.

Disclaimer Clause of the SME Platform of BSE

As required, a copy of this Draft Prospectus will be submitted to the SME Platform of BSE. The Disclaimer Clause as intimated by SME Platform of BSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to filing with the RoC.

Disclaimer Clause of Reserve Bank of India

We have obtained registration from RBI as a non-deposit accepting non Non-Banking Finance Company.

Our company's activities are governed by the RBI regulations applicable to non-deposit accepting NBFCs.

It must be distinctly understood, however, that in issuing the certificate of registration Reserve Bank of India does not undertake any responsibility for the financial soundness of our company or for the correctness of any of the statements made or any commitments made or opinion expressed.

Filing

A copy of this 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, 100, Marine Drive, Mumbai 400 002, Maharashtra.

Listing

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

The SME Platform of BSE has given its in-principal 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, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, 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. Mohanlal Jain & Co, Chartered Accountants, the Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated December 12, 2011 on restated financial statements, Statement of Funds Deployed dated December 12, 2011 and Statement dated December 12, 2011 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this 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.

Issue related expenses

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSBs' commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in Lacs)	As a % of Total Issue Expenses	As a % of Total Issue Size
1	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses, if any.	45.00	64.29%	5.08%
2	Printing & Stationery and Postage Expenses	15.00	21.43%	1.69%
3	Marketing and Advertisement Expenses	5.00	7.14%	0.56%
4	Regulatory fees and expenses	4.00	5.71%	0.45%
5	Other Expenses	1.00	1.43%	0.11%
Total		70.00	100.00%	7.91%

All expenses with respect to the Issue will be borne by the Company.

Fees, brokerage and selling commission payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MOU dated January 12, 2012, the Underwriting Agreement dated January 24, 2012 and the Market Making Agreement dated January 24, 2012 among the Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MOU between the Company and the Registrar to the Issue dated December 15, 2011.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

Previous rights and public issues

We have not made any previous rights and public issues, and we are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the Section titled “*Capital Structure*” beginning on page 35 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

Underwriting Commission and Brokerage on Previous Issues

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Companies under the same Management

Except as stated in the section titled “*Our Promoter and Group Companies*” beginning on page 91 of this Draft Prospectus, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act. No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

Promise v/s performance

The Company is an “Unlisted Company” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering”. Further none of our Group Companies are listed on any Stock Exchange in India or abroad.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by the Company

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

Stock market data for our Equity Shares

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for redressal of investor grievances

The memorandum of understanding to be entered into by the Registrar to the Issue and us will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant.

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on July 12, 2011 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

Name of the Member	Nature of Directorship	Designation in committee
Haresh Sanghvi	Independent Director	Chairman
Uttam Bagri	Managing Director	Member
Bharat Bagri	Executive Director	Member

For further details, see section titled “*Our Management*” beginning on page 79 of this Draft Prospectus.

We have also appointed Mr. Manish Mourya as the Compliance Officer for this Issue and he may be contacted at the registered office of the Company. His contact details are as follows:

Mr. Manish Kumar Mourya

1204, P.J Towers, Dalal Street,
Mumbai: 400001, Maharashtra, India.
Tel No. : +91 – 22 – 2272 2414
Fax No.: +91 – 22 – 2272 2414
Email: manish@bcbfinance.com

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

Status of Investor Complaints

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

Disposal of investor grievances by listed companies under the same management as the Company

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

Change in Auditors

There have been no changes in the Company’s auditors in the last 3 years.

Capitalisation of reserves or profits

The details regarding capitalisation of reserves are enumerated in the Section titled “*Capital Structure*” beginning on page 35 of this Draft Prospectus. Other than as mentioned therein, we have not capitalised any of our reserves or profits.

Revaluation of assets

We have not revalued our assets in the last five years.

SECTION VIII: 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, 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 “*Main Provisions of the Articles of Association of the Company*” on page 169 of this Draft Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956. For further details, please refer to “*Dividend Policy*” on page 97 of this Draft Prospectus.

Face Value and Issue Price

The Equity Shares having a Face Value of ₹ 10/- each are being offered in terms of this Draft Prospectus at the price of ₹ 25/- 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 49 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer to Section titled “*Main Provisions of Articles of Association of the company*” beginning on Page 169 of this Draft Prospectus.

Minimum Application Value; Market Lot and Trading Lot

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialised 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. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only.

The trading of the equity shares will happen in the minimum contract size of 4000 equity shares and the same may be modified by the SME Platform of 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 4000 Equity Share subject to a minimum allotment of 4000 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.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

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

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 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 4000 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 Exchange.

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 sub-heading "*Main Provisions of the Articles of Association of the company*" on Page 169 of this Draft Prospectus.

Option to receive Equity Shares in Dematerialized Form

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Exchange.

Migration to Main Board

Our company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- a) If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the 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 ₹ 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 (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange 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 34 of this Draft Prospectus.

New Financial Instruments

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

Withdrawal of the issue

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

- (i) The final listing and trading approvals of the SME Platform of BSE, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the 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 Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than 10 crores and upto 25 crores, may 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 chapter titled “*Terms of the Issue*” and “*Issue Procedure*” on page 146 and 152 of this Draft Prospectus.

Following is the issue structure:

Public issue of 35,40,000 equity shares of ₹10/- each (the “equity shares”) for cash at a price of ₹ 25/- per equity share (including a share premium of ₹ 15/- per equity share) aggregating to ₹ 885.00 lacs (“the issue”) by BCB Finance Limited (“BFL” or the “Company” or the “Issuer”).

The issue comprises a Net Issue to Public of 29,00,000 equity shares (“the Net issue”) and a reservation of 6,40,000 equity shares for subscription by the designated market maker (“the Market Maker Reservation Portion”).

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	29,00,000 Equity Shares	6,40,000 Equity Shares
Percentage of Issue Size available for allocation	81.92% of the Issue Size	18.08% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 4000 equity shares and further allotment in multiples of 4000 equity shares each. For further details please refer to “ <i>Issue Procedure – Basis of Allotment</i> ” on page 157 of this Draft Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<i>For QIB and NII:</i> Such number of equity shares in multiples of 4,000 equity shares such that the Application Value exceeds ₹ 2,00,000/- <i>For Retail Individuals:</i> 4,000 equity shares	6,40,000 Equity Shares
Maximum Application Size	<i>For QIB and NII:</i>	6,40,000 Equity Shares

	Such number of equity shares in multiples of 4,000 equity shares such that the Application Size does not exceed 29,00,000 equity shares. <i>For Retail Individuals:</i> Such number of equity shares in multiples of 4,000 equity shares such that the Application Value does not exceed ₹ 2,00,000/-.	
Mode of Allotment	Dematerialized Form or Physical Form, at the option of the applicant	Dematerialized Form or Physical Form, at the option of the applicant
Trading Lot	4,000 Equity Shares	4,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

* 50 % of the shares offered are reserved for allocation to applications below or equal to ₹ 2 lacs and the balance for higher amount applications.

Withdrawal of the Issue

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. 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 draft offer document the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through the Draft Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

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

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

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

Fixed Price Issue Procedure

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 should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange.

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 Draft 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
Indian Public / NRI's applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents including eligible NRI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

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

Who can apply?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;

3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
6. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
7. FII's registered with SEBI;
8. Venture Capital Funds registered with SEBI;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or industrial research organizations authorized to invest in equity shares;
12. Insurance Companies registered with Insurance Regulatory and Development Authority;
13. Provident Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
14. Pension Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
15. Foreign Venture Capital Investors registered with SEBI;
16. Multilateral and bilateral development financial institutions;
17. National Investment Fund; and

Applications not to be made by:

- a. Minors
- b. Partnership firms or their nominations
- c. Foreign Nationals (except NRIs)
- d. Overseas Corporate Bodies

Participation by Associates of LM

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM may subscribe to or purchase Equity Shares in the Issue, where the allocation 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 Centres of the Bankers to the Issue, as

mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. www.bseindia.com.

Option to Subscribe in the Issue

- a. 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 Indian Public including eligible NRIs applying on Non Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Application by Mutual Funds

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

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

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 issued capital (i.e.10% of 1,15,02,585 Equity Shares). In respect of an FII investing in our equity shares on behalf of its sub accounts, the investment on behalf of each sub account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

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 4000 Equity Shares and in multiples of 4000 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

(b) For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 200,000 and in multiples of 4000 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 ₹ 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.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FII's, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with minimum corpus of ₹ 25 crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

The Company in its absolute discretion, reserve 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 the Company and the LM may deem fit.

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 corporate 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

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 SME Platform of BSE (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 4000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 4000 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 4000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 4000 equity shares subject to a minimum allotment of 4000 equity shares.
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 4000 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, upto 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 ₹ 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 SME Platform of BSE.

The Executive Director / Managing Director of the SME Platform of BSE, Designated Stock Exchange in addition to Lead Merchant Banker 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 ₹ 25 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: "BCB Finance Limited – Public Issue - R".
 - In case of Non Resident Retail Applicants applying on repatriation basis: "BCB Finance Limited – 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 15 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

Payment by Stock invest

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

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

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

Multiple Applications

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

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

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

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

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

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

Permanent Account Number or PAN

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

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional

Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

Grounds for Rejections

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

- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 4000;
- 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 by the sole;
- 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 ₹ 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 January 24, 2012 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 Marathi newspaper with wide circulation.

Designated Date and Allotment of Equity Shares

The Company will issue and dispatch letters of allotment/ securities certificates and/ 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 days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

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 15 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 centres 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 centres 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 centres, 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 centres 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 centres 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 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 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 seven working days of Allotment.

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) 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 15 (fifteen) 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) 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 15 (fifteen) 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 seven working days of finalization of the basis of Allotment;
- 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 15 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 certificates of the securities/ 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 utilisation 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

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

EQUITY SHARES IN DEMATERIALIZED 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 March 04, 2011 between NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated February 08, 2011 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. INE883L01018

- 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 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 IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

PRELIMINARY

Article 1

Table A not to apply but Company to be governed by these Article

No regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956, shall apply to this Company, but 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 statutory powers of the Company with reference to the repeal or alteration of, or additional to, its regulation by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

INTERPRETATION

Article 2

In the interpretation of these Articles, unless repugnant to the subject or context:

The Company or this Company

The "Company" or this "Company" means "BCB Finance Limited"

The Act

The "Act" means the "Companies Act, 1956" or any statutory modification or re enactment thereof for the time being in force.

Annual General Meeting

"Annual General Meeting" means a general meeting of the Members held in accordance with the provisions of Section 166 of the Act and any adjourned holding thereof.

Auditor

"Auditors" means and includes those persons appointed as such for the time being by the Company at its General Meeting.

Board or Board of Directors

"Board" or "Board of Directors" means the duly constituted Board of Directors of the Company.

Bye-Laws

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

Beneficial Owner

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

Capital

"Capital" means the Share capital for the time being raised or authorised to be raised, for the purpose of the Company.

Debenture

"Debenture" includes Debenture stock.

Depositories Act

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re enactment thereof for the time being in force.

Depository

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

Directors

"Directors" means the Directors for the time being of the Company, appointed in terms of these Article.

Dividend

"Dividend" includes bonus and interim dividend.

Extraordinary General Meeting

"Extraordinary General Meeting" means an extraordinary general meeting of the Members duly called and constituted and any adjourned holding thereof.

In writing and written

"In writing" and "Written" include printing, lithography and any or all other modes of representing or reproducing words in visible form duly authenticated.

Manager

"Manager" means an individual as defined under Section 2(24) of the Act.

Managing Director

"Managing Director" means an individual as defined under Section 2(26) of the Act.

Member

"Member" means the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a Beneficial Owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

Meeting or General Meeting

"Meeting" or "General Meeting" means a meeting of Directors or Members or creditors as the case may be.

Month

"Month" means a calendar month.

Non-retiring Director

"Non retiring Director" means a director not subject to retirement by rotation.

Office

"Office" means the registered office for the time being of the Company.

Paid up

"Paid up" includes capital credited as paid up.

Participant

"Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

Person

"Person" means any natural person, firm, company, governmental authority, joint venture, partnership, association or any other entity (whether or not having a separate legal personality).

Register of Members

"Register of Members" means the Register of Members to be kept pursuant to Section 150 of the Act.

The Registrar

"The Registrar" means the Registrar of Companies of the State in which the office of the Company is for the time being situated.

Record

"Record" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act, 1996.

Regulations

"Regulations" means the regulations made by the SEBI.

Secretary

"Secretary" means the Company Secretary appointed in pursuance of Section 383 A of the Act.

Seal

"Seal" means the Common Seal for the time being of the Company.

Share

"Share" means a share in the share capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.

Statutory Meeting

"Statutory Meeting" means a meeting of the Members as defined under Section 165 of the Act.

SEBI

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Security

"Security" means such security as may be specified by the SEBI.

Words

"Words" importing the singular number include, where the context admits or requires, the plural number and vice versa.

Ordinary Resolution and Special Resolution

"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 189 of the Act.

Year

"Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2 (17) of the Act.

Words bear same meaning as defined under Act

Subject as aforesaid, any words or expression defined in the Act, shall, except where the subject or context forbids, bear the same meaning in these Article.

Gender

Words importing the masculine gender also include the feminine gender.

Marginal Notes shall not affect construction

The marginal notes and catch lines used in these Article shall not affect the constructions hereof.

Save as aforesaid, any words or expression defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

CAPITAL INCREASE AND REDUCTION OF CAPITAL

Article 3

Capital

- (a) The Authorised Capital of the Company is ₹12,00,00,000/- (Rupees Twelve Crore) divided into 1,20,00,000 (One Crore Twenty Lac) equity shares of ₹10/- (Rupees Ten) each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions in such manner as may for the time being be permitted by provided by regulations of the company and the statutory provisions for the time being in force.
- (b) “The minimum Paid-up Share Capital of the Company shall be ₹ 5,00,000/- (Rupees Five Lacs only).”

Article 4

Increase of capital by the Company and how carried into effect.

The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction is 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 meeting 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 these Articles, the Directors shall comply with the provisions of Section 97 of the Act.

Article 5

New Capital same as existing capital

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. Provided however that all the equity shares issued by the Company to the Members shall be of the same class and shall be alike ranking parri passu in all respect and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, payment of calls, liens, transfers, transmission, forfeiture, and the distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company on a pro rata basis. Provided that the above provision does not prohibit the Company from issuing redeemable preference shares. Subject to Article 6 herein below, the Company in general meeting may also, from time to time, by special resolution capitalise the undistributed profits standing to the credit of the Company's Free Reserves and to apply the same in paying up new equity shares in the share capital of the Company and to appropriate the same as capital and not as income and allot and distribute as fully paid-up bonus shares to and amongst the persons registered in the Register of Members as the holders of equity shares of the Company on such date and in such proportion as may be decided by the Board of Directors.

Article 6

Redeemable Preference Shares

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Article 7

Provisions to apply on issue of Redeemable Preference Shares

On the issue of Redeemable Preference Shares under the provisions of Article 6 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 must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;
- (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

Article 8

Reduction of Capital

The Company may (subject to the provisions of Section 78, 80 and 100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its share capital and any capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Article 9

Sub-division and consolidation of shares

Subject to the provisions of Section 94 of the Act, the Company, in General Meeting, may, from time to time, sub divide or consolidate its shares, or any of them or any part of them, and the resolution whereby any share is sub divided, may determine that as between the holder of the shares resulting from such sub division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to aforesaid, the Company, in General Meeting, may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 10

Modification of rights

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 (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act be 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 Special Resolution passed at a separate General Meeting of the holders of shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted.

Article 11

Shares at a discount

Subject to the provisions, the Company may issue Shares at a discount of a class already issued, if the conditions contained in Section 79 of the Act are fulfilled.

Article 12**Shares without voting rights**

Subject to the provisions of the Act, the Company may issue shares without voting right attached to them, upon such terms and conditions and with such rights and privileges attached thereto, as the Board may deem fit.

Article 13**Issue of Sweat Equity shares**

“Company shall subject to and in accordance with the provisions of section 79A of the Act, shall have the power, by a Special Resolution passed at a General Meeting to issue Sweat Equity Shares to the Directors, Employees of either of the Company or of any of its subsidiary or holding Company.”

SHARES AND CERTIFICATES**Article 14****Register and Index of Members**

The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a Branch Register of Members resident in that State or Country.

- (a) Notwithstanding anything herein contained, a person, whose name is at any time entered in the Register of Members of the Company as the holders of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a 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 Section 187 C of the Act;
- (b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, 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 Section 187 C of the Act;
- (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, 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 as provided in Section 187 C of the Act;
- (d) Notwithstanding anything herein contained in Section 153 of the Act and Sub Article (a), (b), (c) above, where any declaration referred to above is made to the Company, the Company shall 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 Registrar with regard to such declaration.

Article 15**Shares to be numbered progressively and no share to be sub-divided**

Save and except for dematerialisation of Share or Shares held in fungible form with a Depository, the shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Article 16

Further Issue of capital

- (a) Subject to the provisions of the Act, where at any time after the expiry of two years from the formation of the Company or the expiry of one year from the allotment of shares 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, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at the date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. Such offer 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 above hereof shall contain this 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. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.
- (b) Notwithstanding anything contained in the preceding sub clause, the Company may:
- (i) by a special resolution; or
 - (ii) 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 that general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.
- (c) Notwithstanding anything contained in sub clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for shares in the Company, provided however that the terms of the debentures or loans include a term providing for such option is in conformity with the rules, if any made by the Central Government in this behalf and has also been approved by a special resolution in the General Meeting.

Article 17

Employee Stock Option Scheme

- (a) Subject to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the Article of Association, the Board may, from time to time, create, offer and issue to or for the benefit of the Company's employees including the Executive Chairman, Vice-Chairman, the Managing Directors and the Whole time Directors such number of equity shares of the Company, in one or more tranches on such terms as may be determined by the Board prior to the issue and offer, in consultation with the authorities concerned and in accordance with such guidelines or other provisions of law as may be prevalent at that time but ranking pari passu with the existing equity shares of the Company.

- (b) The issue price of such shares shall be determined by the Board in accordance with the laws prevalent at the time of the issue.
- (c) In the alternative to equity shares, mentioned hereinabove, the Board may also issue bonds, equity warrants or other securities as may be permitted in law, from time to time. All such issues as above are to be made in pursuance of Employees' Stock Option Scheme (ESOP) to be drawn up and approved by the Board.

Article 18

Shares under control of Directors

Subject to the provisions of these Article and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at premium or at par or a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

Article 19

The Board shall observe the restrictions as to allotment of shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Article 20

Power also to Company to issue shares in General Meeting

In addition to and without derogating from the powers for that purpose conferred on the Board under Article 13 and 14 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (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 to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 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.

Article 21

Acceptance of Shares

Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Article, and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall, for the purposes of these Article, be a Member.

Article 22

Deposit and call etc. to be a debt payable immediately

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Article 23
Liability of Members

Every Member, or his heirs, executors, or administrator shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Article 24
Share Certificates

- (a) Every Member or allottee of shares shall be entitled, with or without payment, to receive one share certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole time Director. Particulars of every share Certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue, provided however that no share certificate(s) shall be issued for shares held by a Depository.
- (b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
- (d) The Company shall not be bound to register more than 3 persons as the joint holders of any share except in the case of executors or trustees of a deceased member and in respect of a share held jointly by several persons, the Company shall not issue more than one certificate and the delivery of a certificate for a share to any one of several joint holders shall be sufficient delivery to all such holders.
- (e) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.
- (f) The provisions stated above shall not be applicable to dematerialised Shares and shares held in fungible form with a Depository.

Article 25
Share Certificate

"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 receipt of

application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.”

Article 26

Renewal of Share Certificate

- (a) No certificate of any share or shares shall be issued either in exchange for those which are sub divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.
- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. And sub divided/ replaced/on consolidation of shares".
- (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board or its duly constituted Committee and on such terms, if any, as to evidence and indemnity as to the payment of out of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
- (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “duplicate issued in lieu of share certificate No. “. The word "Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.
- (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewal and Duplicate Certificates indicating against the name of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" Column.
- (f) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (g) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of shares certificates referred to in Sub Article (f).

Article 27

First named holder is deemed to be sole owner

If any share stand in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

Article 28

Company not bound to recognize any interest in share other than that of registered holder

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, further or partial interest in any share, or (except only as is by these Article otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Article, in the person from time to time registered as the holder thereof, but the Board shall be at liberty, at their sole discretion, to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Article 29

None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.

Article 30 Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

Article 31 Option to receive Securities certificates or hold Securities with Depository

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.

Article 32

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.

Article 33 Securities in Depositories

All securities held by a Depository shall be dematerialised 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 Owner.

Article 34 Rights of Depositories and Beneficial Owners

Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

Article 35

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 security held by it.

Article 36

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 his securities, which are held by a Depository.

Article 37
Beneficial Owner deemed as absolute owner

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Article otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Article, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Article 38
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.

Article 39
Cancellation of certificates upon surrender by a person

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

Article 40
Option to opt out in respect of any security

If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

Article 41

The Depository shall, on receipt of information as above, make appropriate entries in its records and subsequently inform the Company.

Article 42

The Company shall within thirty (30) days of the receipt of the intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Article 43
Service of Documents

Notwithstanding anything in the Act, or these Article to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Article 44

Provisions of Article to apply to shares held in Depository

Except as specifically provided in these Article, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

Article 45 Allotment of Securities dealt with in a Depository

Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Article 46 Distinctive number of securities held in a Depository

The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

Article 47 Register and Index of Beneficial Owners

The Company shall cause to keep a Register and index of Members and a Register and index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held in material/physical and dematerialised form 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 be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

Article 48 Register of Members

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

UNDERWRITING AND BROKERAGE

Article 49 Commission may be paid

Subject to the provisions of Section 76 of the Act, the Company may, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed, in the case of shares, five per cent of the price at which the shares are issued and in the case of debentures, two and a half per cent of the price at which the debentures are issued, or such higher rate or rates as may be permissible under any statutory provision for the time being in force. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

Article 50 Brokerage on issue of Shares or Debentures

The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

Article 51

Interest may be paid out of capital

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, 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 provided by 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 plant.

CALLS

Article 52

Directors may make calls

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at all times and places appointed by the Board. A call may be made payable by installments.

Article 53

Whenever 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 purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

Article 54

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

Article 55

Call to date from resolution

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board and may be made payable by the Members whose names appears on the Register of Members on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.

Article 56

Call may be revoked or postponed

A call may be revoked or postponed at the discretion of the Board.

Article 57

Liability of joint holders

The joint holder of a share shall be jointly and severally liable to pay all calls in respect thereof.

Article 58

Directors may extend time

The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members who from residence at a distance or other cause, the Board may, deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour.

Article 59
Calls to carry interest

If any Member fails to pay any 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 but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

Article 60
Sums deemed to be calls

If any Member fails to pay any 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 but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

Article 61
Proof on trial of suit for money due to shares

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives issued in pursuance of these Article, and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 62
Partial payment not to preclude forfeiture

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Article 63
Payment in anticipation of calls may carry interest

- (a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at

any time the amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or participate in profits.

Voting rights in respect of calls in advance

- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable

Article 64

Company's lien on shares

The Company shall have a first and paramount lien on every share (other than fully paid-up shares) for all moneys (whether presently payable or not) payable at a fixed time in respect of such share. PROVIDED THAT the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of these Articles.

Article 65

The Company's lien, if any, on a share shall extend to all dividends payable thereon.

Article 66

Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares, as against the transferor.

Article 67

As to enforcing lien by sale

For the purpose of enforcing such lien as aforesaid, the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made:

- (a) unless a sum in respect of which the lien exists is presently payable; and
- (b) until the expiration of seven days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists and as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by transmission, and default shall have been made by him in payment of the sum payable as aforesaid for seven days after such notice.

Article 68

Application of proceeds of sale

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

FORFEITURE OF SHARES

Article 69

If money payable on shares not paid notice to be given to Members

If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any

interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Article 70
Form of notice

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

Article 71
In default of payment, shares to be forfeited

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share not actually paid before the forfeiture.

Article 72
Notice of forfeiture to a Member

When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

Article 73
Forfeited Share to be property of the Company and may be sold etc.

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Article 74
Members still liable to pay calls owing at the time of forfeiture and interest

Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

Article 75
Effect of forfeiture

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Article are expressly saved.

Article 76
Evidence of forfeiture

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Article 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 shares.

Article 77

Validity of sale under Article 63 and 69

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and may cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the Purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Article 78

Cancellation of share certificate in respect of forfeited shares

Upon any sale, re allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate share certificates in respect of the said shares to the person or persons entitled thereto.

Article 79

Power to annul forfeiture

The Board may, at any time before any share so forfeited shall have been sold, re allotted or otherwise disposed of, annul the forfeiture thereof, and upon such conditions as it think fit.

Article 80

Joint-holders

Where two or more persons are registered as the holders of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint holders with benefits of survivorship subject to the following and other provisions contained in these Article:-

- (a) The Company shall be entitled to decline to register more than three persons as the holders of any share.
- (b) The joint-holders shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of the share.
- (c) On the death of any one or more of such joint- holders, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the directors may require such evidence of death as may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Receipts

- (d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.

Delivery of Certificate and giving of notice to first named holder

- (e) Only the person whose name stands first in the Register of Members as one of the joint-holders shall be entitled to delivery of the certificates relating to the share or to receive notices. In the case of shares held in a dematerialised or fungible form every beneficial owner in the records of the Depository shall be entitled to receive notices.

Votes of Joint-holders

- (f) Any one of two or more joint-holders may vote at any meeting either personally or by an agent duly authorised under a power of attorney or by proxy in respect of a share as if he were solely entitled thereto and if more than one of such persons be present, that person whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote.

Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent, duly authorised under power of attorney or by proxy although the name of such person present by an agent or proxy stands first or higher in the Register. Several executors of a deceased member in whose (deceased member's) name any share stands shall for the purposes of this sub clause be deemed joint-holders.

TRANSFER AND TRANSMISSION OF SHARES

Article 81 Register of Transfers

The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share in the material form.

Article 82 Form of Transfer

For making transfer of Shares of the Company, a common form shall be used. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof.

Article 83

The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require proving the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

Article 84 Closure of Register of members of Debenture holders

The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture holder at such time or times and for such period or periods, not exceeding in the aggregate forty five days in each year, and thirty days at one time.

Article 85 Director's power to refuse to register a transfer

Subject to the provisions of Section 111 of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

Article 86

Notice of application when to be given

Where, in the case of partly paid share, 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.

Article 87

Death of one or more joint-holders of shares

In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from an liability on shares held by him jointly with any other person.

Article 88

Title to shares of deceased holders

In absence of a nomination recorded in accordance with Section 109A of the Act, read with Section 109B of the Act, which shall, in any event, have precedent, the executors or administrators of holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 85 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.

Article 89

No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Article 90

Transmission Clause

Subject to the provisions of the Act and Article 82 and 83, any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Article may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in

accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".

Article 91

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.

Article 92

There shall be no fee paid to the Company, in respect of the transfer or transmission of any number of shares, registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document..

Article 93

The Company is not liable for disregard of notice prohibiting registration of transfer

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to an transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable 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, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Article 94

The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.

Article 95

Right of successors

A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the shares, except that that he shall not, before being registered as a Member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company PROVIDED THAT the directors shall, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares and if the notice is not complied with within ninety days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.

Article 96

Nomination

Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

Article 97

Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

Article 98

Notwithstanding anything contained in any other law for the time being a force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder 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, cancelled in the prescribed manner.

Article 99

Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

Article 100

Transmission of Securities by Nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

- (a) to be registered himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made;
- (c) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings 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 share or debenture, 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 or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

Article 101

Buy back of Shares

Subject to the provisions of sections 77A, 77AA, 77B and 217 (2B) of the Act, the Company is hereby authorised to buy-back the Company's shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; Provided that no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.

Article 102

The Company may, subject to the Act and these Articles, in general meeting, alter the conditions of its Memorandum as follows:

- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares.
- (b) Sub-divide its shares, or any of them, into shares of smaller amounts than those originally fixed by the Memorandum, subject nevertheless to the provisions of the Act and of these Article. The resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regard dividend, capital or otherwise over or as compared with the others.
- (c) Cancel any shares, which, at the date of such general meeting, have not been taken or agreed to be taken by any Person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 103

Whenever the share capital of the Company, 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 written consent or a Special Resolution under the provisions of Section 106 and the right of dissident Members comprising not less than 10% of the issued capital of that class to apply to the court to have a variation of Shareholders rights cancelled under section 107 of the Act and these Article be varied, modified or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class, and all the provisions contained in these Article as to general meetings, (including the provisions relating to quorum at such meetings), shall mutatis mutandis apply to every such meeting.

Article 104

The rights conferred upon the holders of the shares of any class, issued with preferred or other rights, shall not, unless otherwise expressly provided by the terms of 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.

Article 105

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 (not being preference shares).

Article 106

All equity shares shall be of the same class and shall rank *pari passu* and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, and the distribution of the assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company. If two or more persons are registered as joint holders of any shares, any of such persons may give effectual receipts for any dividends or other moneys payable in respect of such shares.

Article 107

Further issues of shares or increases in the share capital of the Company shall require the prior approval of the Board.

Article 108

The new 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 is given on the directions as the Board 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 special or without any voting rights.

COPIES OF MEMORANDUM AND ARTICLE TO BE SENT TO MEMBERS**Article 109****Copies of Memorandum and Article to be sent by the Company**

A copy of the Memorandum and Article of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

Article 110**Borrowing Powers**

Subject to the provisions of Sections 58A, 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposit from members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting. Subject to the provisions of the Act and of these Article, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, receive deposits from its members, directors or their relatives and receive loans from its members, either in advance of call or otherwise, and generally raise or borrow money either in India or abroad by way of loans, overdrafts, cash credit or by issue of bonds denominated in various currencies, debentures or debenture stock with or without any option attached to it (perpetual or otherwise), commercial paper or in any other manner, from any bank, financial institution, company, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed.

Article 111

Subject to the provisions of Article 105 hereof, 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 Ordinary Resolution shall prescribe including by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Article 112**Terms of issue of Debentures**

Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting accorded by a Special Resolution.

Article 113
Register of mortgages, etc. to be kept

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with.

Article 114
Register and Index of Debenture holders

The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 and 157 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture holders resident in that State or country.

Article 115
Share Warrants

The Company may issue share warrants subject to, and in accordance with, the provisions of Section 144 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the person registered as holder of the share, from time to time, require as to identity of the person signing the application, 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.

Article 116

The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposits, as if his name was inserted in the Register of Members as the holder of the share including in the deposited warrant.

Article 117

Not more than one person shall be recognised as depositor of the share warrant.

Article 118

The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

Article 119

- (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.
- (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.

Article 120

The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Article 121

Shares may be converted into stock

The Company, in General Meeting, may convert any paid up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interests therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, at any time, convert any stock into paid up shares of any denomination. Where any shares have been so converted into stock, the holders of stock may then transfer their respective interests in the same or part thereof in the same manner, as and subject to the same restrictions under which the shares from which the stock arose before conversion might have been transferred., or as near thereto as circumstances admit. Provided however that, the Board may from time to time, fix the minimum amount of stock transferable.

Article 122

Rights of stock holders

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings, of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets of winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Article 123

Meeting of Members

The Company shall, within a period of not less than one month nor more than six months from which it is entitled to commence business, hold the Statutory Meeting of the members of the Company subject to and in accordance with the provisions of Section 165 of the Act.

Article 124

Annual General Meeting and Annual Return

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra Ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Provided that it will be permissible to hold its first Annual General Meeting within a period of not less than eighteen months from the date of its incorporation; and if such meeting is held within that period it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following calendar year. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (i) of the Act to extend the time within which any Annual General Meeting may be held. 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 at the office of the Company or at some other place within the city in which the office of the Company is situate as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholdings which latter Register shall

remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Article 125
Extraordinary General Meeting

The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one tenth of such of the paid up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

Article 126
Requisition of Members to state object of Meeting

Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

Article 127
On receipt of requisition, directors to call Meeting and in default requisitionists may do so

Upon the receipt of any such requisition, the Board shall forthwith call an Extra ordinary General Meeting and if they do not proceed within twenty one days from the date of the requisition being deposited at the office and cause a meeting to be called on a day not later than forty five days from the date of deposit of the requisition, the requisitions, or such of their number as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

Article 128
Meeting called by requisitionists

Any Meeting called under the foregoing Article by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meeting are to be called by the Board.

Article 129
Notice of Meeting

Save and except the Statutory Meeting, twenty one days' notice at the least of every General Meeting, Annual or Extra Ordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Article entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other Meeting, with the consent of the Members holding not less than 95 per cent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item or special business relates to, or affects any other company, the extent of share holding interest in the other company of every Director, and the Manager, if any of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 2

percent of the paid up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Article 130
Omission to give notice not to invalidate a resolution passed

The accidental omission to give any such notice as aforesaid to any of the Members, or the non receipt thereof shall not invalidate any resolution passed at any such Meeting.

Article 131
Meeting not to transact business not mentioned in notice

No General Meeting, Annual or Extra ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

Article 132
Quorum for the General Meeting

Five Members present in person shall be a quorum for a General Meeting. The Quorum for the meeting shall be as provided in Section 174 of the Act.

Article 133
Body Corporate deemed to be personally present

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.

Article 134
If quorum not present, meeting to be dissolved or adjourned

If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if convened by or upon the requisition of Members, shall stand dissolved and in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday, until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the City or town in which the Office of the company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.

Article 135
Chairman of General Meeting

The chairman (if any) of the Directors shall be entitled to take the Chair at every General Meeting, whether Annual or Extra ordinary. If there be no such Chairman of the Directors, or if at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting or if he shall be unable or unwilling to take the chair then the members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be Chairman.

Article 136
Business confined to election of Chairman whilst chair vacant

No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.

Article 137**Chairman with consent with adjourn**

The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place where the Office is situated. But no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Article 138**Question at General Meeting how decided**

At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands, a poll is ordered to be taken by the Chairman of the meeting of his own motion or unless a poll is demanded by any member or members present in person or by proxy and holding shares in the company;

- (a) which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or
- (b) on which an aggregate sum of not less than Rupees 50,000 has been paid up.

Article 139

The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Article 140

Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minutes Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

Article 141**Chairman's casting vote**

In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Article 142**Poll to be taken, if demanded**

If a poll is demanded as aforesaid, the same shall, subject to Article 136, be taken at such time (not later than forty eight hours from the time when the demand was made) and place in the City or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Article 143**Scrutineers at poll**

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

Article 144
In what case poll taken without adjournment

Any poll duly demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.

Article 145
Demand for poll not to prevent transaction of other business

The demand for a poll, except on the questions of the election of the Chairman and on an adjournment, shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

Article 146
Postal Ballot

Notwithstanding anything contained in the Article of Association of the Company, the Company does adopt the mode of passing the resolutions by its members by means of a postal ballot (including voting by an electronic mode) pursuant to the provisions of Section 192 A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot Rules), 2001, and any modifications or amendments made thereto from time to time.

VOTE OF MEMBERS

Article 147
Member in arrears not to vote

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

Article 148
Number of votes to which member entitled

Subject to the provisions of the Article and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article, shall be entitled to be present and to speak and vote at such Meeting and on a show of hands, every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid up equity share capital of the Company. Provided, however, if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.

Article 149
Casting of votes by a Member entitled to more than one vote

On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Article 150
Vote of Member of unsound mind and minor

A Member of unsound mind or and in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian in respect of any shares registered in his name and any such committee or guardian may, on poll, vote by proxy. If any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.

Article 151
Representation of body corporate

A (i) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) having a right to vote, may in pursuance of Sections 187 or 187A of the Act, authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative at any meeting of the Company or of any class of Members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company.

(ii) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor, or holder of debentures of the Company. The production of a copy of the resolution aforesaid certified by a Director of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative appointment and his right to vote thereof.

B (i) The President of India or the Governor of a State, if he is a member of the Company, may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company.

(ii) A person appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the right to Vote by proxy) as the President or as case may be, the Governor could exercise as a member of the Company.

Article 152
Votes of joint member

If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand shall, for the purpose of these articles, be deemed joint holders thereof.

Article 153
Voting in person or by proxy

Subject to the provisions of these articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

Article 154
Votes in respect of shares of deceased and insolvent Member

Any person entitled under Article 85 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty eight hours at least before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Article 155
Appointment of proxy

Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.

Article 156
Proxy either for specified meeting or for a period

An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

Article 157
Votes by members present or by proxy

A member present by proxy shall be entitled to vote only on a poll. However where such Member is a body corporate present by a proxy who is not himself a Member in which case such proxy shall also be eligible to vote on show of hands as if he were a Member.

Article 158
Deposit of instrument of appointment

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Article 159
Form of proxy

Every instrument of proxy whether for a specified Meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Article 160
Validity of votes given by proxy notwithstanding death of member

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 revocation of the proxy or of any authority or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Article 161

Time for objection to vote

No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

Article 162

Chairman of the meeting to be the Judge of the validity of every vote

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final, binding and conclusive.

MINUTES OF MEETING

Article 163

Minutes of General Meetings and inspection thereof by Members

The Company shall cause minutes of all proceedings of every General Meeting to be kept within thirty days of the conclusion of every such Meeting and concerned entries thereof in books kept for that purpose with their pages consecutively numbered.

Article 164

Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose.

Article 165

In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.

Article 166

The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.

Article 167

All appointments of Officers made at any Meeting aforesaid shall be included in the minutes of the Meeting.

Article 168

Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the Meeting (a) is or could reasonably be regarded as defamatory on any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non inclusion of any matter in the minutes on the aforesaid grounds.

Article 169

Any such minutes shall be evidence of the proceedings recorded therein.

Article 170

The book containing the Minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

DIRECTORS

Article 171

Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not be more than twelve.

Article 172

Certain persons not to be Directors

No body corporate, association or firm shall be appointed a Director and only an individual shall be so appointed. As provided by Section 274 of the Act, certain persons mentioned therein shall not be capable of being appointed Directors of the Company, unless the Central Government, by Notification, removes the disqualification for some of the persons mentioned therein.

Article 173

Provision to appoint ex-officio Directors

Whenever the Company/ directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as the "appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

Article 174

Nominee Directors

Notwithstanding anything to the contrary contained in these Article, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Orient Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation"), out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, whole time or non-wholetime, (which

Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

Article 175

The Board of Directors of the Company shall have no power to remove the Nominee Director/s from its/their office/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management committee or other committee(s) it shall, if so required by the Corporation include the Nominee Director as a member of such management committee or other committee(s). Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.

Article 176

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

Article 177

The Nominee Director/s shall be entitled to the same sitting fees, commission, remuneration and expenses as are applicable to other Directors of the Company. The Company shall pay the sitting fees and other expenses to the Nominee Director/s directly, but the commission, remuneration or other monies and fees to which the Nominee Director/s is entitled shall accrue due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Article 178

Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.

Article 179

Provided also that in the event of Nominee Director/s being appointed as whole time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

Article 180

If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

Article 181 **Appointment of Alternate Directors**

The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Article 182 **Directors power to add to the Board**

- (a) Subject to the provisions of Section 260 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum strength fixed for the Board under the Article 165. Any such additional Director shall hold office only upto the next Annual General Meeting.
- (b) Subject to the provisions of Sections 262, 264 and 284 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Article 183 **Qualification of Directors**

A Director shall not be required to hold any share qualification.

Article 184 **Remuneration of Directors**

- (a) Subject to the provisions of the Act, a Managing Director or Directors, who is in the whole time employment of the Company, may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (b) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either;
 - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - (ii) by way of Commission if the Company by a special resolution authorised such payment.

Article 185

Fees payable to a Director for attending a meeting

The fees payable to a Director for attending a meeting of the Board or committee/s thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf, from time to time, by the Central Government under or pursuant to the Act.

Article 186

If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee/s formed by the Directors), the Board may arrange with such Director, for such special remuneration, for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution of his remuneration elsewhere specified in the Article.

Article 187

Travelling expenses incurred by Director not a bonafide resident or by Director going out on Company's business

The Board may allow and pay to any Director, who travels for the purpose of attending and returning from meetings of the Board of Directors or any Committee/s thereof or General Meetings, or in connection with the business of the Company, his travelling and hotel and other expenses incurred by him in consequence or for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him.

Provided that if so desired by the Corporation appointing a Corporation Director, the Company may instead reimburse the Corporation appointing such Director any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.

Article 188

Directors may act notwithstanding any vacancy

The continuing Directors may act, notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum fixed by Article 165 hereof. The continuing Directors, not being less than two, may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting but for no other purpose.

Article 189

When the office of Director may become vacant

Subject to Section 283 (2) of the Act, the Office of a Director shall become vacant if :

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudicated an insolvent; or
- (c) he is adjudged an insolvent or
- (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
- (e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or

- (f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (g) he is removed in pursuance of Section 284; or
- (h) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or
- (i) he acts in contravention of Section 299 of the Act; or
- (j) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- (l) he resigns his office by a notice in writing addressed to the Company.

Article 190

Director may contract with Company

- (a) A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board and the previous approval of the Central Government, if and as may be required, shall be obtained in accordance with Section 297 of the Act.
- (b) No sanction shall, however, be necessary for
 - (i) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company by any such Director, relative, firm, partner or private company as aforesaid for such cash at prevailing market prices; or
 - (ii) any contract or contracts between the Company on, one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed ₹ 5,000/ in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds ₹ 5,000/ in the aggregate in any year comprised in the period of the contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Article 191

Disclosure of interest

A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a 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 in the manner provided in Section 299(2) of the Act;. Provided that it shall not be necessary for Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into between two

companies where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid up share capital in any such other company.

Article 192

General notice of interest

A General notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such General notice and no renewal thereof shall be of effect 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.

Article 193

Interested Directors not to participate or vote in Board's proceedings

No Director shall as a 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 such contract or arrangement, nor shall his presence be counted 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 nothing herein contained shall apply to :

- (a) Any contract of indemnity against any loss which Directors, or any one or more of them, may suffer by reason of becoming or being a surety or sureties for the Company.
- (b) any contract or arrangement entered into or to be entered into with a Public Company or a Private Company which is a subsidiary of Public Company in which the interest of the Director consist solely in his being :
 - (i) a director of such company, and
 - (ii) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company.
 - (iii) a member holding not more than 2% of its paid up share capital.

Article 194

Register of Contracts in which Directors are interested

The Company shall keep a Register in accordance with Section 301(1) and shall, within the time specified in Section 301(2), enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be.. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 188. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

Article 195

Directors may be Directors of Companies promoted by the Company

A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

Article 196
Retirement and rotation of Directors

At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one third shall retire from Office of Directors. The non retiring Directors, Ex Officio Directors/Nominee Directors and Debentures Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

Article 197

Subject to provisions of the Act, the Directors to retire by rotation under Article 193 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.

Article 198

A retiring Director shall be eligible for re election.

Article 199
Company may increase or reduce the number of Directors

Subject to Section 258 of the Act, the Company, at the General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

Article 200

- (a) If the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned Meeting unless :
 - (i) at the Meeting or at the previous Meeting, resolution for the re appointment of such Director has been put to the Meeting and lost;
 - (ii) the retiring Director has, by notice in writing addressed to the Company or its Board, expressed his unwillingness to be so appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for the appointment or re appointment by virtue of any provisions of the Act, or
 - (v) the proviso to sub section (2) of Section 263 of the Act is applicable to the case.

Article 201

Subject to Section 258 of the Act, the Company may, by Ordinary Resolution from time to time, increase or reduce the number of Directors within the limits fixed in that behalf by these Article, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his place. The person so appointed should hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

Article 202

- (a) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless 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 his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office.
- (b) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company the consent in writing to act as a Director, if appointed.
- (c) A person, other than a Director re appointed after retirement by rotation or immediately on the expiry of his term of office or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re appointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Article 203

Register of Directors etc.

- (a) The Company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall, in respect of each of its Directors, also keep at its office a Register, (as required by sub section (1) of Section 307 of the Act), and shall otherwise comply with the provisions of the said Section.

Article 204

Disclosure by Directors of appointment to any other body corporate

- (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices to any other body corporate, disclose to the company the particulars relating to his office in the other body corporate which are required to be specified under sub section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub section (1) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

Article 205

Restriction on Management

The Managing Director or Managing Directors shall not exercise the power to :

- (a) make calls on shareholders in respect of money unpaid on the shares in the Company,
- (b) issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the power to :
- (c) borrow moneys, other than on debentures,
- (d) invest the funds of the company and
- (e) make loans.

Article 206

Certain persons only to be appointed Managing / Wholetime Directors

The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or Whole time Director who

- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent.
- (b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them, or
- (c) is or has at any time been convicted by a Court of an offence involving moral turpitude.

Article 207

A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation and if he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Article 208

Meeting of Directors

The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit.

Article 209

Notice of Directors Meeting

Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India, and otherwise regulate their meetings, as they think fit.

Article 210

Quorum of Board Meeting

Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two third of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such meeting.

Article 211

Adjournment of meeting for want of quorum

If a meeting of the Board could not be held for want of a quorum then, the meeting shall stand adjourned to such other date and time (if any) as may be fixed by the Chairman.

Article 212

The Secretary shall, as and when directed by any Director to do so, convene a meeting of the Board by giving a notice in writing to every other Director.

Article 213

If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their numbers to be Chairman of the meeting.

Article 214

Questions at Board meetings how to be decided

Questions arising at any meeting of the Board of Director or a committee or sub-committee thereof or in resolution to be passed by circular shall be decided by a majority of votes and in the case of a equality of votes, the Chairman shall have a second or casting vote.

Article 215

Powers of Board in Meetings

A meeting of the Board, for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers, and discretions which by or under the Act or the Article of the Company are for the time being vested in or exercisable by the Board generally.

Article 216

Directors may appoint Committees

Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to one or more Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board shall be in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Article 217

Meeting of Committee how to be governed

The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Article 218

Resolution by circulation

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board, or a Committee, as the case may be), and to all other Directors or Members

of the Committee at their usual address in India and has been approved by such of the Directors or Members as are then in India, or by a majority of such of them, as are entitled to vote on the resolution. .

Article 219

Acts of Board or Committee valid notwithstanding informal defect in appointment

All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Article, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Article 220

Minutes of proceedings of the Board

- (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the next succeeding meeting.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain
 - (i) The name of the Directors present at the meeting and
 - (ii) In the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in sub clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting
 - (i) is, or could reasonably be regarded as defamatory of any person,
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interest of the Company.
- (h) The Chairman shall exercise an absolute discretion in regard to the inclusion or non inclusion of any matter in the minutes on the grounds specified in this sub clause.
- (i) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

Article 221
Powers of the Board

The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Article of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Article, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
- (b) remit, or give time for the repayment of, any debt due by a Director,
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

Provided further that the powers specified in Section 292 of the Act shall subject to these Article be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or

- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.

Article 222
Certain powers of the Board

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Article, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- (a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (b) To pay and charge to the capital account of the Company commission or interest lawfully payable thereout under the provisions of Section 76 and 208 of the Act;
- (c) Subject to Sections 292, 293 and 297 of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfied;

- (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
- (e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon;
- (i) To act on behalf of the Company in all matters relating to bankrupts and insolvents.;
- (j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k) Subject to the provisions of Sections 292, 295, 370, 372 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (l) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) To determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- (n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company;
- (o) To provide for the welfare of Directors or ex Directors or employees or ex employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time

subscribing or contributing provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

- (p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as Reserve Fund or any special fund to meet contingencies or to repay debentures or debentures stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of Reserve Fund or division of a Reserve Fund and with full power to employ assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;
- (q) To appoint and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub clauses shall be without prejudice to the generally conferred by this sub clause;
- (r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration;
- (s) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation;
- (t) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such

appointment may (if the Board think fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub delegate all or any of the powers authorities and discretions for the time being vested in them;

- (u) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;
- (v) From time to time to make, vary and repeal by laws for the regulations of the business of the Company, its officers and servants;
- (w) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.

MANAGEMENT

The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely Managing Director or Manager.

The Directors shall, from time to time, appoint a Secretary and, at their discretion, remove any such Secretary to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also appoint at any time any person or persons (who need not be the Secretary) to keep the Registers required to be kept by the Company.

THE SEAL

Article 223

- (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have the power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

Article 224

Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 20(a).

DIVIDENDS

Article 225

Division of profits and dividends in proportion to amount paid up

The profits of the Company, subject to any special rights relating thereof created or authorised to be created by these Article and subject to the provisions of these Article, shall be divisible among the members in

proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid up on the shares held by them respectively.

Article 226

The Company in General Meeting may declare a dividend

The Company in general Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Article 227

Dividends only to be paid out of profits

No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for the year as may be prescribed or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that :

- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- (b) If the Company has incurred any loss in any previous financial year or years, the amount of loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the years for which the dividend is provided to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Article 228

Interim dividend

The Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.

Article 229

Capital paid up in advance at interest not to earn dividend

Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

Article 230

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Article 231

The Board may retain dividends payable upon shares in respect of which any person is, under Article 85, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or share duly transfer the same.

Article 232**Dividend, etc. to joint-holders**

Any one of several persons who are registered as the joint holder of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

Article 233**No Member to receive Dividend while indebted to the Company and Company's rights of reimbursement thereof**

No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Article 234**Transfer of shares must be registered**

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Provided, however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the company shall :

- (a) transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and
- (b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub section (1) of Section 81 and any issue of fully paid up bonus shares in pursuance of sub section (3) of section 205.

Article 235**Unclaimed dividend**

Any dividend which has not been claimed or the warrant in respect whereof has not been encashed within the period prescribed under Section 205A of the Act, shall be deposited in a special account as provided for in the said section 205A of the Act and the whole of the amount envisaged in clause (a) to (e) of sub-section (2) of section 205C of the Companies Act, 1956 remaining unpaid or unclaimed for a period of seven years from the date they become payable by a company have been credited to the Investor Education and Protection Fund as per Section 205C of the Act and subject to any amendments that may be made thereto from time to time. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

Article 236**No interest on dividend**

No unpaid dividend shall bear interest as against the Company.

Article 237

Dividend and call together

Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Member, be set off against the calls.

Article 238**Capitalization**

- (a) The Company, in General Meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend for representing premium received on the issue of shares and standing to the credit of the Share Premium Account be capitalised 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 capitalised fund be applied on behalf of such shareholders in paying up in full 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 distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debentures stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.
- (b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or in investments representing the same, or any other undistributed profit of the Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than ₹ 10/ may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

ACCOUNTS**Article 239****Directors to keep true accounts**

The Company shall keep at the office or at such other place in India as the Board thinks fit proper Books of Account in accordance with Section 209 of the Act with respect to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (b) all sales and purchases of goods by the Company.

(c) the assets and liabilities of the Company.

Article 240

Where the Board decides to keep all or any of the Books of Accounts at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

Article 241

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's Books of Accounts are kept as aforesaid.

Article 242

The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions. The books of Account and other books and papers shall be open to inspection by any Director during business hours.

Article 243

As to inspection of accounts or books by Members

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no members (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

Article 244

Statement of accounts to be furnished to General Meeting

The Directors shall from time to time, in accordance with Section 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Balance Sheets, Profits and Loss Accounts and Reports as are required by these sections.

Article 245

The Directors shall, if they consider it to be necessary and in the interest of the Company, be entitled to amend the Audited Accounts of the Company of any financial year which have been laid before the Company in General Meeting. The amendments to the Accounts effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval.

Article 246

Copies shall be sent to members and others

Subject to the provisions of Section 219 of the Act, a copy of every such profit and loss account and balance sheet (including the Auditors report and every other document required by law to be annexed or attached to the balance sheet) shall at least 21 days before the meeting at which the same are to be laid before the members, be sent to the members of the company, to every trustee for the holders of any debentures issued by the company, whether such member, or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such members or trustees, being persons so entitled.

AUDIT

Article 247
Accounts to be audited

Auditors shall be appointed and their rights and duties regulated in accordance with Section 224 to 233 of the Act.

DOCUMENTS AND NOTICE**Article 248**
Manner or service of documents or notice on Members by Company

A document or notice may be served or given by the Company on any Member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

Article 249
When notices of documents served on Members

Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided, that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a Notice of a meeting at the expiration of forty eight hours (48) after the letter containing the document or notice is posted and in any other cases, at the time at which the letter would be delivered in the ordinary course of post.

Article 250
By Advertisement

A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

Article 251
On Joint Holders

A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the share.

Article 252
On personal representatives, etc

A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

Article 253**To whom documents or notices must be given**

Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorised on or to (a) every Member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.

Article 254**Members bounds or documents or notices served on or given to previous holders**

Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

Article 255**Service of document or notice by Members**

All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post under a certificate of posting or by registered post, or by leaving it at the office.

Article 256**Documents or notice by Company and signature thereto**

Any documents or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.

WINDING-UP**Article 257****Liquidator may divide assets in specie**

The Liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

INDEMNITY AND RESPONSIBILITY**Article 258****Indemnity**

Subject to Section 201 of the Act, every Director, Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

Article 259**Secrecy Claus**

- (a) Every Director, Manager, Auditor, Treasurer, Trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall, if so required

by the Board, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process of any other matter, which may relate to the conduct of the business of opinion of Directors, it would be inexpedient in the interest of the Company to disclose.

Article 260
General Approval

“Wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its Article, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.”

SECTION X: OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of the Company from 11.00 a.m. to 5.00 p.m. on working days from the date of this Draft Prospectus until the Issue Closing Date.

Material contracts

1. Memorandum of understanding dated January 12, 2012 among the Company and the Lead Manager.
2. Memorandum of understanding dated December 15, 2011 between the Company and the Registrar to the Issue.
3. Escrow agreement dated [●] among the Company, the Lead Manager, the Escrow Collection Banks, and the Registrar to the Issue.
4. Underwriting agreement dated January 24, 2012 between the Company and Lead Manager.
5. Market Making Agreement dated January 24, 2012 between the Company, the Lead Manager and the Market Maker.

Material documents

1. The Company's Memorandum and Articles of Association, as amended.
2. Board Resolutions and Shareholders' resolution dated July 12, 2011 and September 30, 2011 in authorising the Issue and other related matters.
3. Auditors' Report dated December 12, 2011 as required by Part II of Schedule II of the Companies Act, 1956 and mentioned in this Draft Prospectus.
4. Copies of Annual reports of the Company for the years ended March 31, 2011, 2010, 2009, 2008 and 2007 and Audited Financials for the six months ended September 30, 2011
5. Consents of Auditors, Bankers to the Company, Lead Manager, Registrar to the Issue, Escrow Bankers, Legal Advisor to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
6. In-principle listing approval dated [●] from the SME Platform of BSE.
7. Agreement among NSDL, the Company and the Registrar to the Issue dated March 04, 2011.
8. Agreement among CDSL, the Company and the Registrar to the Issue dated February 08, 2011.
9. Due diligence certificate dated January 31, 2012 received by the company from the Lead Manager.
10. Statement of possible tax benefits dated December 12, 2011.
11. Special Resolution dated September 30, 2011 for the detailed terms of appointment of Mr. Uttam Bagri as Managing director and Mr. Bharat Bagri as Chairman and Whole Time Director.

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the SEBI (ICDR) Regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the 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 THE DIRECTORS OF OUR COMPANY:

Mr. Uttam Bagri
(Managing Director)

Mr. Bharat Bagri
(Chairman and Whole Time Director)

Mr. Haresh Sanghvi
(Independent Director)

Mr. Kalpesh Ranka
(Independent Director)

Mr. Suresh Ahiya
(Independent Director)

Manish Mourya
(Company Secretary and Compliance Officer)

Date: January 31, 2012
Place: Mumbai