



SRG HOUSING FINANCE LIMITED

Our Company was originally incorporated as a private company under the name of Vitalise Finlease Private Ltd on March 10, 1999 with the Registrar of Companies, Jaipur, Rajasthan. For details pertaining to the changes in our name and Registered Office, see "History and Other Corporate Matters" on page 97 of this Draft Prospectus.

Registered Office: 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan, India.

Tel: +91 – 294 – 2412 609/ 2561 882; **Fax:** +91 – 294 – 5100 098

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

Contact Person: Ms. Tanushree Trivedi, Company Secretary and Compliance Officer.

Our Promoters: Mr. Vinod Jain, Mr. Rajesh Jain & Mrs. Seema Jain

THE ISSUE

PUBLIC ISSUE OF 35,04,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF SRG HOUSING FINANCE LIMITED ("SHFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 20/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 700.80 LACS ("THE ISSUE"), OF WHICH, 4,98,000 EQUITY SHARES OF ₹ 10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY THE PROMOTERS (THE "PROMOTERS CONTRIBUTION") AND 4,08,000 EQUITY SHARES OF ₹ 10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE PROMOTERS CONTRIBUTION AND THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 25,98,000 EQUITY SHARES OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 43.36% AND 32.15%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THIS ISSUE IS BEING MADE 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 173 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 181 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 2.00 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 55 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 9 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 BSE Limited ("BSE"). In terms of Chapter X B of SEBI (ICDR) Regulations, 2009 as amended from time to time, we are not required to obtain any in principle listing approval for the shares being offered in this Issue. However, our Company has received an approval letter dated [●] from BSE for using its name in the Offer Document for listing our shares on the SME Platform of the BSE. For the purpose of this Issue, the Designated Stock Exchange will be the BSE 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: Mr. Gaurav Khandelwal / Ms. Nehar Sakaria

SEBI Registration No. INM000011344

REGISTRAR TO THIS ISSUE



SHAREX DYNAMIC (I) PVT. LTD.

Unit No.1, Luthara Ind. Premises,
1st Flr, 44-E, M Vasanti Marg,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai – 400 072.

Tel. No. 022-28515606;

Fax No.022-28512885

E-mail: sharexindia@vsnl.com

Contact Person: Shri Ardeshir D. Patel

SEBI Registration No. INR000002102

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., "Vitalise Finlease Private Ltd" started as a private limited company on March 10, 1999. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur. |

Company Related Terms

| Terms | Description |
|--|---|
| Articles / Articles of Association | Unless the context otherwise requires, refers to the Articles of Association of SRG Housing Finance Limited |
| Auditor of the Company (Statutory Auditor) | M/s Valawat Jha Pamecha & Co., Chartered Accountants, having their office at 432-433, S.M. Lodha Complex, Near Shastri Circle, Udaipur (Rajasthan) - 313001 |
| "SRG Housing Finance Limited" or "SHFL" or the Company" or "SRGHFL" or "Our Company" | SRG Housing Finance Limited, a public limited Company incorporated under the Companies Act, 1956 with its registered office at 321, S. M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan, India. |
| Board of Directors / Board | The Board of Directors of SRG Housing 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 SRG Housing 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 |
| Group Company(s) | <ul style="list-style-type: none"> • Satkar Finance Private Limited • SRG Global Builders Private Limited • Hriday Insurance Consultant Private Limited • Shri Nakoda Infotech Private Limited • SRG Insurance Brokers Private Limited • SRG Global Solutions Private Limited • S R G Securities Finance Limited |
| HUF | Hindu Undivided Family |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| MOA / Memorandum / | Memorandum of Association of SRG Housing Finance Limited |

| | |
|-------------------------------------|---|
| Memorandum of Association | |
| Net Owned Funds | Calculated as a sum of Share Capital and Reserves & Surplus, less Net Deferred Tax Assets |
| 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. |
| Peer Reviewed Auditor | The peer reviewed auditor of our Company, being Nirmal Dhakar & Associates, Chartered Accountants, having their office at 73, Bhupal Pura Road, Udaipur (Rajasthan) - 313001. |
| 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. Vinod K. Jain, Mr. Rajesh Jain and Mrs. Seema Jain |
| Promoter Group | Mr. Genda Lal Jain, Mrs. Pushpa Jain, Mrs. Meenakshi Jain, Mrs. Aarti Jain, M/s. Vinod Jain HUF, M/s. Rajesh Jain HUF, M/s. Genda Lal Jain HUF, M/s. SRG Global Solutions Pvt. Ltd. and M/s. Hriday Insurance Consultant Pvt. Ltd. |
| Registered Corporate Office and /or | The Registered and Corporate Office of our company which is located at - 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan, India. |
| RoC | Registrar of Companies, Rajasthan situated at Jaipur. |
| 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 | State Bank Of India |
| 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 |
| Eligible NRIs | An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom the Draft Prospectus constitutes an invitation to Application on the basis of the terms thereof. |
| 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 35,04,000 Equity Shares of ₹ 10/- each at ₹ 20 (including share premium of ₹ 10/-) per Equity Share aggregating to ₹ 7,00,80,000/- (Rupees Seven Crore and Eighty Thousand Only) by SRG Housing Finance Limited. |
| Issue Price | The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 20/- |
| 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 Promoters Contribution and Market Maker Reservation Portion) of 25,98,000 Equity Shares of ₹ 10/- each at ₹ 20 (including share premium of ₹ 10/-) per Equity Share aggregating to ₹ 5,19,60,000/- (Rupees Five Crore Nineteen Lakhs and Sixty Thousand Only) by SRG Housing 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 | <ul style="list-style-type: none"> • Mutual Funds, Venture Capital Funds, or Foreign Venture Capital Investors registered with the SEBI; • FIIs and their sub-accounts registered with the SEBI, other than a subaccount which is a foreign corporate or foreign individual; • Public financial institutions as defined in Section 4A of the Companies Act; • Scheduled Commercial Banks; • Multilateral and Bilateral Development Financial Institutions; • State Industrial Development Corporations; • Insurance Companies registered with the Insurance Regulatory and Development Authority; • Provident Funds with minimum corpus of ₹ 2,500 Lakhs; • Pension Funds with minimum corpus of ₹ 2,500 Lakhs; • National Investment Fund set up by resolution F. No. 2/3/2005-DDII |

| | |
|--|--|
| | <p>dated November 23, 2005 of the Government of India published in the Gazette of India; and</p> <ul style="list-style-type: none"> Insurance Funds set up and managed by the army, navy, or air force of the Union of India. Insurance Funds set up and managed by the Department of Posts, India |
| 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 Banker | The bank(s) which is/ are clearing members and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●]. |
| 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 Sharex Dynamic (India) Pvt. Ltd. |
| 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 |
|-------|---|
| BSE | BSE Limited (formerly known as Bombay Stock Exchange Limited) |
| 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. |

| | |
|-----------------|--|
| NBFC – ND | Non Banking Financial Company – Non Deposit Taking |
| NBFC – ND - NSI | Non Banking Financial Company – Non Deposit Taking – Non Systemically Important |
| NHB | National Housing Bank |
| 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 |
| Tehsil | Synonymous to “Taluka”; Usually used to represent a town (possibly more towns) and the villages around the towns |

Conventional Terms / General Terms / Abbreviations

| Abbreviation | Full Form |
|----------------------------|---|
| A/c | Account |
| A/w | Arrest Warrant |
| 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 this 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 5 of this Draft Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a non consolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31 of every next year. In this 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 "Lakhs" 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 Lakhs. 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 see "*Definitions and Abbreviations*" beginning on page 1 of this Draft Prospectus.

In the Section titled "*Main Provisions of the Articles of Association*" beginning on page 199 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 see the chapters titled "*Risk Factors*", "*Business overview*" and "*Management Discussions and Analysis of Results of Operations of and Financial Condition of the Company*" beginning on pages 9, 80, and 142 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. *We, our Directors, our Promoters and our Group Companies, are involved in certain legal and other proceedings that if determined against us, and our Promoters, could have a material adverse effect on our financial condition and results of operations.***

Our Company, our Directors, our Promoters and our Group Companies are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Any adverse decision may have an adverse effect on our business, results of operations and financial condition.

A brief summary of the outstanding legal and other proceedings is provided below:


| Particulars | No. of Cases | Aggregate Amount involved (if ascertainable) |
|-----------------------------------|---------------------|---|
| Cases filed against our Company | 4 | N.A. |
| Cases filed by our Company | 5 | ₹ 24,68,560 |
| Cases filed against our Promoters | 0 | N.A. |

| | | |
|---|----|-------------|
| Cases filed by our Promoters | 2 | ₹ 11,00,000 |
| Cases filed against our Group Companies | 1 | N.A |
| Cases filed by our Group Companies | 17 | ₹ 26,66,390 |

For further details regarding these legal matters, please see the chapter titled “*Outstanding Litigations & Material Developments*” on page 156 of this Draft Prospectus.

2. *The logo and name used by our company in its official correspondence and other operational requirements is currently pending for registration.*

Our logo is currently under process of getting registered with the Trademark Registry. Our Company has filed an application dated May 23, 2012, before the Trade Marks Registry for registration of its name and

logo “” under Class 36. For further information, please see the chapter titled “*Government and Other Key Approvals*” on page 160 of this Draft Prospectus. The application is pending for approval. We are hence subject to duplicity of our brands and in case someone else registers the same, we may be forced to change our branding and other sales and marketing material which shall result in increased expenditure and loss of goodwill in the market. This could hence, materially affect our results of operations.

3. *We are a closely held company 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.*

We are a closely held housing finance company, with majority of the key decision makers being part of one family. Through this issue we propose to get listed on the SME Platform of BSE and further increase our capital base in order to take our company to the next level of operational and financial strength. We may not be able to significantly increase our staff base or induct any other major key managerial person in the future, and hence 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. *As a HFC, we face the risk of default and non-payment by borrowers. 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 activity is exposed to credit risk arising from the risk of default and nonpayment by borrowers. Our outstanding loan portfolio has grown at a CAGR of 24.13% from ₹ 318.89 lakhs as of March 31, 2008 to ₹ 757.13 Lakhs as of March 31, 2012. The size of our loan portfolio is expected to grow as a result of our expansion strategy. As our portfolio expands, we will be exposed to an increasing risk of defaults. Any negative trends or financial difficulties among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. The borrowers may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, etc. 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.

5. *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 core growth strategy envisages an increase in our net owned funds, which will enable us to be eligible to avail credit facilities from NHB at a relatively lower rate of interest than from other banks and financial institutions. The increase in our capital base will enhance our capabilities to securitize our loan portfolio to other banks and financial institutions to raise more funds which will lead to an increase in our

Loan book. As per NHB's notification dated June 28, 2011, it specifies' the minimum of net owned funds required to be achieved by a housing finance company to be ₹ 10 Crore on or before March 31, 2014. For further details on the minimum capital adequacy requirement by NHB, please see the chapter titled "Key Industry Regulation and Policies" on page 93 of this Draft Prospectus. As on March 31, 2012, our net owned funds amounted to ₹ 489.66 lakhs. With the increased infusion of capital from the Issue Proceeds, our company's net owned funds would increase; hence our ability to raise capital from NHB and other banks and financial institutions would also increase. We have not used NHB's facilities in the past and hence we cannot assure you that even after increasing our net owned funds, we will be able to avail loans from NHB or from other avenues of lower interest rate loans.

Further, one of our strategies is to venture into other markets outside our core market i.e. Udaipur and further open additional satellite centers in Tier 2 and Tier 3 cities/towns. We cannot assure you that we will not face difficulties in expanding our existing business and operations.

Maintaining a strong asset quality through disciplined risk management also forms a part of our growth strategies. We cannot assure you that with the increase in our capital base, there will not be significant increase in NPAs in our loan portfolio in the future, or that we will be able to maintain the asset quality of our current loan portfolio.

In order to effectively implement our growth strategies we would be required to focus on (i) our managerial, technical and operational capabilities; (ii) the allocation of our resources; and (iii) our information and risk management systems. In addition, we may be required to manage relationships with a greater number of customers, lenders and other parties. 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.

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

In deciding whether to extend credit to customers, 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 see "Business Overview – Credit Appraisal Process" on page 85 of this Draft Prospectus for further details regarding our credit appraisal process. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, our business, future financial performance and results of operations may be materially and adversely affected.

7. Any increase in the NPA levels may affect the liquidity position of the Company adversely.

As of March 31, 2012, we had gross NPAs of ₹ 28.83 lakhs and net NPAs of ₹ 19.17 lakhs, against which we have made provision of ₹ 9.66 lakhs. The provisioning has been made in terms of prudential norms laid down by NHB. If we are not able to prevent increases in our level of non-performing assets, which are likely to occur with increases in our level of lending activities post this issue, our business and our future financial performance could be adversely affected.

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

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

9. *There are restrictive & financial covenants under our loan sanctions, which could influence our ability to expand, in turn affecting our business and results of operations.*

We current avail credit facilities from State Bank of India and we have further applied for certain credit facilities from Indian Overseas Bank and we expect the sanctions for the same shortly. Our bank sanctions for obtaining these facilities have certain negative covenants which require us to seek prior permission of these banks for various activities, including but not limited to, change in capital structure, undertake any new project / implement any scheme of expansion / acquire fixed assets except those indicated in the funds flow statement submitted to the Bank, effecting any scheme of amalgamation or reconstruction, etc. Such covenants imposed by our lenders may have an adverse effect on the functioning of our Company. Further, in case of default by our Company in repayment of the loans, our banker may exercise its rights over the security, which may be detrimental to the interest of our Company.

10. *Our office located at 321, S.M Lodha Complex near Shastri Circle Udaipur-313001, Rajasthan is rented out to our company. In case of any conflict with the owner, the renewal of the agreement could get affected.*

We do not own the premises on which our Registered Office is situated at 321, S.M Lodha Complex near Shastri Circle Udaipur-313001, Rajasthan. The premises is owned by our Promoter Group entity - Mr. Gendalal Jain and rented to us at a monthly rent of ₹ 17050/-. We currently occupy the office based on a lease agreement which is valid until March 31, 2015, subject to 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 this office premises please see the paragraph titled "*Business Overview – Land and Property*" on page 92 of this Draft Prospectus.

Further, we plan to acquire a property in Udaipur in order to shift our corporate office for which, we have already paid a token advance of ₹ 15 lakhs till date. Following key factors could affect our plans to shift to an owned office location:

- ✓ Since we have not identified any alternate sources of funding for the remaining installments to be paid towards acquisition of this property, any failure or delay on our part, to pay the remaining monies towards acquisition of this property, may delay the shifting process or result in forfeiture of this token advance paid.
- ✓ The property is currently under development. If the same is not completed on time this may delay the shifting process and we may also be unable to reclaim our advance token paid on a timely and efficient basis.

We cannot assure you that we will own, or have the right to occupy, these premises in the future which may impair our operations and adversely affect our financial condition.

11. Major fraud, lapses of internal control or system failures could adversely impact our business.

Our core growth strategy envisages an increase in asset size, resulting in significant increase in operational activities. Such growth strategy will place significant demands on our management, financial and other resources. We are a closely held enterprise and we may not be able to manage our resources efficiently. Our Company is vulnerable to risks 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.

12. 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 our regulatory approvals and our goodwill in the market.

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. However, as per the requirements of NHB and other rules applying to HFCs the funds raised shall have to be utilized for Housing Finance Activity only. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials, our regulatory approvals and our goodwill in the market.

13. 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 April 26, 2012, we have issued an aggregate of 15,25,500 equity shares to all the existing Shareholders of the Company via a Bonus Issue in the ratio of 1 (One) Equity Shares for each 2 (Two) Equity Shares held by them. Since these shares are allotted for NIL consideration they would be hence allotted at a price lower than the issue price in the last one year prior to the date of this Draft Prospectus. For further details with respect to the said bonus issue, please see the chapter titled "Capital Structure" beginning on page 39 of this Draft Prospectus.

14. Our business operations carry certain risks which, to the extent they materialize, could adversely affect our business and result in our loans and investments declining in value.

Our business consists primarily of lending Housing loans to customers for fulfilling their housing requirements. Certain risks are generally out of our control, and include:

- ✓ political, regulatory and legal actions that may adversely affect project viability;
- ✓ changes in government and regulatory policies;
- ✓ adverse changes in market demand or change in rate of interest
- ✓ the willingness and ability of consumers to repay their obligation;
- ✓ potential defaults under financing arrangements with borrowers and customers;
- ✓ adverse developments in the overall economic environment in India;
- ✓ interest rate or currency exchange rate fluctuations or changes in tax regulations;

- ✓ economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve;
- ✓ the other risks discussed below under “*External Risk Factors*”

To the extent these or other risks relating to the projects we finance materialize, the quality of our loan portfolio and our profitability may be adversely affected.

15. We have experienced negative cash flows in previous years. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial condition.

We have reported negative cash flow from various activities, in our past audited financial statements, details of which are as under:

(₹ in Lakhs)

| Particulars | As at March 31 | | | | |
|-------------------------------------|----------------|--------------|-------------|---------------|-----------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Cash flow from Operating Activities | (227.62) | (32.56) | (114.01) | 9.84 | (86.26) |
| Cash flow from Investing Activities | (0.90) | (1.28) | 0.00 | (2.91) | (17.58) |
| Cash flow from Financing Activities | 231.81 | 77.34 | 115.61 | (10.02) | (38.15) |
| Net Cash Flow for the period | 3.29 | 43.50 | 1.60 | (3.09) | (141.99) |

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.

16. 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 2012 and 2011, our aggregate related party transactions were ₹ 39.21 Lakhs and ₹37.46 Lakhs respectively. For further details, please see “*Annexure XVIII – Related Party Transactions*” of the “*Auditors Report*” on page 139 of this Draft Prospectus.

17. 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 see the chapter titled "Objects of the Issue" beginning on page 50 of this Draft Prospectus.

18. 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.

Our Promoter and Promoter Groups have floated various companies related to the finance and capital markets industry. None of our Group Companies currently have a business which is conflicting to our interest i.e. Housing Finance as can be seen below –

| Name of Company | Present Activity |
|---|---------------------------------------|
| Satkar Finance Private Limited | NBFC |
| SRG Global Builders Private Limited | Builders and Developers |
| Hriday Insurance Consultant Private Limited | Risk Management Consultants |
| Shri Nakoda Infotech Private Limited | Information Technology |
| SRG Insurance Brokers Private Limited | Insurance Broking |
| SRG Global Solutions Private Limited | Software, BPO, Information Technology |
| S R G Securities Finance Limited | NBFC |

However, some of the above companies have certain Object Clauses which would allow them to undertake a similar business as us. We have not entered into any non-compete agreements with any of our Promoters and Group Companies and hence, to that extent there exists a potential conflict of interest between our Company and our Group Companies.

19. Certain of our Group Companies have incurred losses in the past.

The following of our Group Companies have reported losses in the last three financial years as set forth below:

| Sr. No. | Particulars | As at March 31 | | |
|---------|--------------------------------------|----------------|------|---------|
| | | 2011 | 2010 | 2009 |
| 1 | Satkar Finance Private Limited | 0.46 | 1.14 | (1.75) |
| 2 | SRG Global Solutions Private Limited | 7.59 | 7.33 | (39.65) |

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

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

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please see the chapters titled "Business Overview" and "Promoters Promoter Group and Group Companies", beginning on pages 80 and 112, respectively and "Annexure XVIII - Related Party Transactions" of the Auditor's Report on page 139 of this Draft Prospectus.

21. 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. Hence, there can be no assurance that we will be able to pay dividends in the future.

22. 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 in 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.

23. We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India, including the NHB.

We are regulated principally by and have reporting obligations to the NHB. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector. Moreover, NHB guidelines prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The level of our provisions may not be adequate to cover further increases in the amount of our non-performing loans or the underlying collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have a material adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital.

24. 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 housing finance companies; and public and private sector commercial banks operating in the markets in which we are present. In recent years, large international banks have also entered these markets. For further details, please see the paragraph titled "Competition", as contained in the chapter titled "Business Overview" on page 80 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.

25. 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 see the chapter titled "Government and Other Key Approvals" on page 160 of this Draft Prospectus.

26. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in "Objects of the Issue" and we have not appointed any monitoring agency for the same.

Since this Issue Size does not exceed ₹ 500 crores, there is no requirement of appointing a Monitoring Agency for overseeing the deployment of funds raised from this issue. The deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of our funds is subject to monitoring by the NHB and periodic review by our audit committee.

EXTERNAL RISK FACTORS

27. All of our revenue is derived from business in India and a slowdown 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 from fiscal 2000 until fiscal 2012 with an average real gross domestic product growth rate of approximately 7.37%. 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.

28. 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. 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.

29. Inflation in India could have a material adverse effect on our profitability, our business, financial condition and results of operations.

India is experiencing high levels of inflation since 2008. Year on year inflation continues to be high and stood at 6.89% in March 2012 (Source: Office of the Economic Adviser to the Government of India, Ministry of Commerce and Industry). Continued high rates of inflation may increase our costs, such as employment emoluments and benefits and administrative and other expenses. The measures adopted by

the Government to curb inflation include increasing interest rates which could lead to decline in number of customers that wish to avail of home loans, which in turn could lead to decline in our business.

Further, a significant amount of our funds are raised by way of loans from the NHB as well as loans from banks and financial institutions. Increase in interest rates would also result in increase in cost of funds. If, we are unable to successfully pass such increase in funding and other costs to our customers, it would lead to decline in our NIMs and adversely affect our results of operations and financial condition. Further if the rate of inflation increases, we cannot assure you that we will be able to continue to avail funds from the NHB and/or scheduled commercial banks and financial institutions at competitive rates or at all. Accordingly, high rates of inflation in India could increase our costs, could have an adverse effect on our profitability and on our financial condition.

30. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment.

If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. For example in May 2006, the Indian Stock Exchanges witnessed substantial volatility. The BSE and NSE halted trading on May 22, 2006 after the respective indices fell more than 10%. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

31. 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\$285,856.9 million as of June 1, 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.

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

The tax rates including surcharge and education cess applicable to us for fiscal 2012 are 30.90%. Any increase in the tax rates may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

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

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

34. The price of our 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. ISJ Securities Pvt. Ltd. as Designated Market Maker for the equity shares of our company. For further details of the obligations and limitations of Market Makers please see the chapter titled "General Information – Details of the Market Making Arrangement for this Issue" on page 37 of this Draft Prospectus. However, the trading price of our Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments, adverse media reports on us or the banking industry, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant development in India's fiscal regulations.

35. 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. Further, in terms of the SEBI Circular No. CIR/MRD/DP/02/2012 dated January 20, 2012 our shares shall be traded in the Trade for Trade segment for the first ten days from commencement of trading and that our price on the first day of listing shall be subject to a circuit filter of 5% from the Equilibrium Price discovered in the call auction session as defined and described in such Circular or in case no equilibrium price is determined, the circuit filter shall be of 5% from the Issue Price.

As a result of these circuit breaker and trade controls, no assurance can be given regarding the ability of investors / applicants to sell their Equity Shares or the price at which they may be able to sell their Equity Shares at any particular time.

36. 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.

37. Any downgrading of India's debt rating by an international rating agency could adversely affect our business, results of operations and financial condition.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise funds in the domestic or international markets and thereby our business, results of operations and financial condition.

38. Natural disasters and other disruptions could adversely affect the Indian economy and/or the regions from where we operate and could cause our business and operations to suffer and the trading price of the Equity Shares to decrease.

Our operations may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for our employees and/or our customers to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business and financial results, the quality of our customer service and the price of our Equity Shares.

39. 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.

40. 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.

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 March 31, 2012) | ₹ 491.32 lakhs |
| Post Issue Net worth | ₹ 1192.12 lakhs |
| Issue Size | Issue of 35,04,000 Equity Shares of ₹ 10/- each at ₹ 20 (including share premium of ₹10/-) per Equity Share aggregating to ₹ 7,00,80,000/- (Rupees Seven Crore Eighty Thousand Only) |
| Cost Per Share to the Promoters | Mr. Vinod K. Jain: ₹ 5.11 Mr. Rajesh Jain: ₹ 6.67 Mrs. Seem Jain: ₹ 6.51 |
| Net Asset Value per share or Book Value (Based on Audited Accounts as on March 31, 2012) (Face Value of ₹ 10/- per share) | ₹ 16.10 per Equity Share |

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 wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
3. Investors are advised to see the paragraph titled "*Basis for Issue Price*" beginning on page 55 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 187 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 SRG Housing 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 see the chapter titled "*Our Management*" on page 100 of this Draft Prospectus.

8. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details, please see "*Financial Information*" beginning on page 126 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 126 of this Draft Prospectus.

Our company was incorporated as Vitalise Finlease Private Limited under the provisions of the Companies Act, 1956 on March 10, 1999, with the Registrar of Companies, Jaipur. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur.

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.

Overview of the Indian Economy

After two successive years of fairly robust growth of 8.4 per cent, GDP is estimated to decelerate sharply to 6.9 per cent during 2011-12, with a marked slowdown in agriculture, mining and quarrying, manufacturing and construction sectors. Data relating to Q3 of 2011-12 shows that growth moderated for the fourth successive quarter to 6.1 per cent, recording the lowest rate in the last eleven quarters. While the moderation of growth in agriculture was largely on account of the base effect and structural impediments, the slowdown in industry reflected a number of factors including domestic policy uncertainties, cumulative impact of monetary tightening and slackening of external demand.

However, current indications are that growth may have bottomed out in Q3 of 2011-12. Industrial growth remains subdued due to supply-side bottlenecks, particularly in the mining sector, and moderation in investment demand. With measures being taken to remove supply-side bottlenecks, progress on fiscal consolidation could create conditions for a more favourable growth-inflation dynamic. Given the general slack in capacity utilisation in most industries, production can be scaled up substantially. There has been strong credit off-take in February and March 2012, accounting for about 40 per cent of the total non-food credit during the year. Though the PMI for both manufacturing and services registered a deceleration in February and March, the indices remain high indicating expansion. The implicit growth rate for Q4 of 2011-12 works out to 6.9 per cent, essentially reflecting some improvement in industrial activity and the resilience of the services sector. In this context, the two-step lowering of the cash reserve ratio in January and March 2012 and the peaking of the interest rate cycle should provide some momentum.

(Source: RBI: Macroeconomic and Monetary Developments in 2011-12, issued on April 16, 2012)

Housing Industry in India

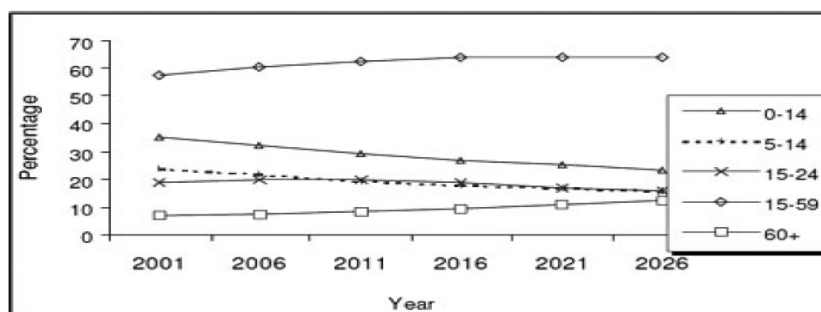
The growth of the Indian economy and the resultant rise in the per capita income are stepping up the pace of urbanization. This, along with the increasing finance penetration, has resulted in a growth in demand for housing in the past few years. As a result, the housing stock in India is estimated to grow from 142.8 million units in 2008 to 179.3 million units in 2015.

Source: <http://www.thefinanceconcept.com/2012/01/key-demand-drivers-for-housing-industry.html>

Key Demand Drivers for the Housing Industry in India

- ***Population growth backed by favourable demographics***

India is the second most populous country in the world with an estimated population of 1.21 billion in 2011 as against 1.03 billion in 2001, representing a decadal growth rate of 17.64%. This population growth is also resulting into an increase in the working population, thereby generating greater demand for housing. For instance, the age group of 15–59 years is expected to grow in terms of its share in total population, between 2001 and 2026, as shown in the graph below:



- **Acute shortage of housing stock**

Despite strong growth in housing supply in recent years, India still faces a shortage of houses, especially in urban areas. This shortage is further accentuated in the mid-income and low-income categories. According to estimates made by the technical group constituted by the Ministry of Housing and Urban Poverty Alleviation for assessment of the urban housing shortage at the end of the 10th Five Year Plan, the total housing shortage in the country is 24.71 million units. According to the Planning Commission of India, the estimated housing shortage during the 11th Five Year Plan period is 26.53 million units.

- **Increasing Urbanization**

As per the Census of India 2011, the percentage of population living in urban areas in India has increased from 27.78% in 2001 to 31.16% in 2011 and is expected to further rise to 33% by 2026. As per the Census estimates, India is expected to add a total of 371 million people to its population between 2001 and 2026. Of this, nearly 182 million people are expected to be added in urban areas *i.e.* over 49% of the total population growth.

With increasing urbanisation, housing demand is expected to increase due to an increase in the nuclearisation of families, leading to the formation of a greater number of households. Further, with increasing demand for housing in urban areas, the property prices also start going up, leading to higher ticket size of loans and leading to larger disbursements.

- **Increasing Nuclearisation**

Nuclearisation refers to the formation of nuclear families from extended or joint families. It is often driven by employment-related migration, largely to urban areas, and impacts the housing demand in a manner similar to urbanisation. It reduces the area per household but the overall household formation rises, thereby increasing the demand for housing units. From an average family size of 6.0 persons in 1971, the size of the average family in India has dropped to 5.5 persons in 2001, indicating the move towards smaller family sizes in India and resulting in increase in demand for housing in India.

- **Rising Affordability**

Over the last few years, there has been a steady movement of households into higher income categories, leading to increasing affordability. For example, the number of ₹ 0.2-0.5 million income households and greater than ₹ 0.5 million income households in India are estimated to have grown at a CAGR of 15% and 13% respectively, from Fiscal 2005 to Fiscal 2009, while the less than ₹ 0.1 million income household category represented an estimated 55% of the total population in Fiscal 2009 as compared to 71% in Fiscal 2005.

The urban households, with annual household incomes exceeding ₹ 0.5 million, are estimated to grow by 12% during between Fiscal 2009 and Fiscal 2014. Rural households, with annual household incomes exceeding ₹ 0.5 million, are estimated to grow by 7% over the same period. The growth rate reflects an overall increase in affluence in both urban and rural households as more families move into

higher income categories. With rising income levels, there is greater demand for owned houses as well as larger houses, thereby providing a fillip to the housing industry.

- ***Increasing penetration of housing finance***

Increasing availability of housing finance along with low interest rates in the past, have given significant fillip to house purchases. This is especially true in urban areas, penetration of housing finance stands at 38.0% in Fiscal 2011. This is driven by factors like good branch network of lenders, increasing acceptability of loans by customers and salaried income profile – which is considered easier to evaluate by most lenders.

This indicates a strong opportunity for players who have the skill sets to evaluate and assess the credit- worthiness of assets and borrowers in such areas and who can maintain a low cost of operations.

- ***Government's thrust on housing***

The government has been offering several tax concessions to spur housing demand, which have also been instrumental in driving growth in housing and housing finance sectors.

Operation and Performance of Housing Finance Companies:

The growth in the housing loan portfolio of HFCs has been encouraging and an increase of 22 per cent was registered in their outstanding housing loan portfolio during the year 2010-11. The market share of HFCs is approximately 30-35 per cent of the retail housing finance market catering primarily to the borrowers in the formal sector. The Policy Circulars/Guidelines issued by NHB for the HFCs on issues pertaining to NOF requirements, LTV ratio, risk weights and provisioning, KYC and AML etc have all been intended to ensure growth of the HFCs and the housing finance sector on sustainable lines. Some of the key highlights of the HFCs portfolio Include Total loan portfolio of HFCs grew by 20.92 per cent during the FY 2010-11 over the FY2009-10.

- Housing loan portfolio grew by 21.76 per cent during the FY 2010-11 over the FY 2009-10.
- Housing loans which were 74.72 per cent of the total loans as on March 31, 2010 marginally increased and stood at 75.24 per cent as at end of March 31, 2011.
- Non housing loans which were only 25.28 per cent of the total loans at the end of the FY2009-10 have decreased to 24.76 per cent at the end of FY2010-11.
- Non housing loans grew by 18.42 per cent during the FY 2010-11, as compared to FY2009-10.
- Total borrowings of the registered HFCs increased by 19.84 per cent during the FY 2010-11 over the FY2009-10.
- Public Deposits outstanding at the end of March 31, 2010 were 27036 crore which increased to 28694 crore at the end of the March 31, 2011 thereby registering a growth of 6.13 per cent during the year.
- Total NNPA's as at the end of 2009-10 were 1,438 crore, which decreased to 413 crore as at the end of the March 31, 2011, showing a decline of 71.28 per cent.

For further details regarding the Key Risks inherent to our Industry, please see "Risk Factors" on beginning on page 9 of this Draft Prospectus.

SUMMARY OF OUR BUSINESS

Overview

We are a growing housing finance company headquartered in Udaipur, Rajasthan. Our company was incorporated as Vitalise Finlease Private Limited under the provisions of the Companies Act, 1956 on March 10, 1999, with the Registrar of Companies, Jaipur. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur.

We are engaged primarily in the business of providing Housing Finance for Home Ownership, by offering:

- (i) Individual Home Loans
- (ii) Loans against Property

For further details regarding the loans mentioned above, please see the paragraph titled "*Products and Services*" on page 83 of this Draft Prospectus. Our primary objective behind venturing into this business was to meet the financing needs of all income segments by providing adequate financial resources to fulfill their housing requirements.

Presently, we have 1 Head office and 3 satellite centers located in Rajasthan. Further, we are targeting to open another 10 satellite centers which are to be located in tier 2 cities, tier 3 cities, District and Tehsil head quarters and at the peripheries of tier 1 cities, that are our key target markets, based on our belief that they are underserved by larger HFCs and banks.

Our outstanding loan portfolio has grown at a CAGR of 24.13% from ₹ 318.89 lakhs as of March 31, 2008 to ₹ 757.13 lakhs as of March 31, 2012. Similarly, our profit after tax has grown at a CAGR of 30.43% over a four year period from ₹ 11.13 lakhs for Fiscal 2008 to ₹ 32.21 lakhs for Fiscal 2012. Our gross NPA was 3.81%, 6.32% and 2.53% and our net NPA was 2.56%, 5.25%, and 1.85% as at March 31, 2012, 2011 and 2010, respectively.

The total borrowings advanced by our Company, as at March 31, 2012, were ₹ 347.86 lakhs, and the CRAR as at March 31, 2012 amounted to 82.14%.

We believe that our loan portfolio is well diversified across Business class, salaried and non-salaried borrowers. Loans to salaried and non-salaried borrowers constituted 13.41% and 86.59% respectively, of our loan book as at March 31, 2012. The non-salaried borrower base, which we believe is a relatively under penetrated target segment, comprises Self Employed Professionals ("SEP") and Self Employed Non-Professional ("SENPs").

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths position us well for continued growth:

- ***Strong senior management team backed by Experienced Promoters***

We have an efficient management team backed by our Promoters who have several years of experience in all areas of banking and housing finance, which oversees and guides our strategy and operations. We

believe that strong 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 see the chapters titled "*Our Management*" and "*Promoters, Promoter Group and Group Companies*" beginning on pages 100 and 112 of this Draft Prospectus respectively. Our Board has constituted several sub-committees such as Shareholders'/Investors' Grievance Committee and Audit Committee etc., for timely decision making and to ensure effective governance.

- ***Direct customer contact***

Our Company's marketing strategy is focused on direct and localized advertising through word of mouth referrals. As a result, most of our customers are either "walk-in" borrowers or referred by existing borrowers of our Company. Our Company does limited use of marketing intermediaries to communicate with or service its customers. Our offices act as single points of contact for our customers. Face to face meetings with our customers are mandatory for procuring our loan products, enabling our personnel to clearly articulate and explain the various loan products to our customers, the rates of interest, fees and charges, key distinguishing features of various products offered, and the timelines for credit appraisal and disbursement. This approach reduces the possibility of mis-selling a loan to a customer and hence reduces potential for future disputes, resulting in a satisfied customer base, increased customer connect and loyalty.

- ***Niche Marketing Strategy***

Our Company is consciously targeting markets that we believe are relatively underpenetrated i.e. the non-salaried borrower base, which comprises Self Employed Professionals ("SEP") and Self Employed Non-Professionals ("SENPs"). As a category they have been ignored by the housing finance community mainly because (i) they have variable monthly income, even the prospects of some months without income; and (ii) even if they meet the eligibility criteria financially, they don't have the necessary documentation to prove their credit worthiness. Our Company has been able to successfully penetrate this segment given its direct customer contact, tailored approach and personal evaluation processes followed during credit appraisal. Our Company has a broad-based customer mix and is not overly reliant on the salaried class which we believe to be a highly competitive market segment. Loans to salaried and non-salaried borrowers constituted 13.41% and 86.59%, respectively, of our outstanding loan book as at March 31, 2012.

- ***Robust risk management systems and processes***

Risk management forms an integral part of our business as we are exposed to various risks relating to our lending business and the environment in which we operate. We believe that our Company has robust risk management systems and processes in place across all areas of Operations, namely loan origination, credit appraisal, loan disbursement, and collection and recovery. Some of the key systems and processes are (a) personal interview by officials, (b) site visits, (c) scrutiny of income documents and obtaining encumbrance certificates, (d) estimation of property value backed by valuation certificate from internal, independent and empanelled valuers, (e) obtaining legal opinion on title deeds, (f) linking quantum of loans to LTV, IIR ratios, (g) mandatory site visits in case of loans for property under construction, (h) periodically inspection on a formal or informal basis, (i) visits by officials in relation to the recovery of non-performing loans, and (j) strong internal controls at all levels (loan approval limits, customers have no contact with credit appraisal team, amongst others). We believe our risk management systems and processes have resulted in maintaining low levels of gross NPAs and net NPAs. As at March 31, 2012, our gross NPA was 3.81% as a percentage of our Gross Loan Portfolio and net NPA was 2.56% as a percentage of our Net Loan Portfolio.

- ***Well recognized brand in Rajasthan, with an established track record***

Our operating history has evolved over a decade and our Promoter has been operating in Rajasthan since 1999 through our company with approximately 0.25 million customers (including our group companies

customers) as on March 31, 2012. In addition, our Group Companies, SRG Securities Finance Limited, Satkar Finance private Limited and SRG insurance Brokers private Limited operate with 22 branches mainly located in Rajasthan. We believe that our track record, management expertise and Promoter support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals and will be a key in allowing us to expand our growth and consolidate this fragmented industry across India.

As a result, 'SRG Group' is a well recognized brand in Rajasthan, which has contributed to earning the trust of our customers, enabling us to continually strengthen our foothold in Rajasthan.

OUR STRATEGY

Our business goal is to grow our loan book, income and profits through increased market presence. Our business strategy is designed to capitalize on our competitive strengths and enhance our leading market position. Key elements of our strategy include:

- ***Increasing Net Owned Funds***

Our core growth strategy envisages an increase in our net owned funds in order to be eligible to avail credit facilities from NHB and other financial institutions at relatively cheaper rates of interest. Our Company is currently in compliance with the capital adequacy norms of the NHB Directions 2010. However, as per notification dated June 28, 2011, NHB specifics' the minimum of net owned funds required to be achieved by a housing finance company to be ₹ 10 Crore on or before March 31, 2014. As on March 31, 2012, our net owned funds amounted to ₹ 489.66 lakhs. With the increased infusion of capital from the Issue Proceeds, our company's net owned funds would increase; hence our ability to raise capital from NHBs and other financial institutions would also increase, thus improving our leverage and operating margins. The increase in capital base of the company will enhance our capabilities to securitize our loan portfolio to Banks and financial institutions to raise more funds which will lead to an increase in the Loan book of the company.

- ***Expanding Network and Connectivity***

On infusion of additional funds, our Company intends to expand its operations across new regions in a phased manner in order to increase its share of the housing finance business by tapping underserved segments of the Indian economy. We intend to venture into newer territories through our Satellite Model with clear focus on direct customer contact which has been successful. Our key target markets shall be tier 2 and tier 3 cities. Backed by our familiarity and localized experience, we expect to grow our business by tapping into opportunities in these regions. We aim to deepen penetration in Rajasthan and expand operations in the states of Maharashtra and Gujarat. We expect that systematic geographical expansion, matched with a continued focus on our competitive strengths, would help us in significantly improving our market share and drive growth.

- ***Maintaining strong asset quality through disciplined risk management***

Maintaining strong asset quality is paramount in our business as it directly impacts our provisioning, profitability, net worth and CRAR. We have maintained high quality loan and investment portfolios through careful targeting of our customer base, a comprehensive risk assessment process and diligent risk monitoring and remediation procedures. Our gross NPA and net NPA as at March 31, 2012 was 3.81% and 2.56%, respectively as compared to 6.32% and 5.25% as at March 31, 2011. We believe we can maintain strong asset quality appropriate to the loan portfolio composition, while achieving growth.

- ***Reducing funding costs***

We source funds for our business primarily through CC facility offered by State Bank of India. We intend to utilize various sources of funding to optimize our funding costs, protect interest margins and maintain

a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. We intend to explore the option of raising funds from other financial institutions and refinance from NHB. We also plan to explore access to low cost sources of funds in order to maintain our CRAR and strengthen our balance sheet. We would like to diversify our sources of funding and tap into alternative sources such as multi-lateral agencies and rated long term and short term listed debt instruments. We believe that this will enable us to reduce the risk of lender concentration and optimize our funding costs.

- **Optimizing cost of operations**

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. Recently our Company has operated with satellite centers in tier 2 and tier 3 cities and at Tehsil headquarters at low costs ensuring the commercial viability of such satellite centers. Our company is continuously focusing on improving efficiency and lowering operational costs, as a result of which our cost to income ratio has been consistently improving, showing consistent increase in efficiency.

PRODUCTS AND SERVICES

Our Company has a variety of home loan products that are customized to the requirements of our borrowers, which can be classified as (i) Individual Home Loans (ii) Loans against Property. All our loans are backed by a first lien on the respective underlying properties. Our loan amounts range from ₹ 50,000 to ₹ 100,00,000. A brief description of the various loan products offered by our Company is detailed below:

| Sr. No. | Name of Loan Product | Product Details |
|-------------------------------|-----------------------------|--|
| Individual Home Loans | | |
| 1 | Sparsh Home Loan | Offered to Individuals and Corporate Bodies who wish to seek this facility either for construction or purchase of a property. |
| 2 | Home Revision Loan | Offered to customers who wish to repair, renovate, and/or extend the existing accommodation. |
| 3 | Saral Plot Loans | Offered to the Salaried and the Self-employed for outright purchase of plots for the construction of a house. |
| 4 | Specialty Loan | Offered for construction (including extensions and additions to existing property) on land owned by borrower's parents. |
| 5 | Home Loan for Self Employed | This product has been developed to cater to the large potential segment of self employed individuals, who, as a category have been ignored by the housing finance community. |
| Loans Against Property | | |
| 6 | NRI Housing Loan | Offered to Non Resident Indians for construction and purchase of Residential properties in India. |
| 7 | Wealth Loan | Offered to Salaried or against mortgage of immovable property for such purposes as may be desired by the borrower. |
| 8 | New Avenue Loan | Loans for purchase and/or construction of non-residential and Commercial property. |

For further details regarding the Key Risks inherent to our Business, please refer to "Risk Factors" on page 9 of this Draft Prospectus

SUMMARY OF OUR FINANCIALS

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

| Particulars | AS AT MARCH 31 | | | | |
|--|----------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| I. Equity and Liabilities | | | | | |
| (1) Shareholder's Funds | 491.32 | 305.65 | 264.47 | 248.53 | 240.51 |
| (a) Share Capital | 305.10 | 225.10 | 200.10 | 200.10 | 200.10 |
| (b) Reserves and Surplus | 186.22 | 80.55 | 64.37 | 48.43 | 40.41 |
| (c) Money received against share warrants | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (2) Share application money pending allotment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (3) Non-Current Liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (a) Long Term Borrowings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Deferred Tax Liabilities (Net) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Other Long Term liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (d) Long Term Provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (4) Current Liabilities | 374.42 | 293.15 | 236.02 | 120.40 | 137.37 |
| (a) Short Term Borrowings | 347.86 | 276.05 | 223.71 | 108.10 | 118.12 |
| (b) Trade Payables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Other Current Liabilities | 2.10 | 4.22 | 2.31 | 2.65 | 12.18 |
| (d) Short Term Provisions | 24.46 | 12.88 | 10.00 | 9.65 | 7.07 |
| Total (1+2+3+4) | 865.74 | 598.80 | 500.49 | 368.93 | 377.88 |
| II. Assets | | | | | |
| (1) Non-Current Assets | 28.45 | 30.97 | 33.50 | 38.31 | 41.73 |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 11.74 | 14.42 | 17.17 | 22.54 | 26.90 |
| (ii) Intangible Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Capital Work-in-Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Intangible Assets under Development | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Non-Current Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Deferred Tax Assets (Net) | 1.66 | 1.55 | 1.33 | 0.77 | (0.17) |
| (d) Long Term Loans and Advances | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (e) Other Non-Current Assets | 15.05 | 15.00 | 15.00 | 15.00 | 15.00 |
| (2) Current Assets | 837.29 | 567.39 | 466.99 | 330.62 | 336.15 |
| (a) Current Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Inventories | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Trade Receivables (Housing Finance Loans - Gross) | 757.13 | 500.82 | 451.64 | 318.66 | 318.89 |
| (d) Cash and Cash Equivalents | 56.08 | 52.78 | 9.27 | 7.67 | 10.76 |
| (e) Short-Term Loans and Advances | 24.08 | 14.23 | 6.08 | 4.29 | 6.50 |
| (f) Other Current Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (1+2) | 865.74 | 598.80 | 500.49 | 368.93 | 377.88 |

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in Lakhs)

| Particulars | AS AT MARCH 31 | | | | |
|---|----------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| I. Revenue from Housing Finance Activity (Interest Income) | 126.60 | 89.60 | 84.08 | 59.2 | 54.24 |
| II. Other Income | 0.11 | 1.07 | 0.47 | 0.00 | 0.99 |
| III. Total Revenue (I + II) | 126.71 | 90.67 | 84.55 | 59.20 | 55.23 |
| <i>IV. Expenses:</i> | | | | | |
| Employee Benefit Expense | 25.02 | 21.68 | 17.16 | 11.42 | 10.04 |
| Interest (Financial) Costs | 47.35 | 33.41 | 26.51 | 16.73 | 13.95 |
| Depreciation and Amortization Expense | 3.53 | 4.03 | 5.38 | 7.27 | 3.81 |
| Provision for NPA | 6.64 | 2.18 | (0.69) | 2.61 | 0.79 |
| Other Expenses | 6.74 | 6.48 | 14.36 | 9.21 | 11.07 |
| IV. Total Expenses | 89.28 | 67.78 | 62.72 | 47.24 | 39.66 |
| V. Profit Before Exceptional and Extraordinary Items and Tax (III – IV) | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| VI. Exceptional Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VII. Profit Before Extraordinary Items and Tax (V - VI) | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| VIII. Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| IX. Profit before tax (VII - VIII) | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| X. Tax Expense: | | | | | |
| (1) Less: Current Tax | 11.88 | 6.94 | 6.25 | 5.2 | 5.23 |
| (2) Less: Deferred Tax | (0.12) | (0.22) | (0.56) | (0.95) | (0.15) |
| (3) Less: Short / Excess Provision of Earlier Years | 0.00 | 0.00 | 0.20 | (0.32) | 0.06 |
| XI. Profit (Loss) from the period from continuing operations | 25.67 | 16.17 | 15.94 | 8.03 | 10.43 |
| XII. Profit/(Loss) from discontinuing operations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| XIII. Tax expense of discounting operations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| XIV. Profit/(Loss) from Discontinuing operations (XII - XIII) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| XV. Profit/(Loss) for the period (XI + XIV) | 25.67 | 16.17 | 15.94 | 8.03 | 10.43 |
| Less: Transfer to Special Reserve | 6.50 | 3.75 | 3.25 | 3.00 | 3.50 |
| Amount to be transferred to P&L Account | 19.17 | 12.42 | 12.69 | 5.03 | 6.93 |

SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in Lakhs)

| Particulars | AS AT MARCH 31 | | | | |
|---|-----------------|----------------|-----------------|----------------|-----------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| A) Cash Flow From Operating Activities | | | | | |
| Net Profit Before Tax as Restated | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| Adjustment for : | | | | | |
| Depreciation | 3.53 | 4.03 | 5.38 | 7.27 | 3.81 |
| Provision for Diminution in Value of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (Profit)/ Loss on Sale of Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (Profit)/ Loss on Sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend Received | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Profit before Working Capital Changes | 40.96 | 26.92 | 27.21 | 19.23 | 19.38 |
| Adjustment for :- | | | | | |
| Loan and Advances | (266.16) | (57.33) | (134.77) | 2.44 | (112.80) |
| Creditors and Other Liabilities | 9.46 | 4.79 | 0.01 | (6.95) | 12.47 |
| Cash Generated from Operations | (256.70) | (52.54) | (134.76) | (4.51) | (100.33) |
| Direct Taxes Paid | (11.88) | (6.94) | (6.46) | (4.88) | (5.31) |
| Net cash from /(used in) Operating Activities (A) | (227.62) | (32.56) | (114.01) | 9.84 | (86.26) |
| B) Cash Flow from Investing Activities | | | | | |
| Purchase of Fixed Assets | (0.85) | (1.28) | 0.00 | (2.91) | (17.58) |
| Sale of Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Purchase of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Non-Current Assets | (0.05) | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred Tax Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividends Received | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net cash from/(used in) Investing activities (B) | (0.90) | (1.28) | 0.00 | (2.91) | (17.58) |
| C) Cash Flow from Financing Activities | | | | | |
| Proceeds From Issue of Share Capital + Premium | 160.00 | 25.00 | 0.00 | 0.00 | 61.50 |
| Increase in Secure and Unsecured loans | 71.81 | 52.34 | 115.61 | (10.02) | (99.65) |
| Increase in Housing loans | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividends paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net cash from/(used in) financing activities (C) | 231.81 | 77.34 | 115.61 | (10.02) | (38.15) |
| Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C) | 3.29 | 43.50 | 1.60 | (3.09) | (141.99) |
| Cash and cash equivalents at beginnings of year (D) | 52.78 | 9.27 | 7.67 | 10.76 | 152.75 |
| Cash and cash equivalents at end of year (E) | 56.08 | 52.78 | 9.27 | 7.67 | 10.76 |
| Net (Decrease)/Increase in cash and cash equivalent (D-E) | 3.30 | 43.51 | 1.60 | (3.09) | (141.99) |

ISSUE DETAILS IN BRIEF

PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

| | |
|--|--|
| Equity Shares Offered: Present Issue of Equity Shares by our Company | 35,04,000 Equity Shares of ₹10 each for cash at a price of ₹ 20/- per share aggregating ₹ 700.80 Lakhs |
| Issue Reserved for the Promoters Contribution | 4,98,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 20/- per share aggregating ₹ 99.60 Lakhs |
| Issue Reserved for the Market Makers | 4,08,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 20/- per share aggregating ₹ 81.60 Lakhs |
| Net Issue to the Public | 25,98,000 Equity Shares of ₹10 each for cash at a price of ₹ 20/- per share aggregating ₹ 519.60 Lakhs |
| Equity Shares outstanding prior to the Issue | 45,76,500 Equity Shares |
| Equity Shares outstanding after the Issue | 80,80,500 Equity Shares |
| Objects of the Issue | Please see the chapter titled " <i>Objects of the Issue</i> " on page 50 of this Draft Prospectus |

This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled "*Issue related Information*" beginning on page 173 of this Draft Prospectus.

GENERAL INFORMATION

Our company was incorporated as Vitalise Finlease Private Limited under the provisions of the Companies Act, 1956 on March 10, 1999, with the Registrar of Companies, Jaipur. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur.

Brief Company and Issue Information

| | |
|---|--|
| Registered Office | 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan India. Tel No.: +91 – 294 – 2412 609/ 2561 882 Fax No.: +91 – 294 – 5100 098 |
| Date of Incorporation | March 10, 1999 |
| Company Registration No. | 015440 |
| Company Identification No. | U65922RJ1999PLC015440 |
| Address of Registrar of Companies | G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur-302001, Rajasthan |
| Name of the Stock Exchange | SME Platform of BSE Limited |
| Issue Programme | Issue Opens on : [●] Issue Closes on : [●] |
| Company Secretary & Compliance Officer | Ms. Tanushree Trivedi 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur: 313001, Rajasthan Tel No.: +91 – 294 – 2412 609/ 2561 882 Fax No.: +91 – 294 – 5100 098 Email: srghousing@gmail.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 our Company

Our Board of Directors consists of:

| Name | Designation | DIN No. |
|----------------------|------------------------------------|----------------|
| Mr. Vinod K. Jain | Chairman and Managing Director | 00248843 |
| Mr. Rajesh Jain | Executive Director | 00212393 |
| Mrs. Seema Jain | Whole Time Director | 00248706 |
| Mr. Ashok Kabra | Non Executive Independent Director | 00240618 |
| Mr. Vikas Gupta | Non Executive Independent Director | 05280808 |
| Mr. Chirag Dharmawat | Non Executive Independent Director | 05281217 |

For further details pertaining to the education qualification and experience of our Directors, please see page 100 of this Draft Prospectus under the chapter titled “*Our Management*”.

Details of Key Intermediaries pertaining to this Issue and our Company

| Lead Manager of the Issue | Registrar to the Issue |
|---|---|
| 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: Mr. Gaurav Khandelwal / Ms. Nehar Sakaria SEBI Registration No.: INM000011344 | Sharex Dynamic (I) Pvt. Ltd. Unit No.1, Luthara Ind. Premises, 1st Floor, 44-E, M. Vasanti Marg, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai – 400 072. Tel. No. 022-28515606; Fax No.022-28512885 Website: www.sharexindia.com E-mail: sharexindia@vsnl.com Contact Person: Shri Ardeshir D. Patel SEBI Registration No. INR000002102 |
| Bankers to the Company | Legal Advisor to the Issue |
| State Bank of India 4-C, Ridhi Sidhi Complex, Madhuban, Udaipur-313 001. Tel No.: +91 – 2294 – 241 9132 / 33 Fax No.: +91 – 2294 – 241 9131 Email: pawan.arora@sbi.co.in Contact Person: Mr. Pawan Arora | Bharat Kumar Joshi & Associates 329, 2 nd Floor, S.M. Lodha Complex, Shastri Circle Road, Udaipur-313001, Rajasthan Tel No.: +91 – 2294 – 245 3931 Email: bharatkumarjoshi@rediffmail.com Contact Person: Mr. Bharat Kumar Joshi |
| Auditors of the Company | Bankers to the Issue (Escrow Collection Banks) |
| M/s Valawat Jha Pamecha & Co., Chartered Accountants, 432-433, S.M. Lodha Complex, Near Shastri Circle, Udaipur (Raj.)-313001 Membership No.: 072995 Tel. No.: +91 – 294- 2413 482 Email: Valawat@yahoo.co.in Contact Person: Jinendra Jain | [•] To be appointed prior to filing of prospectus with RoC |

Independent Auditor having a valid Peer Review certificate
Refund Banker to the Issue
M/s. Dhakar & Associates

Chartered Accountants
 73, Bhupalpura Road.
 Udaipur-313001, Rajasthan
 Membership No.: 072847
 Tel. No.: +91 – 294-2417-909
 Email: nirmaldhakar@gmail.com
 Contact Person: Nirmal Dhakar

[•]
 To be appointed prior to filing of prospectus with RoC

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 ₹ 7.00 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 excluding the Promoters Contribution is 100% Underwritten.

The promoters shall satisfy the requirements of Regulation 32 of SEBI ICDR at least one day prior to the date of opening of the issue and the amount of promoters contribution (in this case being 4,98,000 shares @ ₹ 20 per share aggregating to ₹ 99.60 Lakhs) shall be kept in an escrow account with the Banker to the Issue and shall be released to the issuer along with the release of the issue proceeds.

Pursuant to the terms of the Underwriting Agreement dated June 08, 2012, 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 Lakhs) |
|--|----------------------------|----------------------------------|
| 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: Mr. Gaurav Khandelwal / Ms. Nehar Sakaria SEBI Registration No.: INM000011344 | 13,02,000 | 260.40 |
| ISJ Securities Pvt. Ltd. 401-D, Natwar Chambers 94, Nagindas Master Road Fort, Mumbai – 400001 Tel. No.: +91 – 22 – 43222666 Fax No.: +91 – 22 – 22625488 Website: www.isjsec.com; Email: info@isjsec.com Contact Person: Hardik I. Jain SEBI Registration No.: INB011044931 | 17,04,000 | 340.80 |

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 June 08, 2012 with the following Market Maker to fulfil the obligations of Market Making:

| | |
|--|---|
| Name: Address: Tel No.: Fax No. E-mail: Website: Contact Person: SEBI Registration No.: | ISJ Securities Pvt. Ltd. 401-D, Natwar Chambers, 94, Nagindas Master Road, Fort, Mumbai – 400001 +91 – 22 – 43222666 +91 – 22 – 22625488 info@isjsec.com www.isjsec.com Hardik I. Jain INB011044931 |
|--|---|

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 three 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 Lakhs, except share data)

| Sr. No. | Particulars | Aggregate Nominal value | Aggregate Value at Issue Price |
|--------------|---|-------------------------|--------------------------------|
| A | Authorised Share Capital | | |
| | 1,00,00,000 Equity Shares of face value of ₹ 10/- each | 1000.00 | - |
| B | Issued, Subscribed & Paid-up Share Capital before the Issue | | |
| | 45,76,500 Equity Shares of face value of ₹ 10/- each | 457.65 | - |
| C | Present Issue in terms of this Draft Prospectus* 35,04,000 Equity Shares of ₹ 10/- each at a premium of ₹ 10/- per Equity Share | 350.40 | 700.80 |
| | Which Comprises | | |
| (I) | 4,08,000 Equity Shares of ₹ 10/- each at a premium of ₹ 10/- per Equity Share reserved as Market Maker Portion | 40.80 | 81.60 |
| (II) | 4,98,000 Equity Shares of ₹ 10/- each at a premium of ₹ 10/- per Equity Share reserved as Promoters Contribution | 49.80 | 99.60 |
| (III) | Net Issue to Public of 25,98,000 Equity Shares of ₹ 10/- each at a premium of ₹ 10/- per Equity Share to the Public | 259.80 | 519.60 |
| | Of Which | | |
| | 13,02,000 Equity Shares of ₹ 10/- each at a premium of ₹ 10/- per Equity Share will be available for allocation for Investors of upto ₹ 2.00 Lakhs | 130.20 | 260.40 |
| | 12,96,000 Equity Shares of ₹ 10/- each at a premium of ₹ 10/- per Equity Share will be available for allocation for Investors of above ₹ 2.00 Lakhs | 129.60 | 259.20 |
| D | Post Issue Issued, Subscribed & Paid-up Share Capital (80,80,500 Equity Shares) | 808.05 | - |
| E | Share Premium Account | | |
| | Before the issue | | 0.00 |
| | After the Issue | | 350.40 |

* The present issue has been authorized pursuant to a resolution of our Board dated April 10, 2012 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at an Extra ordinary General Meeting of our shareholders held on May 07, 2012.

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 | - | - | 2,50,000 | 10 | 25,00,000 |
| 2 | EGM held on April 10, 1999 | Increase | 50,000 | 3,00,000 | 10 | 30,00,000 |
| 3 | EGM held on July 10, 2002 | Increase | 4,50,000 | 7,50,000 | 10 | 75,00,000 |
| 4 | EGM held on December 12, 2005 | Increase | 12,50,000 | 20,00,000 | 10 | 2,00,00,000 |
| 5 | EGM held on March 17, 2008 | Increase | 10,00,000 | 30,00,000 | 10 | 3,00,00,000 |
| 6 | EGM held on March 17, 2012 | Increase | 70,00,000 | 1,00,00,000 | 10 | 10,00,00,000 |

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 (₹) |
|---|----------------------------------|----------------|-----------------|--|-------------------------|-----------------------------------|--------------------------------------|------------------------------|
| March 10, 1999 | 50 | 10 | 10 | Subscription to MoA ⁽¹⁾ | Cash | 50 | 500 | - |
| Dec 06, 2000 | 2,59,950 | 10 | 10 | Preferential Allotment ⁽²⁾ | Cash | 2,60,000 | 26,00,000 | - |
| March 30, 2002 | 20,000 | 10 | 10 | Preferential Allotment ⁽³⁾ | Cash | 2,80,000 | 28,00,000 | - |
| August 03, 2002 | 85,500 | 10 | 10 | Preferential Allotment ⁽⁴⁾ | Cash | 3,65,500 | 36,55,000 | - |
| February 27, 2003 | 1,62,600 | 10 | 10 | Preferential Allotment ⁽⁵⁾ | Cash | 5,28,100 | 52,81,000 | - |
| January 15, 2004 | 76,900 | 10 | 10 | Preferential Allotment ⁽⁶⁾ | Cash | 6,05,000 | 60,50,000 | - |
| March 31, 2005 | 1500 | 10 | 100 | Preferential Allotment ⁽⁷⁾ | Cash | 6,06,500 | 60,65,000 | 1,35,000 |
| March 31, 2006 | 4,05,500 | 10 | 10 | Preferential Allotment ⁽⁸⁾ | Cash | 10,12,000 | 1,01,20,000 | 1,35,000 |
| March 31, 2007 | 3,74,000 | 10 | 10 | Preferential Allotment ⁽⁹⁾ | Cash | 13,86,000 | 1,38,60,000 | 1,35,000 |
| March 26, 2008 | 6,15,000 | 10 | 10 | Preferential Allotment ⁽¹⁰⁾ | Cash | 20,01,000 | 2,00,10,000 | 1,35,000 |

| | | | | | | | | |
|----------------|-----------|----|----|---|--------------------------------------|-----------|-------------|-----------|
| March 31, 2011 | 2,50,000 | 10 | 10 | Preferential Allotment ⁽¹¹⁾ | Cash | 22,51,000 | 2,25,10,000 | 1,35,000 |
| March 29, 2012 | 6,50,000 | 10 | 20 | Preferential Allotment ⁽¹²⁾ | Cash | 29,01,000 | 2,90,10,000 | 66,35,000 |
| March 30, 2012 | 1,50,000 | 10 | 20 | Preferential Allotment ⁽¹³⁾ | Cash | 30,51,000 | 3,05,10,000 | 81,35,000 |
| April 26, 2012 | 15,25,500 | 10 | 0 | Bonus Issue in the ratio of (1:2) ⁽¹⁴⁾ | Capitalisation of Reserves & Surplus | 45,76,500 | 4,57,65,000 | - |

Notes:

1. Initial allotment of 10 Equity Shares each to the subscribers to the MoA of the Company being Mr. Genda Lal Jain, Mr. Vinod K. Jain, Mr. Rajesh Jain, Mrs. Pushpa Jain and Mrs. Seema Jain.
2. Preferential allotment of 25,000 equity shares to Mr. Vinod K. Jain, 20,000 equity shares to Mrs. Seema Jain, 30,000 equity shares to Mr. Rajesh Jain, 80,000 equity shares to Mr. Genda Lal Jain, 20,000 equity shares to M/s. Genda Lal Jain HUF, 25,000 equity shares to Mrs. Pushpa Jain, 10,000 equity shares to Mrs. Meenakshi Jain, 10,000 equity shares to M/s. Vinod Jain HUF, 10,000 equity shares to Mr. Mohan Lal Valawat, 10,000 equity shares to Mr. Jhamak Lal Jain, 10,000 equity shares to Ms. Neeta Jain, 1500 equity shares to Mr. Harish Kumar Teli, 1800 equity shares to Mr. Prakash Singhvi, 1800 equity shares to Mr. Manoj Tailor, 1800 equity shares to Mr. Nirmal Shama, 1600 equity shares to Mr. Bharat Sharma and 1450 equity shares to Mr. Mahesh Masani.
3. Preferential allotment of 5,000 equity shares to M/s. Genda Lal Jain HUF, 10,000 equity shares to Mrs. Pushpa Jain, and 5,000 equity shares to Mr. Jhamak Lal Jain.
4. Preferential allotment of 5,000 equity shares to Ms. Vandana Jain, 10,000 equity shares to Ms. Anjana Jain, 20,000 equity shares to Mr. Basanti Lal Maroo, 10,000 equity shares to Mr. Rishab Kumar Jain, 15,000 equity shares to Mr. Sunil Kumar Jain, 10,000 equity shares to Mrs. Indubala Jain, 15,000 equity shares to Mrs. Sheela Jain, 100 equity shares to M/s. Shanti Lal Jain HUF, 100 equity shares to Ms. Shweta Jain, 100 equity shares to Ms. Shilpa Jain, 100 equity shares to M/s. Naresh Kumar Jain HUF, and 100 equity shares to Mrs. Badam Devi Jain.
5. Preferential allotment of 7,000 equity shares to M/s. Genda Lal Jain HUF, 6,500 equity shares to Mrs. Pushpa Jain, 20,100 equity shares to Mrs. Manorma Jain, 62,400 equity shares to Mr. Bhanwar Lal Jain and 66,600 equity shares to Mr. Nemichand Jain.
6. Preferential allotment of 30,000 equity shares to Mrs. Seema Jain, 40,400 equity shares to M/s. Vinod Jain HUF, and 6,500 equity shares to Mrs. Manorma Jain.
7. Preferential allotment of 1,500 equity shares to Mr. Shanti Lal Sehlot.
8. Preferential allotment of 30,000 equity shares to Mrs. Seema Jain, 63,000 equity shares to M/s. Genda Lal Jain HUF, 50,000 equity shares to Mrs. Pushpa Jain, 50,000 equity shares to Mrs. Meenakshi Jain, 40,000 equity shares to M/s. Rajesh Jain HUF, 30,000 equity shares to Mrs. Aarti Prakash Jain, 17,500 equity shares to Mrs. Sulochana Devi Jain, 20,000 equity shares to Ms. Neeta Jain, 20,000 equity shares to Mr. Rishab Kumar Jain, 40,000 equity shares to Mr. Mohan Lal Nagda, 15,000 equity shares to Mr. Manohar Lal Jain, 10,000 equity shares to Mr. Kamlesh Jain and, 20,000 equity shares to Mr. Anil Kumar Jain.
9. Preferential allotment of 65,000 equity shares to Mr. Rajesh Jain, 55,000 equity shares to Mrs. Pushpa Jain, 40,000 equity shares to Mrs. Kala Tiwari, 15,000 equity shares to Mr. Awanish Tiwari, 20,000 equity shares to Mr. Gajendra Choudhary, 20,000 equity shares to Mr. Prakash

Chand Jain, 25,000 equity shares to Mrs. Asha Jain, 25,000 equity shares to Mr. Hemant Jain, 19,000 equity shares to Mrs. Neelima Bodana, 20,000 equity shares to Mr. Satish Matha and 70,000 equity shares to Mrs. Divya Lata Singh.

10. Preferential allotment of 60,000 equity shares to Mr. Rajesh Jain, 40,000 equity shares to M/s. Genda Lal Jain HUF, 1,00,000 equity shares to Mrs. Pushpa Jain, 15,000 equity shares to Mrs. Aarti Prakash Jain, 50,000 equity shares to Mrs. Sulochana Devi Jain, 44,000 equity shares to Mr. Lalit Kumar Jain, 50,000 equity shares to Mrs. Kala Tiwari, 15,000 equity shares to Mr. Awanish Tiwari, 35,000 equity shares to Mr. Mahip Bhatnagar, 30,000 equity shares to Mrs. Jyoti Vashisth, 26,000 equity shares to Mrs. Meenakshi Bolia and 1,50,000 equity shares to M/s. Sharda Green Marbles Pvt. Ltd.
11. Preferential allotment of 50,000 equity shares to Mrs. Sulochana Devi Jain, 1,00,000 equity shares to Mr. Vivek Vashisth and 1,00,000 equity shares to M/s. SRG Global Solutions Pvt. Ltd.
12. Preferential allotment of 50,000 equity shares to M/s. Genda Lal Jain HUF, 50,000 equity shares to Mrs. Aarti Prakash Jain, 25,000 equity shares to M/s. Hriday Insurance Consultant Pvt. Ltd., 17,500 equity shares to Mrs. Manorma Jain, 50,000 equity shares to Mr. Lalit Kumar Jain, 5,000 equity shares to Mr. Dinesh Kumar Lundia, 10,000 equity shares to Mrs. Anjana Jain, 7,500 equity shares to Mr. Rishab Kumar Jain, 7,500 equity shares to Mr. Sunil Kumar Jain, 5,000 equity shares to Mr. Anil Kumar Jain, 50,000 equity shares to Mr. Prakash Chand Jain, 45,000 equity shares to Mrs. Jyoti Vashisth, 12,500 equity shares to Mrs. Seema Saini, 50,000 equity shares to Mr. Lalit Kumar Damor, 25,000 equity shares to Mr. Fateh Lal Gameti, 25,000 equity shares to Mrs. Manju Murdia, 25,000 equity shares to Mr. Arun Murdia, 25,000 equity shares to Mrs. Alpana Pandya, 25,000 equity shares to Mr. Pankaj Jain, 60,000 equity shares to Mrs. Verdee Bai Sharma, 10,000 equity shares to Mr. Chandra Puri Goswami, 35,000 equity shares to Mr. Shanti Lal Sharma, 10,000 equity shares to Mrs. Madhu Murdia, 10,000 equity shares to Mr. Dhanpal Jain, 15,000 equity shares to Mrs. Saroj Jain
13. Preferential allotment of 40,000 equity shares to Mrs. Pushpa Jain, 30,000 equity shares to Mr. Vivek Vashisth, 30,000 equity shares to Mr. Dal Chand Nagda and 50,000 equity shares to Mr. Dharmesh Chandra Jain.
14. Pursuant to the Board Meeting held on April 10, 2012, 15,25,500 fully paid-up Equity Shares of ₹10 each were allotted as bonus shares to the existing equity shareholders as on April 26, 2012, in the ratio of 1 (One) Equity Shares for each 2 (Two) Equity Shares held by them, by capitalizing Share Premium Account (₹ 81,35,000 and Profit & Loss Account (₹ 71,20,000). The relevant provisions of the Companies Act have been complied with w.r.t the bonus issues.

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 |
|---|----------------------------------|----------------|-----------------|--|-------------------------|---|
| April 26, 2012 | 15,25,500 | 10 | 0 | Bonus Issue in the ratio of 1:2 | Bonus | Allotted to all the Shareholders of the Company |

Notes:

1. Bonus Equity shares have been issued to all our Shareholders on April 26, 2012 by capitalizing Share Premium Account (₹ 81,35,000) and Profit & Loss Account (₹ 71,20,000). The relevant provisions of the Companies Act have been complied with w.r.t the bonus issues.

2. No bonus shares have been issued out of Revaluation Reserves.
3. 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. Vinod K. Jain

| | | | | | | | |
|----------------------|---------------------------|------|-----------------|-----------|----|-------------|-------------|
| March 10, 1999 | Subscription to MOA | Cash | 10 | 10 | 10 | Negligible | Negligible |
| Dec 06, 2000 | Allotment | Cash | 25000 | 10 | 10 | 0.55 | 0.31 |
| October 5, 2001 | Transfer | Cash | 10000 | 10 | 10 | 0.22 | 0.12 |
| March 31, 2008 | Transfer | Cash | 75,000 | 10 | 1 | 1.64 | 0.93 |
| March 12, 2011 | Transfer | Cash | 66,600 | 10 | 10 | 1.46 | 0.82 |
| August 23, 2011 | Transfer | Cash | 50,000 | 10 | 10 | 1.09 | 0.62 |
| March 05, 2012 | Transfer | Cash | 62,400 | 10 | 10 | 1.36 | 0.77 |
| April 26, 2012 | Allotment of Bonus Shares | - | 1,44,505 | 10 | 0 | 3.15 | 1.79 |
| <i>Sub-Total (i)</i> | | | <i>4,33,515</i> | <i>10</i> | | <i>9.47</i> | <i>5.36</i> |

(ii) Mr. Rajesh Jain

| | | | | | | | |
|-----------------------|---------------------------|------|-----------------|-----------|----|-------------|-------------|
| March 10, 1999 | Subscription to MOA | Cash | 10 | 10 | 10 | Negligible | Negligible |
| Dec 06, 2000 | Allotment | Cash | 30,000 | 10 | 10 | 0.66 | 0.37 |
| March 31, 2007 | Allotment | Cash | 65,000 | 10 | 10 | 1.42 | 0.80 |
| March 26, 2008 | Allotment | Cash | 60,000 | 10 | 10 | 1.31 | 0.74 |
| April 26, 2012 | Allotment of Bonus Shares | - | 77,505 | 10 | 0 | 1.69 | 0.96 |
| <i>Sub-Total (ii)</i> | | | <i>2,32,515</i> | <i>10</i> | | <i>5.08</i> | <i>2.88</i> |

(iii) Mrs. Seema Jain

| | | | | | | | |
|------------------|---------------------|------|-------|----|----|------------|------------|
| March 10, 1999 | Subscription to MOA | Cash | 10 | 10 | 10 | Negligible | Negligible |
| Dec 06, 2000 | Allotment | Cash | 20000 | 10 | 10 | 0.44 | 0.25 |
| January 15, 2001 | Allotment | Cash | 30000 | 10 | 10 | 0.66 | 0.37 |
| March 31, 2006 | Allotment | Cash | 30000 | 10 | 10 | 0.66 | 0.37 |
| March 31, 2008 | Transfer | Cash | 3300 | 10 | 1 | 0.07 | 0.04 |
| March 05, 2012 | Transfer | Cash | 40000 | 10 | 10 | 0.87 | 0.50 |

| 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 |
|-----------------------------------|---------------------------|---------------|-----------------|----------------|------------------------------|--------------------------------|---------------------------------|
| April 26, 2012 | Allotment of Bonus Shares | - | 61,655 | 10 | 0 | 1.35 | 0.76 |
| <i>Sub-Total (iii)</i> | | | <i>1,84,965</i> | <i>10</i> | | <i>4.04</i> | <i>2.29</i> |
| Grand Total (i + ii +iii) | | | 8,50,995 | | | 18.59 | 10.53 |

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 see Note No. 2 of "Capital Structure" on page 39 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.
- 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 |
|---|------------------|------------------------------------|
| Promoters (Mr. Vinod K. Jain, Mr. Rajesh Jain & Mrs. Seema Jain)* | 4,98,000 | 6.16% |
| Mr. Vinod K. Jain | 2,64,915 | 3.28% |
| Mr. Rajesh Jain | 2,32,515 | 2.88% |
| Mrs. Seema Jain | 1,24,965 | 1.55% |
| Mr. Genda Lal Jain | 1,20,015 | 1.49% |
| Mrs. Pushpa Jain | 4,29,765 | 5.32% |
| Grand Total | 16,70,175 | 20.67% |

* The Promoters Contribution of 4,98,000 share in the issue will be satisfied one day prior to the date of opening of the issue and the amount shall be kept in the escrow account opened with the Banker to the Issue and shall be released to the Company along with the release of the issue proceeds.

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. Vinod K. Jain | 4,33,515 | 9.47% | [•] | [•] |
| 2 | Mr. Rajesh Jain | 2,32,515 | 5.08% | [•] | [•] |
| 3 | Mrs. Seema Jain | 1,84,965 | 4.04% | [•] | [•] |
| | Total (A) | 8,50,995 | 18.59% | 13,48,995 | 16.69% |
| B | Promoter Group & Relatives | | | | |
| 1 | Mr. Genda Lal Jain | 1,20,015 | 2.62% | 1,20,015 | 1.49% |
| 2 | Mrs. Pushpa Jain | 4,29,765 | 9.39% | 4,29,765 | 5.32% |
| 3 | Mrs. Meenakshi Jain | 1,59,975 | 3.50% | 1,59,975 | 3.53% |
| 4 | Mrs. Aarti Prakash Jain | 1,44,750 | 3.16% | 1,44,750 | 1.98% |
| 5 | M/s. Vinod Jain HUF | 1,21,350 | 2.65% | 1,21,350 | 1.50% |
| 6 | M/s. Rajesh Jain HUF | 60,000 | 1.31% | 60,000 | 0.74% |
| 7 | M/s. Genda Lal Jain HUF | 2,85,000 | 6.23% | 2,85,000 | 1.79% |
| 8 | M/s. SRG Global Solutions Pvt. Ltd. | 3,75,000 | 8.19% | 3,75,000 | 4.64% |
| 9 | M/s. Hriday Insurance Consultant Pvt. Ltd. | 37,500 | 0.82% | 37,500 | 0.46% |
| | Total (B) | 17,33,355 | 37.88% | 17,33,355 | 21.45% |
| C | Other Associates acting in Concert | | | | |
| 1 | Mrs. Manorma Jain | 66,150 | 1.45% | 66,150 | 0.83% |
| 2 | Mrs. Sulochana Devi Jain | 1,76,250 | 3.85% | 1,76,250 | 2.18% |
| 3 | Mr. Lalit Kumar Jain | 1,41,000 | 3.08% | 1,41,000 | 1.74% |
| 4 | Mr. Dinesh Kumar Lundia | 7500 | 0.16 | 7500 | 0.09% |
| | Total (C) | 3,90,900 | 8.54% | 3,90,900 | 4.84% |
| | Grand Total (A+B+C) | 29,75,250 | 65.01% | 34,73,250 | 42.98% |

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 100 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. Vinod K. Jain | 4,33,515 | 9.47% |
| 2 | Mrs. Pushpa Jain | 4,29,765 | 9.39% |
| 3 | M/s. SRG Global Solutions Pvt. Ltd | 3,75,000 | 8.19% |
| 4 | M/s. Genda Lal Jain HUF | 2,85,000 | 6.23% |
| 5 | Mr. Rajesh Jain | 2,32,515 | 5.08% |
| 6 | Mr. Vivek Vashisth | 1,95,000 | 4.26% |
| 7 | Mrs. Seema Jain | 1,84,965 | 4.04% |
| 8 | Mrs. Sulochana Devi Jain | 1,76,250 | 3.85% |
| 9 | Mrs. Meenakshi Jain | 1,59,975 | 3.50% |
| 10 | Mrs. Aarti Prakash Jain | 1,44,750 | 3.16% |
| Total | | 26,16,735 | 57.17% |

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. Vinod K. Jain | 4,33,515 | 9.47% |
| 2 | Mrs. Pushpa Jain | 4,29,765 | 9.39% |
| 3 | M/s. SRG Global Solutions Pvt Ltd | 3,75,000 | 8.19% |
| 4 | M/s. Genda Lal Jain HUF | 2,85,000 | 6.23% |
| 5 | Mr. Rajesh Jain | 2,32,515 | 5.08% |
| 6 | Mr. Vivek Vashisth | 1,95,000 | 4.26% |
| 7 | Mrs. Seema Jain | 1,84,965 | 4.04% |
| 8 | Mrs. Sulochana Devi Jain | 1,76,250 | 3.85% |
| 9 | Mrs. Meenakshi Jain | 1,59,975 | 3.50% |
| 10 | Mrs. Aarti Prakash Jain | 1,44,750 | 3.16% |
| Total | | 26,16,735 | 57.17% |

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 Pre-Issue Share Capital |
|---------|-------------------------------------|---------------|-------------------------------------|
| 1 | Mrs. Pushpa Jain | 2,46,510 | 12.32% |
| 2 | Mr. Rajesh Jain | 1,55,010 | 7.75% |
| 3 | M/s. Sharda Green Marbles Pvt. Ltd. | 1,50,000 | 7.50% |
| 4 | M/s. Genda Lal Jain HUF | 1,40,000 | 7.00% |

| | | | |
|--------------|--------------------------|------------------|---------------|
| 5 | Mr. Vinod K. Jain | 1,10,010 | 5.50% |
| 6 | Mrs. Kala Tiwari | 90,000 | 4.50% |
| 7 | Mrs. Seema Jain | 83,310 | 4.16% |
| 8 | Mr. Genda Lal Jain | 80,010 | 4.00% |
| 9 | Mrs. Divya Lata Singh | 70,000 | 3.50% |
| 10 | Mrs. Sulochana Devi Jain | 67,500 | 3.37% |
| Total | | 11,92,350 | 59.59% |

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 45.

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 | 21,71,850 | - | 47.46% | 47.46% | - | - |
| Bodies Corporate | 2 | 4,12,500 | - | 9.01% | 9.01% | - | - |
| PAC's | 4 | 3,90,900 | - | 8.54% | 8.53% | - | - |
| Sub Total | 16 | 29,75,250 | - | 65.01% | 65.01% | - | - |
| (2) Foreign | - | - | - | - | - | - | - |
| Total Shareholding of Promoter and Promoter Group (A) | 16 | 29,75,250 | - | 65.01% | 65.01% | - | - |
| (B) Public Shareholding | | | | | | | |
| (1) Institutions | - | - | - | - | - | - | - |
| (2) Non-Institutions | | | | | | | |
| Bodies Corporate | - | - | - | - | - | - | - |
| Individuals | | | | | | | |
| Individual shareholders holding nominal share capital upto ₹ 1 lac | 2 | 15,000 | - | 0.32% | 0.32% | - | - |
| Individual shareholders holding nominal share capital in excess of ₹ 1 lac | 27 | 15,86,250 | - | 34.67% | 34.67% | - | - |
| NRI's / OCB's | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Total Public Shareholding (B) | 29 | 16,01,250 | - | 34.99% | 34.99% | - | - |
| Total (A+B) | 45 | 45,76,500 | - | 100.00% | 100.00% | - | - |
| (C) Shares held by Custodians and against which Depository receipts have been issued | - | - | - | - | - | - | - |
| Total (A+B+C) | 45 | 45,76,500 | - | 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 disbursement of housing and related loans activities.
- To Meet the Issue Expenses

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

Our Company is primarily engaged in the business of housing finance. The main objects clause of our Memorandum enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through this Issue. The activities which have been carried out until now by our Company are valid in terms of 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 lakhs) |
|---------|--|------------------------|
| 1. | To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our disbursement of housing and related loans activities. | 635.00 |
| 2. | To Meet the Issue Expenses | 65.80 |
| | Total | 700.80 |

Means of Finance

| Sr. No. | Particulars | Amount (₹ in lakhs) |
|---------|-----------------------|------------------------|
| 1. | Public Issue Proceeds | 700.80 |

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue, and accordingly, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the Issue) does not apply.

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, housing 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.

Details of the Utilization of Issue Proceeds

1. To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our disbursement of housing and related loans activities.

We are a growing housing finance company, engaged primarily in the business of providing housing finance to Individuals for Home Ownership, by offering (i) Individual Home Loans; (ii) Loans against Properties. We propose to augment our capital base by ₹ 635.00 Lakhs through this Issue and utilize the funds raised from the same to further increase our operational scale of such business activities and assets, which will consequently result in an increase in our net worth and enable us to meet our future capital adequacy requirements. It will further help us develop close relationships with individual households and enhance our customer relationships.

Our Company is in compliance with the capital adequacy norms of the NHB Directions 2010. As per notification dated June 28, 2011 NHB specifics' the minimum of Net owned fund required to be achieved by a housing finance company to be ₹ 10 Crore on or before March 31, 2014. For further details of the minimum capital adequacy requirement by NHB, please see the chapter titled "*Key Industry Regulation and Policies*" on page 93 of this Draft Prospectus.

The increase in capital base of the company will enhance our capabilities to securitize our loan portfolio to Banks and financial institutions to raise more funds which will lead to an increase in the Loan book of the company.

Our outstanding loan portfolio has grown by a CAGR of 24.13% from ₹ 318.89 lakhs as at March 31, 2008 to ₹ 757.13 lakhs as at March 31, 2012. While our Company has been in compliance with the minimum CRAR requirements prescribed in the NHB Directions, 2010, our Company's outstanding loan book size has been increasing, as set-out in the table below:

| Particulars | As at March 31, 2012 | As at March 31, 2011 | As at March 31, 2010 |
|-------------------------------|----------------------|----------------------|----------------------|
| Outstanding loans (₹in lakhs) | 757.13 | 500.83 | 451.64 |
| Outstanding loan growth (%) | 51.18 | 10.89 | 41.73 |
| CRAR (%) | 82.14 | 81.67 | 76.76 |

In light of the growth demonstrated and the potential increase in the outstanding loan book, our Company may be required to increase its capital base so that it can continue to maintain the regulatory capital requirements prescribed by the NHB.

The Net Proceeds (i.e. Issue Proceeds less Issue related Expenses) would be utilized for disbursing further loans and our Company proposes to deploy the same in current/next Fiscal year. In addition, augmentation of our capital base and increase in net worth results in a reduction in the debt to equity ratio, which in turn allows the Company to raise additional debt that can also be utilized for granting loans to our customers.

2. Issue related 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 of the Issue are estimated to be approximately ₹ 65.80 lakhs. The breakup of the estimated Issue related expenses is as follows:

| Activity | Expense (₹ in Lakhs)* | As % of total Issue Related Expenses | As % of Issue |
|--|--------------------------|---|---------------------|
| Payment to Merchant Banker including fees and reimbursements of selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc. and other out of pocket expenses | 38.30 | 58.21% | 5.47% |
| Advertising and marketing expenses | 5.00 | 7.60% | 0.71% |
| Printing and stationery (including distribution) | 7.50 | 11.40% | 1.07% |
| Other (Regulatory fees, and other expenses) | 15.00 | 22.80% | 2.14% |
| Total Issue expenses | 65.80 | 100.00% | 9.39% |

Schedule of Implementation

The Net Proceeds would be utilized for disbursing further loans and our Company proposes to deploy the same in current / next Fiscal year depending on the demand for Housing Loans going forward.

DEPLOYMENT OF FUNDS AND SOURCES OF FINANCING FOR THE FUNDS DEPLOYED

M/s. Valawat Jha Pamencha & Co., Chartered Accountants have vide certificate dated June 07, 2012, confirmed that as on May 30, 2012, following funds were deployed for the proposed Objects of the Issue. He has also further confirmed that the same were funded from the Internal Accruals of the Company.

Deployment of Funds

| Sr. No. | Particulars | Amount (₹ in Lakhs) |
|---------|----------------|---------------------|
| 1 | Issue Expenses | 10.00 |
| | Total | 10.00 |

Sources of Financing for the Funds Deployed

| Sr. No. | Particulars | Amount (₹ in Lakhs) |
|---------|-------------------|---------------------|
| 1 | Internal Accruals | 10.00 |
| | Total | 10.00 |

Interim Use of Funds

Our management, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market, mutual funds, deposits with banks and other financial institutions for the necessary duration. Such investments would be in accordance with investment policies approved by our Board from time to time. We shall not use the funds for any investments in the equity markets.

Monitoring utilization of funds from the Issue

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 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.

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.

Bridge Financing Facilities

As on the date of this Draft Prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds.

Other confirmations

There is no material existing or anticipated transactions with our Promoter, our Directors, our Company's key Managerial personnel and Group Entities, in relation to the utilisation of the Net Proceeds.

No part of the Net Proceeds will be paid by us as consideration to our Promoter, our Directors or key managerial personnel or our Group Entities, except in the normal course of business and in compliance with the applicable law.

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 April 10, 2012 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at an Extra ordinary General Meeting of our shareholders held on May 07, 2012.

| | |
|-------------------------------------|---|
| 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 ₹ 20/- each. |
| Market Lot and Trading Lot | The Market lot and Trading lot for the Equity Share is 6000 (Six Thousand) and the multiple of 6000; subject to a minimum allotment of 6000 Equity Shares to the successful applicants. |
| Terms of Payment | 100% of the issue price of ₹ 20/- shall be payable on Application. For more details, please see page 190 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 FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10 and Issue Price is ₹ 20/- per Equity Shares and is 2.00 times the face value.

Investors should read the following summary with the "Risk factors", "About the Issuer Company" and "Financial Information" beginning on pages 9, 69, and 126 respectively, of this Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative Factors

We believe that our business strengths listed below deliver that cutting edge that enables us to remain competitive in financial services related businesses:

- Direct customer contact
- Niche marketing strategy
- Robust risk management systems and processes
- Well recognized brand in Rajasthan with an established track record
- Strong Senior Management backed by Experienced Promoters

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see the chapters titled "Business Overview" and "Risk Factors" beginning on pages 80 and 9 respectively, of this Draft Prospectus.

Quantitative Factors

Information presented in this section is derived from our Company's restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Weighted Average Earnings Per Share (Basic EPS)

| Financial years | Basic EPS (₹) | Weights |
|-----------------------------|---------------|---------|
| 2009/2010 | 0.80 | 1 |
| 2010/2011 | 0.81 | 2 |
| 2011/2012 | 1.14 | 3 |
| Weighted Average EPS | 0.97 | |

Note: EPS represents basic earnings per share calculated as per Accounting Standard-20 issued by Institute of Chartered Accountants of India.

2. Price/Earnings Ratio (P/E) in relation to Issue Price of ₹20/- per share

| Particulars | P/E ratios |
|--|--------------|
| P/E based on Basic EPS as at March 31, 2012 | 17.54 |
| P/E based on Weighted Average Basic EPS | 20.62 |
| Industry P/E | |
| Highest- Housing Development Finance Corporation Limited | 22.90 |
| Lowest- Can Fin Homes Limited | 4.30 |
| Average | 20.00 |

**Source: Capital Market, June 11 - 24, 2012; Sector – Housing Finance*

3. Return on Net Worth in the last three years

| Particulars | RONW (%) | Weights |
|------------------------------|-------------|---------|
| 2009/2010 | 6.03 | 1 |
| 2010/2011 | 5.29 | 2 |
| 2011/2012 | 5.22 | 3 |
| Weighted Average RONW | 5.38 | |

- Networth is defined as share capital + reserves and surplus – miscellaneous expenditure
- Return on Networth has been calculated as per the following formula:
(Net profit after tax as restated / Networth at the end of the year or period)

Minimum Return on Net Worth after Issue needed to maintain Pre-Issue Basic EPS for the FY 2011-12 (based on restated financials) at the Issue Price of ₹ 20/- is 7.73%.

4. Net asset value (₹)

| Financial year | Net worth (₹ In Lakhs) | No. of shares | NAV(₹) |
|----------------|---------------------------|---------------|--------|
| 2009/2010 | 264.47 | 20.10 | 13.22 |
| 2010/2011 | 305.65 | 22.51 | 13.58 |
| 2011/2012 | 491.32 | 30.51 | 16.10 |

* 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, 2012 | 16.10 |
| 2. | After Issue | 14.75 |
| 3. | Issue Price | 20.00 |

*Source: Auditors report

6. Comparison of Accounting Ratios with Peer Group Companies

| Particulars | Face Value (₹) | EPS (₹) | P/E Ratio | RONW (%) | Book Value Per Share (₹) |
|--|-------------------|-------------|--------------|-------------|--------------------------|
| Can Fin Homes Ltd. | 10 | 23.90 | 4.30 | 14.30 | 169.60 |
| Dewan Housing Finance Corporation Ltd. | 10 | 26.20 | 6.60 | 19.70 | 174.00 |
| GIC Housing Finance Ltd. | 10 | 11.00 | 7.80 | 26.70 | 92.30 |
| Gruh Housing Finance Limited | 10 | 32.10 | 21.70 | 34.20 | 108.70 |
| Housing Development Finance Corporation Ltd. | 2 | 27.90 | 22.90 | 21.70 | 128.70 |
| LIC Housing Finance Ltd | 2 | 18.10 | 12.90 | 25.80 | 112.60 |
| Sahara housing Finance corporation Ltd. | 10 | 3.20 | 28.30 | 9.40 | 39.10 |
| SRG Housing Finance | 10 | 1.14 | 17.54 | 5.22 | 16.10 |

Source: Capital Market, June 11 - 24, 2012; Sector – Housing Finance

P/E based on closing price of June 04, 2012 on BSE and the standalone net profits of Fiscal 2012.

**The figures for SRG Housing Finance Limited are based on the restated results for the year ended March 31, 2012.*

The Company in consultation with the Lead Manager believes that the issue price of ₹ 20/- 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 times of the face value i.e. ₹ 20/- per share.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
SRG Housing Finance Limited,
Udaipur, Rajasthan

Dear Sirs,

Sub: Statement of Possible Tax Benefits available to SRG Housing Finance Limited ("the Company") and its shareholders in connection with the Initial Public Offering by the Company

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

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

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

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

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

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

For: M/s Valawat Jha Pamencha & Co.

Chartered Accountants

Firm's registration number: 008265C

Jinedra Jain

Partner

Membership No.: 072995

Place: Udaipur

Date: June 12, 2012

Special Tax Benefits

Transfer to special reserve

Subject to the fulfillment of conditions, the company is entitled to claim deduction under section 36(1)(viii). The amount of deduction is lower of the following

- Amount transferred to the special reserve account created for the purpose of section 36(1)(viii)
- 20% of the profits derived from the business activities as computed under section 28 of the Income Tax act but before claiming deduction under section 36(1)(viii)
- 200% of the paid-up share capital and general reserve on the last day of the previous year minus the balance of the special reserve account on the first day of the previous year.

General Tax Benefits to the Company:

1. Dividends earned are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt
2. As per Section 10(35) of the act, the following income will be exempt from tax in the hand of company.
 - (a) Income received in respect of the units of a Mutual Fund specified under section 10(23D); or
 - (b) Income received in respect of units from the administrator of the specified undertaking; or
 - (c) Income received in respect of units from the specified company
3. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Act, in accordance with and subject to the conditions and limits as may be specified in notifications.
4. The depreciation rates in respect of Motor Cars is 15%, Furniture & Fittings is 10%, Intangible assets is 25%, Computers 60%, Buildings (Residential) is 5% and Buildings (Others) is 10%. (Under section 32 of the Act, the Company is entitled to claim deprecation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.)
5. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April, 2010 will be available as credit to the extent specified in section 115JAA for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.
6. In case of loss under the head - Profit and Gains from Business or Profession, it can be set-off against any other head of income in accordance with the provision of section 71 and the excess loss after set-off can be carried forward for set-off against - Profit & Gain from Business or Profession of the next eight Assessment Years.
7. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.
8. If the company invests in the equity shares of another company, or unit in equity oriented fund as per the provisions of Section 10(38), of the Act any income arising from the transfer of a long term capital asset being an equity share in a company or unit in equity oriented fund is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

9. Income earned from investment in units of a specified Mutual Fund specified under Clause 10(23D) is exempt from tax under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.
10. Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/redeems the original units within nine months of the record date, then the loss arising from sale/redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.
11. In accordance with section 112 of the Act, the tax on capital gains on transfer of unlisted securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 - (a) 20% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess) of the capital gains as computed after indexation of the cost; or
 - (b) 10% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess) of the capital gains as computed without indexation.
12. In accordance with Section 111A of the Act, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess), where such transaction is chargeable to Securities Transaction Tax. And if the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to Securities Transaction Tax, then the tax will be chargeable at the normal rates of tax (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess) as applicable.
13. Under section 36(1)(vii) of the Act, any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.
14. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which does not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure.

Section 115-O

Tax rate on distributed profits of domestic companies (DDT) is 15%, the surcharge on Income tax is at 5%, and the Primary Education cess is at 2% and Secondary and Higher Secondary Education Cess at the rate of 1%

Tax Rates

The tax rate is 30%. The surcharge on Income tax is 5%, only if the total income exceeds ₹ 10.0 million. Primary Education cess is at 2% and Secondary and Higher Secondary Education Cess at the rate of 1%

General Tax Benefits to the Shareholders of the Company

(I) Under the Income-tax Act

(A) Residents

1. Dividends earned on shares of the domestic company are exempt from tax in accordance with and subject to the provisions of section 10(34) of the Act read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.
2. Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. Long term capital gain arising on sale of equity shares or unit of an equity oriented fund is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October 1, 2004 on a recognised stock exchange and the transaction is chargeable to securities transaction tax.
4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income (*i.e.* dividend) is not a tax deductible expenditure.
5. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head _Profits and Gains of Business or Profession.
6. As per the provision of Section 71(3) of the Act, if there is a loss under the head "Capital Gains" it cannot be set-off against the income under any other head. Section 74 provides that the short term capital loss can be setoff against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term capital loss can be carried forward for next eight assessment years and can be set off against any capital gains in subsequent years. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off only against long term capital gains in subsequent years.
7. Taxable long term capital gains would arise [if not exempt under section 10(38) or any other section of the Act] to a resident shareholder where the equity shares or units or zero coupon bonds are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:
 - (a) Cost of acquisition/improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and
 - (b) Expenditure incurred wholly and exclusively in connection with the transfer of shares. Under section 112 of the Act, taxable long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and education cess), without indexation, at the option of the shareholder.
8. Short term capital gains on the transfer of equity shares or units of an equity oriented fund where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess), where the sale

is made on or after October 1, 2004 on a recognised stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess) applicable to the resident investor. Cost indexation benefits would not be available in computing tax on short term capital gain.

9. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain "Long term specified asset" within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 Million) for a minimum period of three years.
10. In accordance with section 54F of the Act, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual:
 - (a) Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - (b) Purchases another residential house within a period of one year after the date of transfer of the shares; or
 - (c) Constructs another residential house within a period of three years after the date of transfer of the shares; and
 - (d) 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.

Tax Rates

For Individuals, HUFs, BOI and Association of Persons:

| Slab of income (₹) | Rate of tax (%) |
|--------------------|-----------------|
| 0 – 180,000 | Nil |
| 180,001 – 500,000 | 10% |
| 500,001 – 8,00,000 | 20% |
| 800,001 and above | 30% |

Notes:

- a) In respect of women residents below the age of 60 years, the basic exemption limit is ₹ 190,000.
- b) In respect of senior citizens resident in India, the basic exemption limit is ₹ 250,000.
- c) Age limit of senior citizen is 60 years.
- d) Education cess will be levied at the rate of 2% on income tax and Secondary and Higher Secondary Education Cess at the rate of 1%
- e) In respect of very senior citizen who are above the age of 80 years, the basic exemption limit is ₹ 500000.

(B) Non-Residents:

1. Dividends earned on shares of the domestic Company are exempt in accordance with and subject to the provisions of section 10(34) of the Act read with Section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.
2. Long term capital gain arising on sale of Company's Equity shares or units of an equity oriented fund, is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October, 1 2004 on a recognised stock exchange and the transaction is chargeable to Securities Transaction Tax.
3. In accordance with section 48 of the Act, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company. Cost indexation benefit will not be available in such a case.
4. As per the provisions of Section 90(2) of the Act, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
5. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be at the rate of 10% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.
6. In accordance with Section 111A of the Act, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess), where such transaction is chargeable to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess as applicable.
7. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain "Long term specified asset" within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million) for a minimum period of three years.
8. In accordance with section 54F of the Act, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the

purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual:

- (a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- (b) purchases another residential house within a period of one year after the date of transfer of the shares; or
- (c) constructs another residential house within a period of three years after the date of transfer of the shares; and
- (d) 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, 1961 which reads as under:

1. In accordance with section 115E of the Act, income from investment or income from long -term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus Education Cess and Secondary and Higher Secondary Education Cess). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C (f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus Education Cess and Secondary and Higher Secondary Education Cess).
2. In accordance with section 115F of the Act, 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 new asset.
3. In accordance with section 115G of the Act, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.
4. In accordance with section 115-I of the Act, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.

As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing officer, along with his return of income for that year under section 139 of the act to the effect that the provision of chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified

assets for that year and subsequent assessment years until such assets are converted into money.

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

5. As per the provisions of Section 90(2) of the Act, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
6. In accordance with section 10(38) of the Act, any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
7. In accordance with section 10(34) of the Act, dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.
8. In accordance with Section 111A of the Act capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and Education Cess and Secondary and Higher Secondary Education Cess). If the provisions of Section 111A of the Act are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and Education Cess and Secondary and Higher Secondary Education Cess.
9. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million) for a minimum period of three years.
10. In accordance with section 54F of the Act, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual or Hindu Undivided Family
 - (a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - (b) purchases another residential house within a period of one year after the date of transfer of the shares; or
 - (c) constructs another residential house within a period of three years after the date of transfer of the shares; and
 - (d) 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.

(D) Foreign Institutional Investors (FIIs)

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

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

3. As per the provisions of Section 90(2) of the Act, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
4. Under section 196D (2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
5. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain Long term specified asset within a period of six months from the date of such transfer (up to a maximum limit of Rs 5.0 million) for a minimum period of three years.

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

Under section 36(1)(xv) of the Act, Securities Transaction Tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head _Profits and Gains of Business or Profession.

A non-resident taxpayer has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial (section 90(2) of the Act).

(F) Mutual Funds

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public

financial institution or authorised by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

(G) Venture Capital Companies/Funds

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

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

(H) Under the Wealth Tax and Gift Tax Acts

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

(I) Security Transaction Tax (STT)

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognised stock exchange in India or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of the Finance (No. 2) Act, 2004.

(J) Tax Deduction at Source

1. No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (other than long-term capital gains exempt under section 10(38) of the IT Act), may be eligible to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty.

Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

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

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

Special Tax Benefits to the Shareholders of the Company

There are no special benefits accruing to the Shareholders of the company.

Notes:

1. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2012-13. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
2. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
4. Direct Tax Code Bill 2010, which is going to substitute the existing Indian Income-tax Act, 1961 (herein referred as IT Act) and Wealth-tax Act, 1957 is placed before the Parliament and is not considered in the above statement.

For: M/s Valawat Jha Pamencha & Co.

Chartered Accountants

Firm's registration number: 008265C

Jinedra Jain

Partner

Membership No.: 072995

Place: Udaipur

Date: June 12, 2012

SECTION V: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Overview of the Indian Economy:

After two successive years of fairly robust growth of 8.4 per cent, GDP is estimated to decelerate sharply to 6.9 per cent during 2011-12, with a marked slowdown in agriculture, mining and quarrying, manufacturing and construction sectors. Data relating to Q3 of 2011-12 shows that growth moderated for the fourth successive quarter to 6.1 per cent, recording the lowest rate in the last eleven quarters. While the moderation of growth in agriculture was largely on account of the base effect and structural impediments, the slowdown in industry reflected a number of factors including domestic policy uncertainties, cumulative impact of monetary tightening and slackening of external demand.

However, current indications are that growth may have bottomed out in Q3 of 2011-12. Industrial growth remains subdued due to supply-side bottlenecks, particularly in the mining sector, and moderation in investment demand. With measures being taken to remove supply-side bottlenecks, progress on fiscal consolidation could create conditions for a more favourable growth-inflation dynamic. Given the general slack in capacity utilisation in most industries, production can be scaled up substantially. There has been strong credit off-take in February and March 2012, accounting for about 40 per cent of the total non-food credit during the year. Though the PMI for both manufacturing and services registered a deceleration in February and March, the indices remain high indicating expansion. The implicit growth rate for Q4 of 2011-12 works out to 6.9 per cent, essentially reflecting some improvement in industrial activity and the resilience of the services sector. In this context, the two-step lowering of the cash reserve ratio in January and March 2012 and the peaking of the interest rate cycle should provide some momentum.

(Source: RBI: Macroeconomic and Monetary Developments in 2011-12, issued on April 16, 2012)

Housing Industry in India

The growth of the Indian economy and the resultant rise in the per capita income are stepping up the pace of urbanization. This, along with the increasing finance penetration, has resulted in a growth in demand for housing in the past few years. As a result, the housing stock in India is estimated to grow from 142.8 million units in 2008 to 179.3 million units in 2015.

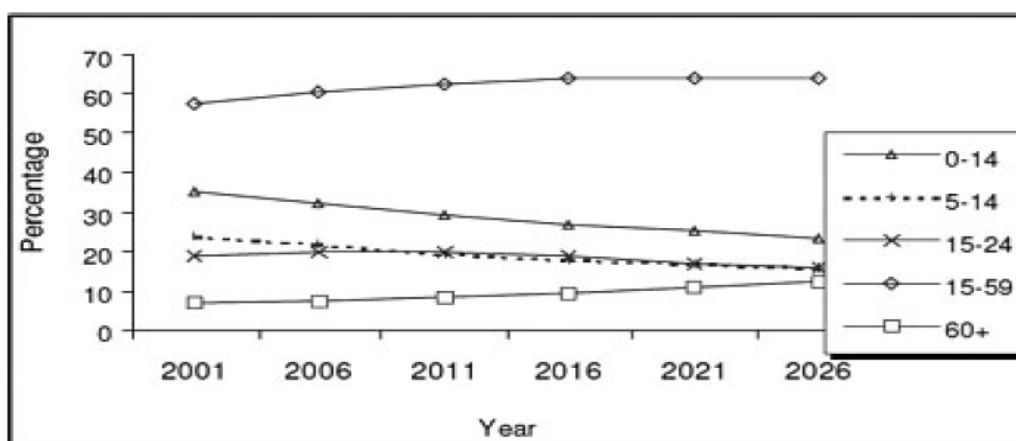
(Source: <http://www.thefinanceconcept.com/2012/01/key-demand-drivers-for-housing-industry.html>)

Key Demand Drivers for the Housing Industry in India:

The key demand drivers for the housing industry in India are as follows:

- ***Population growth backed by favourable demographics***

India is the second most populous country in the world with an estimated population of 1.21 billion in 2011 as against 1.03 billion in 2001, representing a decadal growth rate of 17.64%. This population growth is also resulting into an increase in the working population, thereby generating greater demand for housing. For instance, the age-group of 15 – 59 years is expected to grow in terms of its share in total population, between 2001 and 2026, as shown in the graph below:



• **Acute shortage of housing stock**

Despite strong growth in housing supply in recent years, India still faces a shortage of houses, especially in urban areas. This shortage is further accentuated in the mid-income and low-income categories. According to estimates made by the technical group constituted by the Ministry of Housing and Urban Poverty Alleviation for assessment of the urban housing shortage at the end of the 10th Five Year Plan, the total housing shortage in the country is 24.71 million units. According to the Planning Commission of India, the estimated housing shortage during the 11th Five Year Plan period is 26.53 million units.

| | (Million units) |
|--|-----------------|
| Housing Shortage at the beginning of 11th Five Year Plan | 24.71 |
| Addition to households | 8.71 |
| Addition to housing stock | 7.27 |
| Up-gradation of Kutchha houses | 0.38 |
| Total housing requirement during the 11th plan period | 26.53 |

• **Increasing Urbanization**

As per the Census of India 2011, the percentage of population living in urban areas in India has increased from 27.78% in 2001 to 31.16% in 2011 and is expected to further rise to 33% by 2026. As per the Census estimates, India is expected to add a total of 371 million people to its population between 2001 and 2026. Of this, nearly 182 million people are expected to be added in urban areas i.e. over 49% of the total population growth.

With increasing urbanisation, housing demand is expected to increase due to an increase in the nuclearisation of families, leading to the formation of a greater number of households. Further, with increasing demand for housing in urban areas, the property prices also start going up, leading to higher ticket size of loans and leading to larger disbursements.

• **Increasing Nuclearisation**

Nuclearisation refers to the formation of nuclear families from extended or joint families. It is often driven by employment-related migration, largely to urban areas, and impacts the housing demand in a manner similar to urbanisation. It reduces the area per household but the overall household formation rises, thereby increasing the demand for housing units. From an average family size of 6.0 persons in 1971, the size of the average family in India has dropped to 5.5 persons in 2001, indicating the move towards smaller family sizes in India and resulting in increase in demand for housing in India.

- ***Rising Affordability***

Sustained economic growth in India has led to several demographic changes in its population such as more employment opportunities, a rise in overall income levels and changing savings vs. spending habits, among others. A large proportion of India's working population is young, with higher aspiration levels leading to rising standards of living, matched with sufficient purchasing power.

Over the last few years, there has been a steady movement of households into higher income categories, leading to increasing affordability. For example, the number of ₹ 0.2-0.5 million income households and greater than ₹ 0.5 million income households in India are estimated to have grown at a CAGR of 15% and 13% respectively, from Fiscal 2005 to Fiscal 2009, while the less than ₹ 0.1 million income household category represented an estimated 55% of the total population in Fiscal 2009 as compared to 71% in Fiscal 2005.

The urban households, with annual household incomes exceeding ₹ 0.5 million, are estimated to grow by 12% during between Fiscal 2009 and Fiscal 2014. Rural households, with annual household incomes exceeding ₹ 0.5 million, are estimated to grow by 7% over the same period. The growth rate reflects an overall increase in affluence in both urban and rural households as more families move into higher income categories.

With rising income levels, there is greater demand for owned houses as well as larger houses, thereby providing a fillip to the housing industry.

- ***Increasing penetration of housing finance***

Increasing availability of housing finance along with low interest rates in the past, have given significant fillip to house purchases. This is especially true in urban areas, penetration of housing finance stands at 38.0% in Fiscal 2011. This is driven by factors like good branch network of lenders, increasing acceptability of loans by customers and salaried income profile – which is considered easier to evaluate by most lenders.

In comparison, housing finance penetration in rural areas stood at only 7.9% in Fiscal 2011 due to absence of adequate branches by lenders because of higher cost of operations, absence of large salaried class – not preferred by many lenders, and challenges in valuing collateral in rural areas. Rural, in this parlance, refers to places with a population of less than 10,000 as per the Census of India 2001, many of which are areas considered peripheries of large cities or even tier-3/tier-4 towns.

This indicates a strong opportunity for players who have the skill sets to evaluate and assess the credit-worthiness of assets and borrowers in such areas and who can maintain a low cost of operations.

- ***Government's thrust on housing***

The government has been offering several tax concessions to spur housing demand, which have also been instrumental in driving growth in housing and housing finance sectors. Some of the tax benefits provided by the Government include:

- *Section 80C of the IT Act:* Deduction on account of principal repayment of up to ₹ 0.1 million on home loans from the borrower's gross total income.
- *Section 24 of the IT Act:* Deduction on account of annual interest payment of up to ₹ 0.15 million on home loans, where the house is self-occupied.
- *Section 54 of the IT Act:* Capital gains from transfer of residential property, if invested in

acquiring a residential house, are exempt from income tax.

- *Section 36(1)(viii) of the IT Act:* 20% of profit derived from business of providing long term housing finance for residential purposes, is deducted from income in computing the income-tax, provided it is carried to special reserve. However, this deduction is available only up to twice the total amount of the HFCs paid-up share capital and general reserves.

Apart from providing tax incentives, the Indian government was providing an interest subvention of 1% on home loans up to ₹ 1 million, provided the cost of house does not exceed ₹ 2 million. NHB has yet to announce an extension of this scheme post March 31, 2011 even though the Union Budget 2011 speech referred to the scheme and announced that the limits would be increased from ₹ 1 million and ₹ 2 million to ₹ 1.5 million and ₹ 2.5, million respectively.

Source: <http://www.thefinanceconcept.com/search/label/Industry%20Analysis>

HOUSING FINANCE INDUSTRY IN INDIA

Industry Composition

India's housing finance industry mainly comprises banks and HFCs, and to a certain limited extent, smaller institutions such as community-based organizations, self-help groups, etc. The NHB operates as the principal agency for promoting, regulating and providing financial and other support to HFCs at local and regional levels, while banks and NBFCs are managed and regulated by the RBI. Based on the available information at present, 54 companies have been granted certificates of registration by NHB to act as HFCs.

Source: <http://www.nhb.org.in/Regulation/RegisteredCompanies.PHP> and <http://www.nhb.org.in/Regulation/NonValidCompanies.PHP>, accessed on April 17, 2012

Historically, the housing finance industry was dominated by HFCs. However, towards the end of the 1990's, the scheduled commercial banks became very active in lending to the housing sector in the backdrop of lower interest rates, rising disposable incomes, stable property prices and fiscal incentives by the government.

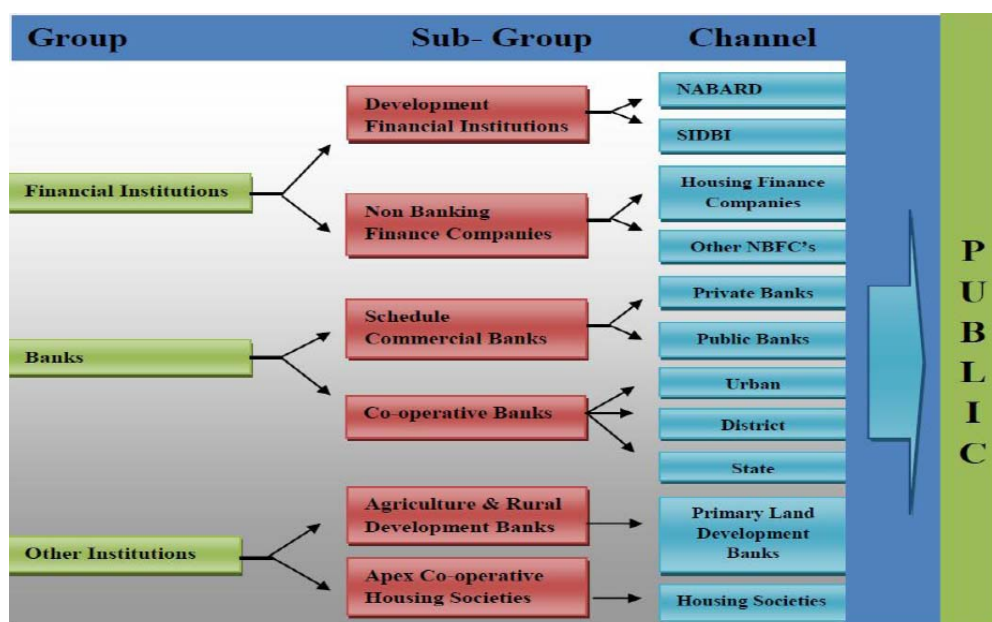
While banks depend on their own equity and reserves and large deposit base for funding their housing loan portfolios, HFCs primarily depend on funding sources such as loans from banks and financial institutions, financing from NHB, borrowing through bonds and debentures, commercial paper, subordinate debt and fixed deposits from public, besides their own equity and reserves.

Increased competition in the housing finance industry has also led to the introduction of new mortgage products in the market, such as variable interest rate loans, loan for repairs and renovation, customised products with features like ballooning EMI, depending on the need and eligibility of the borrowers concerned. In addition, some banks and HFCs are also offering home equity loans (loans against the mortgage of existing property), which may be used for non-housing purposes.

The Structure of the Housing Finance System:

Currently, housing finance in India is provided to the public by five different groups of institutions namely;

- Scheduled Commercial Banks
- Scheduled Co-operative Banks
- Agricultural and Rural Development Banks
- Housing Finance Companies
- State Level Apex Cooperative Housing Finance Societies.



Operation and Performance of Housing Finance Companies:

The growth in the housing loan portfolio of HFCs has been encouraging and an increase of 22 per cent was registered in their outstanding housing loan portfolio during the year 2010-11. The market share of HFCs is approximately 30-35 per cent of the retail housing finance market catering primarily to the borrowers in the formal sector. The Policy Circulars/Guidelines issued by NHB for the HFCs on issues pertaining to NOF requirements, LTV ratio, risk weights and provisioning, KYC and AML etc have all been intended to ensure growth of the HFCs and the housing finance sector on sustainable lines. Some of the key highlights of the HFCs portfolio Include Total loan portfolio of HFCs grew by 20.92 per cent during the FY 2010-11 over the FY2009-10.

- Housing loan portfolio grew by 21.76 per cent during the FY 2010-11 over the FY 2009-10.
- Housing loans which were 74.72 per cent of the total loans as on March 31, 2010 marginally increased and stood at 75.24 per cent as at end of March 31, 2011.
- Non housing loans which were only 25.28 per cent of the total loans at the end of the FY2009-10 have decreased to 24.76 per cent at the end of FY2010-11.
- Non housing loans grew by 18.42 per cent during the FY 2010-11, as compared to FY2009-10.
- Total borrowings of the registered HFCs increased by 19.84 per cent during the FY 2010-11 over the FY2009-10.
- Public Deposits outstanding at the end of March 31, 2010 were 27036 crore which increased to 28694 crore at the end of the March 31, 2011, thereby registering a growth of 6.13 per cent during the year.
- Total NNPA's as at the end of 2009-10 were 1,438 crore, which decreased to 413 crore as at the end of the March 31, 2011, showing a decline of 71.28 per cent.

Financial Indicators of HFCs

(₹ in Crore)

| Particulars | Outstanding as on 31st March | | | | | |
|---------------------------|------------------------------|----------|------------|----------|------------|----------|
| | 2009 | Growth % | 2010 | Growth % | 2011 | Growth % |
| Paid up capital | 4,797.13 | 10.94 | 4,890.47 | 1.95 | 5167.72 | 5.67 |
| Free reserves | 19,930.63 | 14.65 | 24,674.83 | 23.80 | 29,657.67 | 20.19 |
| Net owned fund (NOF) | 22,293.00 | 6.37 | 28,180.65 | 26.41 | 32,730.89 | 16.15 |
| Public Deposits | 20,296.27 | 55.14 | 27,035.75 | 33.21 | 28,694.34 | 6.13 |
| Outstanding Housing Loans | 126,823.50 | 16.12 | 153,188.73 | 20.79 | 186,438.25 | 21.71 |

HFCs in Public and Private Sector

(₹ in Crore)

| Particulars | 2008-09 | | | | 2009-10 | | | | 2010-11 | | | |
|---------------------------|---------------|----------------|------------|------------|---------------|----------------|------------|------------|---------------|----------------|------------|------------|
| | Public Sector | Private Sector | Total | Growth (%) | Public Sector | Private Sector | Total | Growth (%) | Public Sector | Private Sector | Total | Growth (%) |
| Paid up capital | 2,308.72 | 2,488.41 | 4,797.13 | 10.94 | 2,055.75 | 2,834.68 | 4,890.47 | 1.95 | 2,055.75 | 3,111.97 | 5,167.72 | 5.67 |
| Free reserves | 5,168.45 | 14,762.18 | 19,930.63 | 14.65 | 3,428.32 | 23,246.51 | 24,674.83 | 23.80 | 3,931.55 | 25,726.12 | 29,657.67 | 20.19 |
| Net owned fund (NOF) | 7,328.97 | 14,964.03 | 22,293.00 | 6.37 | 5,461.02 | 22,719.63 | 28,180.65 | 26.41 | 5,951.06 | 26,779.83 | 32,730.89 | 16.15 |
| Public Deposits | 5,106.24 | 15,190.03 | 20,296.27 | 55.14 | 5,517.63 | 21,518.13 | 27,035.75 | 33.21 | 4,661.42 | 24,032.92 | 28,694.34 | 6.13 |
| Outstanding Housing Loans | 40,565.98 | 86,257.52 | 126,823.50 | 16.12 | 9,280.09 | 143,907.64 | 153,188.73 | 20.79 | 9,357.77 | 177,080.48 | 186,438.25 | 21.71 |

HFCs Sponsored by Commercial Banks/Multi-State Co-operative Bank

(₹ in Crore)

| Particulars | 2008-09 | | | | 2009-10 | | | | 2010-11 | | | |
|---------------------------|---------------------------------|------------|------------|--------------------|---------------------------------|------------|------------|--------------------|---------------------------------|-----------|-----------|--------------------|
| | Commercial Bank sponsored HFCs' | Others | Total | Growth percent (%) | Commercial Bank sponsored HFCs' | Others | Total | Growth percent (%) | Commercial Bank sponsored HFCs' | Others | Total | Growth Percent (%) |
| Paid up capital | 1,423.05 | 3,374.08 | 4,797.13 | 10.94 | 1,390.66 | 3,499.81 | 4,890.47 | 1.95 | 1225.68 | 3942.05 | 5167.73 | 5.67 |
| Free Reserves | 726.00 | 19,204.63 | 19,930.63 | 14.65 | 952.55 | 23,722.28 | 24,674.83 | 23.80 | 1080.91 | 28576.76 | 29657.67 | 20.19 |
| Net Owned Fund (NOF) | 1,998.93 | 20,294.07 | 22,293.00 | 6.37 | 2,129.02 | 26,051.63 | 28,180.65 | 26.41 | 2105.38 | 30625.51 | 32730.89 | 16.15 |
| Public Deposits | 2,851.80 | 17,444.47 | 20,296.27 | 55.14 | 3,667.62 | 23,368.14 | 27,035.75 | 33.21 | 2334.18 | 26360.16 | 28694.34 | 6.13 |
| Outstanding Housing Loans | 13,273.46 | 113,550.04 | 126,823.50 | 16.12 | 15,844.86 | 137,343.87 | 153,188.73 | 20.79 | 12164.48 | 174273.77 | 186438.25 | 21.71 |

Classification based on size of deposits:

The size-wise details of public deposits outstanding at the end of last three years are indicated in Table. The share of size of public deposits over Rs.1, 00,000 accounted for 84.83 per cent of the total deposits as on March 31, 2011 as against 84.32 per cent of the total deposits, as on March 31, 2010. The outstanding public deposits with the HFCs have shown an increasing trend during the period 2009-2011. It has been noticed that major HFCs viz. HDFC, LIC Housing Finance Ltd., Dewan Housing Finance Ltd, PNB Home Finance Ltd, Sundaram BNP Paribas HFL, Can Fin Homes Ltd. etc have mobilized significant public deposits during the year 2010-11.

(₹ in Crore)

| Size | Outstanding public deposit as on 31st March | | | | | |
|-------------------|---|-------------------|-----------|-------------------|----------|-------------------|
| | 2009 | | 2010 | | 2011 | |
| | Amount | Per cent of total | Amount | Per cent of total | Amount | Per cent of total |
| Upto Rs. 5000 | 8.68 | 0.04 | 6.35 | 0.02 | 6.29 | 0.02 |
| ₹5001 to ₹10000 | 73.51 | 0.36 | 55.28 | 0.21 | 38.16 | 0.13 |
| ₹10001 to ₹25000 | 576.13 | 2.84 | 498.62 | 1.85 | 446.68 | 1.56 |
| ₹25001 to ₹50000 | 2,040.79 | 10.06 | 1,939.11 | 7.17 | 1969.33 | 6.86 |
| ₹50001 to ₹100000 | 1,634.52 | 8.05 | 1,738.89 | 6.43 | 1893.46 | 6.60 |
| Over ₹100000 | 15,962.64 | 78.65 | 22,797.50 | 84.32 | 24340.41 | 84.83 |
| Total | 20,296.27 | 100.00 | 27,035.75 | 100.00 | 28694.34 | 100.00 |

Borrowing and other deposits (other than public deposits)

The aggregate outstanding borrowings (excluding public deposits) of HFCs increased by 19.83 per cent from ₹ 165258.28 crore as on March 31, 2010 to ₹ 198023.12 crore as on March 31, 2011. Borrowings from the banking system stood at ₹ 89177.73 crore as on March 31, 2011 as against ₹ 70471.39 crore as

on March 31, 2010. 'Other Borrowings' increased from ₹ 94786.89 crore as on March 31, 2010 to ₹ 108845.39 crore as on March 31, 2011 registering a growth of 14.83 per cent.

Housing Loans

The aggregate outstanding housing loans of all registered HFCs, which were 126823.50 crore as on March 31, 2009 increased to 153188.73 crore as on March 31, 2010 registering a growth of 20.79 per cent. Further, the housing loans increased to 186438.25 crore as on March 31 2011, showing an increase of 21.71 per cent.

The percentage of outstanding housing loan to total loans stood at 71.84 per cent as on March 31, 2009 which marginally increased to 74.73 per cent on March 31 2010 and 75.24 per cent as on March 31, 2011.

(₹ in Crore)

| Particulars | As on 31.3.2009 | As on 31.3.2010 | As on 31.3.2011 |
|--|-----------------|-----------------|-----------------|
| Outstanding Housing Loans | 126,823.50 | 153,188.73 | 186438.25 |
| Outstanding Total Loans | 176,535.29 | 204,992.78 | 247781.18 |
| Percentage of Housing loans to Total Loans (%) | 71.84 | 74.73 | 75.24 |

Trends in Housing Credit of Banks

Despite moderating credit growth amidst tightening Policy measures undertaken by the Government to rein in inflationary pressures in the economy, personal loans have witnessed a growth of around 17 per cent during 2010-11 when compared to the previous year. The growth in personal loans will require careful monitoring on the part of the authorities due to their associated risks.

| Sector | 2009-10 | | 2010-11 | |
|-------------------------|----------|-------------|----------|-------------|
| | Amount | % Variation | Amount | % Variation |
| Personal Loans | 5,85,633 | 4.1 | 6,85,372 | 17 |
| Of which: Housing Loans | 3,00,929 | 7.7 | 3,46,110 | 15 |

(Source: Report of Trend and Progress of Banking in India, RBI, 2010-11)

Housing loans, due to their high sensitivity to interest rates, increase the possibilities of default on the part of the borrowers. In December 2010, the Reserve Bank of India had strengthened the prudential norms relating to housing loans to prevent excessive leverage.

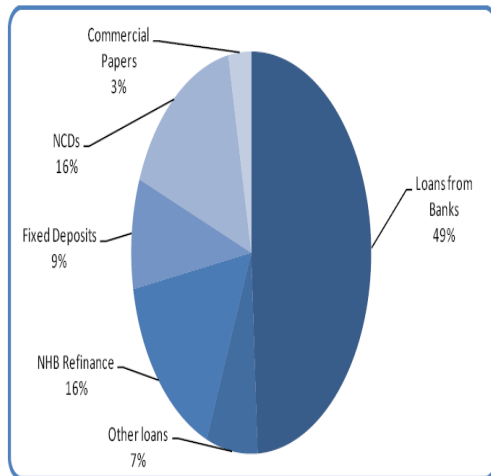
The interesting point to note is that despite Policy tightening by the RBI and the Government, housing credit witnessed higher growth during 2010-11 when compared to the growth experienced during the previous year. However, since Policy tightening measures were implemented towards the end of the year, the impact of the same would be experienced in the immediate future.

Dependence on wholesale funding sources remains high for HFCs

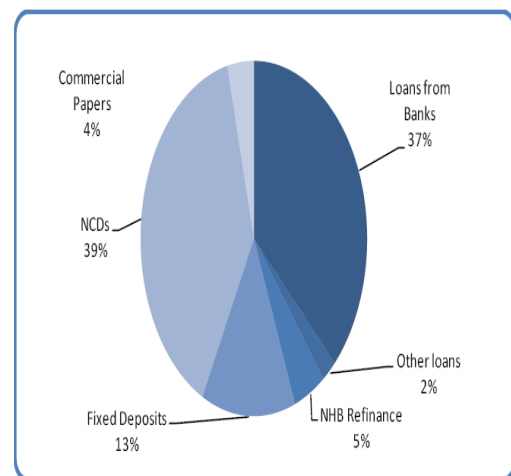
Most HFCs rely primarily on wholesale funding sources for onward lending. While the bigger HFCs have more diversified funding profiles, the smaller ones continue to depend largely on banks and NHB to meet their borrowing requirements. NHB is likely to remain an important source of long-term funds for the smaller HFCs, given that the institution mobilises funds at competitive rates and on-lends the same while

maintaining thin interest spreads because of its developmental role in the mortgage finance market. Also, most HFCs have increased their emphasis on mobilising public deposits to diversify their funding profile, as they perceive deposits to be a more stable source of funding (especially after the liquidity crisis of October 2008). However, despite these initiatives, HFCs are likely to remain reliant on wholesale funding sources, and as a result, any prolonged tightness in liquidity at the systemic level could affect their cost of funds and hence their competitive position.

Borrowing Profile of Small HFCs (March 2011)

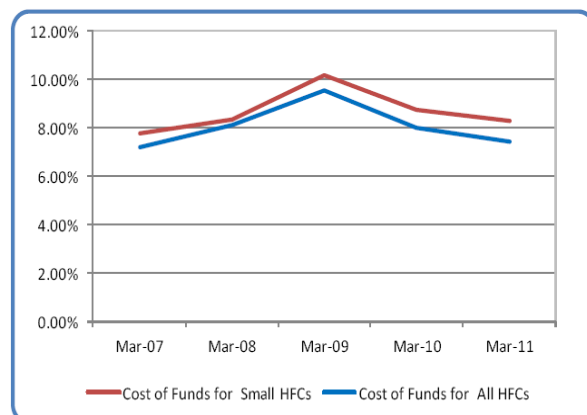


Borrowing Profile of all HFCs (March 2011)

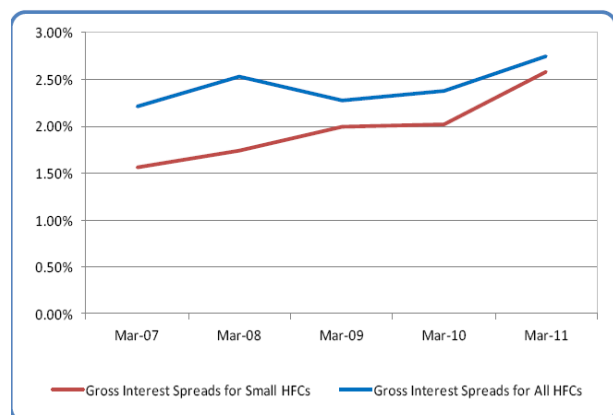


Profitability indicators stable for all HFCs as a whole

Trends in Cost of Funds of HFCs



Trends in Gross Interest Spreads of HFCs



Following the systemic decline in interest rates during the first half of 2010-11 and a corresponding decline in the PLRs of HFCs (by around 25-50 basis points), the yields on advances for all HFCs declined in 2010- 11. However, with the cost of funds declining simultaneously following renegotiation of interest rates on loans contracted earlier (at higher rates) and mobilization of fresh borrowings at lower rates of interest, HFCs were able to maintain and in some cases improve the interest spreads on an overall basis as compared with the previous year.

The teaser rate home loan portfolio of most HFCs would start getting repriced the second half of 2011-12 onwards, and this should help improve the overall yields by 25-40 basis points (around 25% of the

housing loan portfolio of HFCs was at teaser rates as on March 31, 2011). Nevertheless, given the sharp rise in interest rates in the current fiscal, there could be some compression in interest spreads in 2011-12. However, some of the cost increase has been passed on to borrowers via floating rates (most HFCs raised their PLR by 200-250 basis points March 2010 onwards).

KEY REGULATORY CHANGES BY GOVERNMENT FOR HOUSING AND HOUSING FINANCE

Removal of prepayment penalty

In October 2010, National Housing Bank (NHB), the regulator for HFCs, advised all HFCs not to levy any prepayment charge or penalty on pre-closure of housing loans by borrowers if the borrowers were preclosing loans with funds from their own sources. Further in NHB's circular dated October 19, 2011, NHB directed the following.

| Type of Loans | Action on prepayment penalty proposed by NHB |
|---------------------|--|
| Floating Rate Loans | No penalty when preclosed through any source |
| Fixed Rate Loans | No penalty when preclosed through own source (any source other than borrowing from bank/HFC/NBFC/FI) |

Waiver of prepayment charges could impact HFCs profitability negatively as there may be prepayment penalties on their liability side. However, most of the HFCs have floating rate home loan book and run Asset liability mismatches, therefore excess funds can be absorbed and the interest costs can be passed on to the new borrower.

Though, the NHB initiative is a positive for borrowers of HFC and given that there is no such regulation for banks, borrowers from banks would remain at a disadvantage in case they were prepaying housing loans with funds from their own sources. However, at the September 2011 Banking Ombudsman Conference on improving customer services for banks, the RBI advised banks not to recover pre-payment charges in the case of floating rate loans and some banks have started offering the same.

Restriction on LTV ratio

While earlier, there were no restrictions on the LTV ratios for HFCs, since December 2010, the LTV ratio has been restricted to a maximum of 80% for all housing loans larger than Rs. 2 million to individuals and to a maximum of 90% for all housing loans up to Rs. 2 million to individuals. Although the average LTV ratios for HFCs is lower at around 70% and is expected to remain at similar levels, this restriction on LTV ratios could impact the competitive position of some players who were extending loans at higher LTV ratios to garner fresh business. Our average LTV Ratios for fiscals 2012 and 2011, were 44.27% and 34.44% respectively.

Provisioning on teaser rate loans and standard assets

The provisioning requirements introduced by NHB since December 2010 for loans extended by HFCs are discussed in the following bullet list.

- In December 2010, NHB introduced provisioning on standard non-housing loans (loans to builders, corporate entities, and agencies for housing and other purposes, LAP) in two stages: 0.2% by March 31, 2011, and 0.4% by September 30, 2011.
- In December 2010, NHB further stated that HFCs would have to maintain a 2% provisioning cover on the total amount outstanding against housing loans (standard assets) offered at teaser/special rates, that is, housing loans at comparatively lower rates of interest in the first few

years after which rates are re-set at higher rates of such loans. The provisioning of these loans would have to be reset after one year at the applicable rates from the reset date, if the accounts remain "standard".

- In August 2011, NHB mandated a 0.4% provisioning cover for standard housing loans (other than teaser rate loans) from the 0.0% earlier to 0.4%.

Housing and Housing Finance - Future Outlook

The urbanization scenario in the country raises serious concerns. By 2030 it is estimated that 600 million of the country's population will be living in cities. Infrastructure gaps in cities, particularly in respect of housing and basic services will continue to engage the city planners, policymakers, financiers and the community at large. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the flagship programme of the Government of India in partnership with the State and local governments seeks to provide resources for urban investments, based on the State Government's commitment towards resources, reforms and governance at the State and city levels.

Potentially, Micro-mortgage lending and supply of affordable housing units could play a transformational role in promoting the financial inclusion of millions of low-income households in the formal and informal sectors. Risk mitigating instruments can play an important role in overall confidence building. These may range from savings-linked loans, mortgage guarantee, Government-guaranteed funds, capital/interest subsidy product, credit information bureaus, Government-sponsored credit enhancement etc. As this segment continues to grow, they need to be served through measures of financial inclusion and inclusionary housing.

The low income market can be served efficiently and sustainably, through the combined support of the financial sector institutions and the real sector Policy makers dealing with land and infrastructure, tax, stamp duty and subsidies, approvals etc. The Central Government through the Ministry of Housing and Urban Poverty Alleviation and the State Governments, together with their private sector counterparts are getting increasingly engaged on the issues related to housing for the low income and the informal sector people. All stakeholders in the financial and the real sector, as well as the Policy makers at the Centre, State and local levels will need to jointly work to promote the cause of affordable housing in the country.

Sound and prudential regulations for housing finance, innovative housing finance products, and increased mortgage affordability will contribute to an expanded market for housing and housing finance. On the back of the growing primary mortgage market, the securitization market for residential mortgages will add considerable value and depth to the system. NHB will be expected to play a key role in the promotion of affordable housing and development of a deep and vibrant secondary mortgage market in the country.

BUSINESS OVERVIEW

The following information should be read together with the information contained in the sections titled "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 9, 69, 142 and 126 respectively, of this Draft Prospectus.

Unless otherwise stated, the financial information of our Company used in this section is derived from our audited financial statements prepared under Indian GAAP and the Companies Act, and restated pursuant to the SEBI ICDR Regulations.

OVERVIEW

We are a growing housing finance company headquartered in Udaipur, Rajasthan. Our company was incorporated as Vitalise Finlease Private Limited under the provisions of the Companies Act, 1956 on March 10, 1999, with the Registrar of Companies, Jaipur. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur.

We are engaged primarily in the business of providing Housing Finance for Home Ownership, by offering:

- (iii) Individual Home Loans
- (iv) Loans against Property

For further details regarding the loans mentioned above, please see the paragraph titled "*Products and Services*" on page 83 of this Draft Prospectus. Our primary objective behind venturing into this business was to meet the financing needs of all income segments by providing adequate financial resources to fulfill their housing requirements.

As on date, we have 1 Head office and 3 satellite centers located in Rajasthan. Further, we are targeting to open another 10 satellite centers which are to be located in tier 2 cities, tier 3 cities, District and Tehsil head quarters and at the peripheries of tier 1 cities, that are our key target markets, based on our belief that they are underserved by larger HFCs and banks.

We believe that our following key strengths will enable us to generate consistent growth in loan book and profitability, and maintain strong asset quality - (a) direct customer contact (b) niche marketing strategy, (c) robust risk management systems and processes, (d) well recognized brand in Rajasthan with an established track record, and (e) Strong Senior Management backed by Experienced Promoters. For further details, please see the paragraph titled "*Our Competitive Strengths*" on page 81 of this Draft Prospectus.

Our outstanding loan portfolio has grown at a CAGR of 24.13% from ₹ 318.89 lakhs as of March 31, 2008 to ₹ 757.13 lakhs as of March 31, 2012. Similarly, our profit after tax has grown at a CAGR of 30.43% over a four year period from ₹ 11.13 lakhs for Fiscal 2008 to ₹ 32.21 lakhs for Fiscal 2012. Our gross NPA was 3.81%, 6.32% and 2.53% and our net NPA was 2.56%, 5.25%, and 1.85% as at March 31, 2012, 2011 and 2010, respectively.

The total borrowings advanced by our Company, as at March 31, 2012, were ₹ 347.86 lakhs, and the CRAR as at March 31, 2012 amounted to 82.14%.

We believe that our loan portfolio is well diversified across Business class, salaried and non-salaried borrowers. Loans to salaried and non-salaried borrowers constituted 13.41% and 86.59% respectively, of our loan book as at March 31, 2012. The non-salaried borrower base, which we believe is a relatively under penetrated target segment, comprises Self Employed Professionals ("SEP") and Self Employed Non-Professional ("SENPs").

We intend to grow our loan book, income and profits through (a) Increasing Net Owned Funds (b) Expanding Network and Connectivity (c) Maintaining strong asset quality through disciplined risk management (d) Reducing funding costs (e) Optimizing cost of operations, amongst others.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths position us well for continued growth:

- ***Strong senior management team backed by Experienced Promoters***

We have an efficient management team backed by our Promoters who have several years of experience in all areas of banking and housing finance, which oversees and guides our strategy and operations. We believe that strong 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 see the chapters titled "Our Management" and "Promoters, Promoter Group and Group Companies" beginning on pages 100 and 112 of this Draft Prospectus respectively. Our Board has constituted several sub-committees such as Shareholders'/Investors' Grievance Committee and Audit Committee etc., for timely decision making and to ensure effective governance.

- ***Direct customer contact***

Our Company's marketing strategy is focused on direct and localized advertising through word of mouth referrals. As a result, most of our customers are either "walk-in" borrowers or referred by existing borrowers of our Company. Our Company does limited use of marketing intermediaries to communicate with or service its customers. Our offices act as single points of contact for our customers. Face to face meetings with our customers are mandatory for procuring our loan products, enabling our personnel to clearly articulate and explain the various loan products to our customers, the rates of interest, fees and charges, key distinguishing features of various products offered, and the timelines for credit appraisal and disbursement. This approach reduces the possibility of mis-selling a loan to a customer and hence reduces potential for future disputes, resulting in a satisfied customer base, increased customer connect and loyalty.

- ***Niche Marketing Strategy***

Our Company is consciously targeting markets that we believe are relatively underpenetrated i.e. the non-salaried borrower base, which comprises Self Employed Professionals ("SEP") and Self Employed Non-Professionals ("SENPs"). As a category they have been ignored by the housing finance community mainly because (i) they have variable monthly income, even the prospects of some months without income; and (ii) even if they meet the eligibility criteria financially, they don't have the necessary documentation to prove their credit worthiness. Our Company has been able to successfully penetrate this segment given its direct customer contact, tailored approach and personal evaluation processes followed during credit appraisal. Our Company has a broad-based customer mix and is not overly reliant on the salaried class which we believe to be a highly competitive market segment. Loans to salaried and non-salaried borrowers constituted 13.41% and 86.59%, respectively, of our outstanding loan book as at March 31, 2012.

- ***Robust risk management systems and processes***

Risk management forms an integral part of our business as we are exposed to various risks relating to our lending business and the environment in which we operate. We believe that our Company has robust risk management systems and processes in place across all areas of Operations, namely loan origination, credit appraisal, loan disbursement, and collection and recovery. Some of the key systems and processes are (a) personal interview by officials, (b) site visits, (c) scrutiny of income documents and obtaining encumbrance certificates, (d) estimation of property value backed by valuation certificate from internal, independent and empanelled valuers, (e) obtaining legal opinion on title deeds, (f) linking quantum of loans to LTV, IIR ratios, (g) mandatory site visits in case of loans for property under construction, (h) periodically inspection on a formal or informal basis, (i) visits by officials in relation to the recovery of non-performing loans, and (j) strong internal controls at all levels (loan approval limits, customers have no contact with credit appraisal team, amongst others).

We believe our risk management systems and processes have resulted in maintaining low levels of gross NPAs and net NPAs. As at March 31, 2012, our gross NPA was 3.81% as a percentage of our Gross Loan Portfolio and net NPA was 2.56% as a percentage of our Net Loan Portfolio.

- ***Well recognized brand in Rajasthan, with an established track record***

Our operating history has evolved over a decade and our Promoter has been operating in Rajasthan since 1999 through our company with approximately 0.25 million customers (including our group companies customers) as on March 31, 2012. In addition, our Group Companies, SRG Securities Finance Limited, Satkar Finance private Limited and SRG insurance Brokers private Limited operate with 22 branches mainly located in Rajasthan. We believe that our track record, management expertise and Promoter support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals and will be a key in allowing us to expand our growth and consolidate this fragmented industry across India.

As a result, 'SRG Group' is a well recognized brand in Rajasthan, which has contributed to earning the trust of our customers, enabling us to continually strengthen our foothold in Rajasthan.

OUR STRATEGY

Our business goal is to grow our loan book, income and profits through increased market presence. Our business strategy is designed to capitalize on our competitive strengths and enhance our leading market position. Key elements of our strategy include:

- ***Increasing Net Owned Funds***

Our core growth strategy envisages an increase in our net owned funds in order to be eligible to avail credit facilities from NHB and other financial institutions at relatively cheaper rates of interest. Our Company is currently in compliance with the capital adequacy norms of the NHB Directions 2010. However, as per notification dated June 28, 2011, NHB specifics' the minimum of net owned funds required to be achieved by a housing finance company to be ₹ 10 Crore on or before March 31, 2014. As on March 31, 2012, our net owned funds amounted to ₹ 489.66 lakhs. With the increased infusion of capital from the Issue Proceeds, our company's net owned funds would increase; hence our ability to raise capital from NHBs and other financial institutions would also increase, thus improving our leverage and operating margins. The increase in capital base of the company will enhance our capabilities to securitize our loan portfolio to Banks and financial institutions to raise more funds which will lead to an increase in the Loan book of the company.

- ***Expanding Network and Connectivity***

On infusion of additional funds, our Company intends to expand its operations across new regions in a phased manner in order to increase its share of the housing finance business by tapping underserved segments of the Indian economy. We intend to venture into newer territories through our Satellite Model with clear focus on direct customer contact which has been successful. Our key target markets shall be tier 2 and tier 3 cities. Backed by our familiarity and localized experience, we expect to grow our business by tapping into opportunities in these regions. We aim to deepen penetration in Rajasthan and expand operations in the states of Maharashtra and Gujarat. We expect that systematic geographical expansion, matched with a continued focus on our competitive strengths, would help us in significantly improving our market share and drive growth.

- ***Maintaining strong asset quality through disciplined risk management***

Maintaining strong asset quality is paramount in our business as it directly impacts our provisioning, profitability, net worth and CRAR. We have maintained high quality loan and investment portfolios through careful targeting of our customer base, a comprehensive risk assessment process and diligent risk monitoring and remediation procedures. Our gross NPA and net NPA as at March 31, 2012 was 3.81% and 2.56%, respectively as compared to 6.32% and 5.25% as at March 31, 2011. We believe we can maintain strong asset quality appropriate to the loan portfolio composition, while achieving growth.

- ***Reducing funding costs***

We source funds for our business primarily through CC facility offered by State Bank of India. We intend to utilize various sources of funding to optimize our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. We intend to explore the option of raising funds from other financial institutions and refinance from NHB. We also plan to explore access to low cost sources of funds in order to maintain our CRAR and strengthen our balance sheet. We would like to diversify our sources of funding and tap into alternative sources such as multi-lateral agencies and rated long term and short term listed debt instruments. We believe that this will enable us to reduce the risk of lender concentration and optimize our funding costs.

- ***Optimizing cost of operations***

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. Recently our Company has operated with satellite centers in tier 2 and tier 3 cities and at Tehsil headquarters at low costs ensuring the commercial viability of such satellite centers. Our company is continuously focusing on improving efficiency and lowering operational costs, as a result of which our cost to income ratio has been consistently improving, showing consistent increase in efficiency.

DETAILS OUR BUSINESS AND OPERATIONS

LOCATION

Our Registered Office is situated at 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan, India. We have three satellite centers, which are located at Salumber, Rishabdeo and Mavli.

PRODUCTS AND SERVICES

Our Company has a variety of home loan products that are customized to the requirements of our borrowers, which can be classified as (i) Individual Home Loans (ii) Loans against Property. All our loans are backed by a first lien on the respective underlying properties. Our loan amounts range from ₹ 50,000

to ₹ 100, 00,000. A brief description of the various loan products offered by our Company is detailed below:

| Sr. No. | Name of Loan Product | Product Details |
|-------------------------------|-----------------------------|--|
| Individual Home Loans | | |
| 1 | Sparsh Home Loan | Offered to Individuals and Corporate Bodies who wish to seek this facility either for construction or purchase of a property. |
| 2 | Home Revision Loan | Offered to customers who wish to repair, renovate, and/or extend the existing accommodation. |
| 3 | Saral Plot Loans | Offered to the Salaried and the Self-employed for outright purchase of plots for the construction of a house. |
| 4 | Specialty Loan | Offered for construction (including extensions and additions to existing property) on land owned by borrower's parents. |
| 5 | Home Loan for Self Employed | This product has been developed to cater to the large potential segment of self employed individuals, who, as a category have been ignored by the housing finance community. |
| Loans Against Property | | |
| 6 | NRI Housing Loan | Offered to Non Resident Indians for construction and purchase of Residential properties in India. |
| 7 | Wealth Loan | Offered to Salaried or against mortgage of immovable property for such purposes as may be desired by the borrower. |
| 8 | New Avenue Loan | Loans for purchase and/or construction of non-residential and Commercial property. |

LOAN BOOK PROFILE AND COMPOSITION

Our Company has been able to grow its outstanding loan book at a CAGR of 29.48% from March 31, 2010 to March 31, 2012. The following table provides a break-up of the loans sanctioned, disbursed and outstanding during Fiscals 2012, 2011 and 2010:

(₹ in lakhs)

| Sr. No. | Particulars | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
|---------|----------------------------------|-------------|-------------|-------------|
| 1 | Loans Sanctioned during the year | 410.50 | 154.65 | 271.60 |
| 2 | Loans Disbursed during the year | 410.50 | 154.65 | 254.60 |
| 3 | Outstanding Loans as at March | 757.13 | 500.83 | 451.64 |

As at March 31, 2012, 2011 and 2010, the Individual Home Loans outstanding were ₹ 439.67 lakhs, ₹ 335.90 lakhs and ₹ 293.44 lakhs respectively, constituting 58.07%, 67.07% and 64.97% of the loan book respectively. Loans against Property constituted the balance 41.93%, 32.93%, 35.03% of the outstanding loan book for the Fiscals 2012, 2011 and 2010, respectively.

As at on date, all our outstanding loans are on a fixed rate of interest. Our Company is consciously targeting markets that are relatively underpenetrated. The key target markets of our Company are tier 2, Tier 3 cities, Tehsil headquarters and the peripheral areas of tier 1 cities. We believe that our Company has also been able to operate satellite centers in tier 2 and tier 3 cities and Tehsil headquarters in an efficient and commercially viable manner. We believe that sustained growth in the Indian economy will result in urbanization and significant development in tier 2 and tier 3 cities and Tehsil headquarters, resulting in an increase in disposable incomes and affluence, and thereby making tier 2 and tier 3 cities attractive markets in the future.

Our Company is well-positioned to benefit from this changing trend. Our Company has also ensured it is not overly reliant on the salaried class which we believe to be a highly competitive market segment. The Company has since inception taken a balanced approach towards salaried and non salaried class and tailored a personal evaluation processes towards credit appraisal for the non-salaried class. As a result, the non-salaried class is the largest customer segment for our Company and constituted 86.59 % of our outstanding loan book as at March 31, 2012. The following table provides certain details on the break-up of outstanding loans with respect to the customer profile and the average loan size:

(₹ in lakhs except percentages)

| Sr. No. | Particulars | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
|---------|---|-------------|-------------|-------------|
| 1 | Loans outstanding to salaried borrowers | 101.51 | 84.20 | 52.26 |
| 2 | Loans outstanding to non-salaried borrowers | 655.62 | 416.63 | 399.38 |
| 3 | Loans outstanding to non-salaried borrowers as a % of our total loans outstanding | 86.59% | 83.19% | 88.43% |

MARKETING AND LOAN ORIGINATION

Our marketing strategy is built around local advertising and marketing, and word of mouth referrals. We advertise through local media including advertisements in regional newspapers, magazines and cable channels; hoardings at prominent locations in cinema halls, bus terminals and railway stations; and distribute pamphlets and banners periodically. We are further, in planning to conduct loan camps through our satellite centers once in every 2-3 months within a 20-25 km radius of our satellite centers. The loan camps will be conducted by our satellite centers and supported by personnel from our head office. The prospective borrowers who will be granted in-principle approvals at the loan camps then approach the head office for final approval of the loan which is sanctioned to them in accordance with our internal policies.

CREDIT APPRAISAL

Our Company has a well established and streamlined credit appraisal process. Our Company carries out the Credit Appraisal Process at two levels – one at the satellite centers level and the other at the head office. Once the credit appraisal at the satellite centers level is complete and such borrowers meet the basic eligibility criteria, the application is considered for initial processing at the head office. In order to ensure uniformity in credit approval of prospective borrowers, our Company has centralized the credit approval and sanctioning functions at the head office.

The loan approval & Disbursement process mainly consists of four simple steps – (i) Appraisal (ii) Security Evaluation (iii) Loan Sanction (iv) Loan Disbursement. The following is a set of activities carried out at our satellite centers and head office during the credit appraisal process -

| STEP I - APPRAISAL | |
|---------------------------------|---|
| Personal Interview | All the prospective borrowers are interviewed personally by the Manager. |
| Eligibility Status Check | A thorough review of documents that determine the eligibility of the prospective borrower, including proof of identity, address and income (such as voter's ID, PAN card, salary certificates, bank statements, income-tax returns, audited books of accounts), is carried out. Further, an Equifax Credit Information check is also performed simultaneously on the prospective borrower on their credit repayment habits. |
| Submission of documents | Once the proposed borrower meets the basic eligibility criteria, an application form containing various details including details under KYC norms is prepared and submitted by the applicant. Once this process is complete, a scrutiny of the property documents submitted by the proposed borrower is carried out |

| | |
|---|---|
| | and our personnel visit the property, verify the data submitted by the prospective borrower and also take photographs of the property as evidence of the visit. In parallel, our personnel also carry out a separate verification at the local sub-registrar's office of the property documents including encumbrances on the property for the last 15-25 years, in addition to gathering knowledge about value of property and its marketability through their interactions with other clients and local builders. |
| Verification / Scrutiny | For prospective borrowers, our personnel visit the business and residential premises and examine the bank statements and verify the cash receipts in order to ascertain whether the business is generating sufficient income to repay the loans. Similarly, for prospective salaried borrowers, our personnel visit the office of the prospective borrower for verification. |
| STEP II – SECURITY EVALUATION | |
| Technical Evaluation | Our personnel obtain a technical valuation report from an internal valuers/independent and empanelled valuer for each property. While the valuers provide an independent assessment of the current market value, our personnel generally adopt a conservative approach in valuing the property. The valuation, in most cases, is the lower of the prescribed 'guideline value' (<i>i.e.</i> the value as notified by the state/local authority for stamp duty purposes) or the market value of the property. In case of houses under construction, the cost estimate given by the architect/chartered engineer is taken as the cost of project. Our Company also verifies this by using an average cost of construction per sq. ft. to decide on the eligible project cost and this is periodically revised based on input prices. Our Company uses this as a benchmark against the cost estimate submitted by the prospective borrower. |
| Legal Evaluation | An independent legal opinion on the title of the property is obtained from one of our empanelled lawyers. For loans, approval is obtained by head office thereby ensuring that the scrutiny of title to the property and the valuation is done independently. |
| STEP III – LOAN SANCTION | |
| Determination of the amount of Loan to be sanctioned | Upon satisfactory completion of the process summarized above, our personnel determine the amount of loan to be granted to the prospective borrower. Key determinants of the amount of loan that can be sanctioned are the IIR and the LTV. IIR is the ratio of the monthly installment to the total monthly income of the borrower. LTV is the ratio of the loan value to the appraised value of the security. The borrower is eligible to take a loan up to the amount as arrived by a standardized calculation. |
| Preparation of the Loan Proposal | Based on the above-mentioned scrutiny procedures, a loan proposal is prepared. The loan proposal includes a loan appraisal note, evaluation summary, and inspection and valuation report. If the loan proposal is satisfactory, it is forwarded by officials with recommendation on the loan amount. The interest rate to be levied on the prospective borrower is based on a Interest chart which is based on criteria such as the applicant's income profile, capacity to repay the loan, value of the property, marketability of the property, family background, etc. |
| Scrutiny of the Loan Proposal | Loan proposals are scrutinized by officials (head office officials also focused on satellite centers). |
| STEP IV – LOAN DISBURSEMENT | |
| Approval / Sanction of the Proposed Loan | If the proposal meets with the required criteria, then the loan is approved by the sanctioning authority. Sanctioning powers are delegated to authorities such as executive director/s and managing director, depending on the loan amounts. |
| Preparation of Loan | Pursuant to sanction of the loan by the head office, a loan sanction order with |

| | |
|---|---|
| sanction order which is sent to the prospective borrower | the terms of the sanction is communicated to the borrower and at this point the borrower is required to submit original title deeds in relation to the security. These documents are verified again by our team of empanelled lawyers. |
| Acceptance and Submission of requisite loan and security documents | Finally, the prospective borrower executes the requisite loan documents and security documents for mortgaging of the property. The title deeds deposited by the borrower are kept at a central depository maintained by us and returned to the borrowers upon satisfaction of all dues. |
| Execution of Loan Agreement and Disbursement of Loan | The loan amount is disbursed to the borrower only after the loan agreement is executed and the mortgage agreement. For loans availed for construction of property, the disbursement is made in stages based on the progress of the construction. It is mandatory for our personnel to visit the property, verify construction progress and report the same before further disbursements are made at every stage. Prior to loan disbursement, our Company also completes other formalities such as collection of post dated cheques from borrowers in respect of the monthly installments. |

At every stage, an assessment is made as to whether the prospective borrower is eligible for a loan in accordance with our Company guidelines and policies.

ONGOING MONITORING OF OPERATIONS

Our Company has both formal and informal mechanisms for ongoing monitoring of the head office and satellite centers operations and activities, each of which are detailed below:

- **Annual Inspection**
Our Company has a dedicated inspection team that carries out inspection of records on an annual basis.
- **Internal Audit**
Our Company gets internal audit done by chartered accountant firms that carry out regular audits on a half yearly basis.
- **Head Office visits**
The head office personnel periodically visit our satellite centers, and conduct an informal check on their operations.
- **Property Inspection**
We carry out periodical inspections of the secured properties both before and after disbursements.
- **Inspection by Statutory Audit**
The Auditor of our Company carries out an audit to check the efficacy of the credit appraisal and lending process and other internal controls.
- **Strong co-ordination between Satellite Centers and Head Office**
Our Company has put in place measures to ensure that there is co-ordination between our satellite centers and our corporate office to ensure efficient monitoring of the loans disbursed by us.

In addition to the above, NHB carries out annual inspections whereby it inspects our corporate office on a random basis to check processes, documentation and assess compliance with the NHB directions, regulations, guidelines and circulars. Our Company generates several reports on a monthly, quarterly, half yearly and annual basis, and special report if required, for management information and reporting,

and these reports also form the basis of corrective action to be taken on both the lending and recovery side.

RECOVERY AND COLLECTION

We believe that timely collection and recovery of installments is important as this impacts our revenue recognition, provisioning requirements, and consequently, has an impact on the asset quality and net profits of our Company. The quality of our assets also impacts the availability and ability of our Company to borrow money at competitive rates for its operations on a periodic basis. We have a structured recovery and collections process to ensure that loans do not turn into NPAs and that loans that have turned into NPAs are recovered to the maximum extent possible. For further details, please see the paragraph titled "*Business Overview–Non-Performing Assets and Provisioning*" on page 88 of this Draft Prospectus.

There is a dedicated recovery team at our head office to track and monitor each level NPAs and support in various collection and recovery efforts, time to time including conducting focused recoveries when needed.

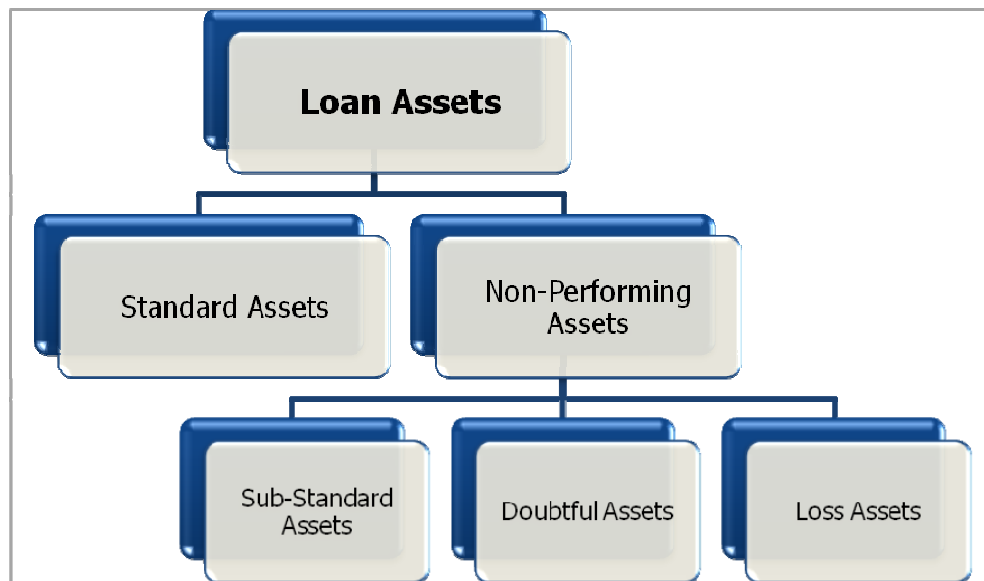
LOAN DISBURSEMENT

The key recovery and collection processes of our Company are listed below:

- Installments are paid by way of post-dated cheques. Officials wherever required also notify to borrowers of an impending payment so that they are able to maintain or deposit sufficient funds in the banks account to honor cheque payments.
- Our personnel visit the borrower at the first instance of default to understand the reason for the default. At this stage, our Company either collects the dues or obtains a commitment letter from the borrower for timely repayment going forward. At this stage, our personnel also inform the guarantor of the status of the account.
- In case of non-payment of dues, borrowers are reminded to repay loans through telephonic reminders.
- If the payments are still pending, personal visits are made by our staff members to the premises and residence of borrowers. This is supplemented by periodic visits by recovery officer and executives.
- Reminder notices are issued to the borrowers/guarantors in case of default, after which proceedings are initiated against the borrower in accordance with the provisions of the Negotiable Instruments Act, 1881.
- Chronic defaulters are proceeded against by us under the provisions of Negotiable instrument Act, Arbitration and Civil Suit in the Court of Law thereby enabling speedy realization of the dues.
- We are in further planning to insure all our loans with property insurance for any loss arising due to calamities such as fire and floods as well as personal accident insurance for the borrower.

NON-PERFORMING ASSETS AND PROVISIONING

We classify our loan assets in accordance with the NHB Directions, 2010. In accordance with the NHB Directions, 2010, assets are classified into the following:



- **Standard Assets**

These are assets in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than the normal risks attached to the business;

- **Non-performing Assets:**

These are assets in respect of which, interest or principal installment has remained overdue for a period of more than ninety days.

- **Sub-standard Assets:**

These are assets which have been classified as non-performing assets for a period not exceeding twelve months;

- **Doubtful Assets:**

These are assets which remain as a sub-standard asset for a period exceeding 12 months;

- **Loss Assets:**

These are assets, which have been identified as loss assets by either the company or its internal or external auditor or the NHB, to the extent they are not written-off by the company and which are adversely affected by a potential threat of non recoverability due to certain conditions (including non-availability of security, either primary or collateral, in case of secured loans and advances; erosion in value of security, either primary or collateral, is established; fraudulent act or omission on behalf of the borrower; and defective documentation, amongst others).

The following are the provisioning requirements against non-performing assets, in accordance with the NHB Directions, 2010:

- *Sub standard assets:* A general provision of 15% of total outstanding amount;

- **Doubtful assets:** 100% provision to the extent to which the advance is not covered by the realizable value of the security. In addition, depending upon the period for which the asset has remained doubtful, provisions to the extent of 25% to 100% of the secured portion is required as follows:

| Period for which the asset has been considered as doubtful | Provision required (%) |
|--|------------------------|
| Up to one year | 25% |
| One to three years | 40% |
| More than three years | 100% |

- **Loss assets:** The entire asset shall be written-off. If the assets are permitted to remain in books for any reason, 100% of the outstanding amount should be provided for.

Our Company also has a provisioning policy that is reviewed by our Board from time to time. The following is the current provisioning policy of our Company:

| Category of Assets | Current provisioning by our Company (%) |
|--|---|
| Standard Assets | 0.40% |
| Sub-standard Assets | 15.00% |
| Doubtful Assets (irrespective of period) | 100.00% |
| Loss Assets | 100.00% |

NHB Directions, 2010 have been amended by notification no. NHB.(ND).DRS/12437/2011 dated September 08, 2011, and this will, amongst other things, increase provisioning requirements for HFCs. For further details, please see the chapter titled "*Key Industry Regulations and Policies*" beginning on page 93 of this Draft Prospectus.

The following table sets out the gross NPAs and net NPAs and the provisions for NPAs as at March 31, 2012, 2011 and 2010:

(₹ in Lakhs except percentages)

| Particulars | As at March 31, 2012 | As at March 31, 2011 | As at March 31, 2010 |
|---------------------|----------------------|----------------------|----------------------|
| Gross NPA | 28.83 | 31.64 | 11.41 |
| Gross NPA (%) | 3.81 | 6.32 | 2.53 |
| Net NPA | 19.17 | 25.99 | 8.28 |
| Net NPA (%) | 2.56 | 5.25 | 1.85 |
| Provisions for NPAs | 9.66 | 5.65 | 3.13 |

INTERNAL POLICIES

Our Company has several internal policies to ensure that the conduct of our business is smooth, uniform procedures are followed, service standards are consistent, adequate controls exist over the business and due procedures are followed by all our employees. Following is a brief description of some of the key internal policies of our Company:

- **Credit policy**

Our Company has a detailed credit policy in place that *inter-alia* covers various products offered by our Company. The credit policy lays down detailed principles, procedures and processes in respect of various aspect of credit such as eligibility criteria for various loans, rate of interest, margin, security, disbursement, repayment, activities to be carried out after loan sanction but before disbursement, schedule of charges, follow-up and recovery, transfer of loan accounts, process of securing loan by creation of equitable mortgage, process of appraisal of loans, maintenance of various registers and the

documentation process to be followed. The credit policy is updated on a periodic basis and is made available to all employees of our Company.

- **Risk management policy**

As a lending institution, our operations are exposed to risks that are specific to the industry within which we operate. Our goal in risk management is to ensure that we understand measure and monitor the various risks that arise and that we adhere strictly to the policies and procedures which are established to address these risks. We have a risk management policy for identifying, measuring, monitoring, controlling and reporting various risks that may arise in the course of our business and operations, and which can affect our growth and profitability.

The risks as identified by the Board are not exhaustive and are subject to periodic review. Some of the key risks that we face in our business include competition risks, policy risks, exposure risks, funding risks, credit risks, asset Liability mismatches risks and yield risks, amongst others. We do not have any exposure to foreign exchange risks as none of our borrowings are denominated in foreign currencies.

- **Asset Liability Management Policy**

Measuring and managing liquidity needs and interest rate risk is vital in our industry. Efficient liquidity management ensures sufficient cash flow to meet all financial commitments as and when due, and to capitalize on opportunities for business expansion. Interest rate risk, if unmanaged, may adversely affect financial condition and ultimately a company's earnings by way of change in net interest income.

Towards this end, our Company has formulated an asset liability management policy in accordance with NHB's circular no. NHB (ND)/HFC (DRS-REG)/ALM/35/2010 dated October 11, 2010 ("ALM Policy"). The ALM Policy lays down mechanisms for assessment of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage such risks.

- **Provisioning Policy**

Our Company follows a conservative provisioning policy and has in place a provisioning policy wherein the Provisions are higher than that stipulated by the NHB. For further details, please see the paragraph titled "*Business Overview – Non-Performing Assets and Provisioning*" on page 88 of this Draft Prospectus.

HUMAN RESOURCES

As on March 31, 2012, we have seventeen employees at our Head Office. We do not have any contract labourers. For further details regarding their role and designation in our company, please see the paragraph titled "*Organisation Chart of Our Company*" in the section titled "*Our Management*" on page 109 of this Draft Prospectus.

| Category | Company Pay Roll | Contract Labor | Total |
|---------------------------------|------------------|----------------|-----------|
| Directors | 6 | 0 | 6 |
| Senior Managerial | 4 | 0 | 4 |
| Managers / Officers / Executive | 5 | 0 | 5 |
| Semi Skilled Staff | 2 | 0 | 2 |
| Total | 17 | 0 | 17 |

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

TRAINING


Our employees are trained in various spheres of home financing operations such as providing assistance in filling loan applications, credit appraisal, and assistance in execution of loan documents, property valuation, and loan servicing. Periodic training on property valuation is provided by expert valuers, managers and staff involved in the loan appraisal process. Several of our employees also attend training programmes which are organized by NHB from time to time.

COMPETITION

The housing finance industry in India is highly competitive. Depending on the region in which we operate, our competitors include scheduled commercial banks and other HFCs.

INTELLECTUAL PROPERTY

Our Company has filed an application dated May 23, 2012 before the Trade Marks Registry for

registration of its logo "  " under Class 36. The application is pending. For further information, please see the chapter titled "Government and Other Key Approvals" on page 160 of this Draft Prospectus.

LAND AND PROPERTY

Registered Office

| Schedule of the property and use | Area | Consideration | Nature of Interest | Date and/or term of lease | Seller/Lessor |
|--|--------------|---------------|--------------------|---------------------------|-------------------|
| 321, S.M Lodha Complex near Shastri Circle Udaipur-313001, Rajasthan | 297 sq. feet | 17050/-p. m | Leased | Upto March 31, 2015 | Sh. Gendalal Jain |

Our 3 satellite centers are located at Salumber, Rishabdeo, and Mavli and all these office premises are leased.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. Taxation statutes such as the IT Act, 1961 and applicable local sales tax statutes, and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

We are registered as a HFC with the NHB and are engaged in the business of financing the construction and purchase of residential and commercial properties, including repairs and renovations and loans against properties.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to the Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

I. HFC REGULATIONS

The National Housing Bank Act, 1987

The NHB is entrusted with responsibility of regulating and supervising activities of HFC's by virtue of power vested in the NHB ACT, 1987.

In terms of the National Housing Bank Act, 1987, National Housing Bank is expected, in the public interest, to regulate the housing finance system of the country to its advantage or to prevent the affairs of any housing finance institution being conducted in a manner detrimental to the interest of the depositors or in a manner prejudicial to the interest of the housing finance institutions. For this, National Housing Bank has been empowered to determine the policy and give directions to the housing finance institutions and their auditors.

Besides the regulatory provisions of the National Housing Bank Act, 1987, National Housing Bank has issued the Housing Finance Companies (NHB) Directions, 2010 as also Guidelines for Asset Liability Management System in Housing Finance Companies. These are periodically updated through issue of circulars and notifications.

As part of the supervisory process, an entry level regulation is sought to be achieved through a system of registration of housing finance companies.

National Housing Bank supervises the sector through a system of on-site and off-site surveillance.

The NHB Act defines an HFC under Section as:

"housing finance company" means a company incorporated under the Companies Act, 1956 (1 of 1956) which primarily transacts or has as one of its principal objects, the transacting of the business of providing finance for housing, whether directly or indirectly.

Maintenance of Liquid Assets

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

Prudential Norms

The NHB has issued the HFC's directions which are amended from time to time. The prudential norms directions inter alia prescribe guidelines regarding income recognition, accounting standards, need for policy on demand & call loans, assets classification, provisioning requirements, constitution of audit committee, capital adequacy requirements etc. The said prudential norms directions are applicable to all HFC's. However, the asset classification comprises of loss assets, doubtful assets or any sub-standard assets and standard assets in the company as per guidelines of NHB.

Exposure Norms

Concentration of credit/ investment

(1) No housing finance company shall,-

- (i) lend to-
 - (a) any single borrower exceeding fifteen percent of its owned fund; and
 - (b) any single group of borrowers exceeding twenty-five percent of its owned fund;
- (ii) invest in-
 - (a) the shares of another company exceeding fifteen percent of its owned fund;
 - (b) the shares of a single group of companies exceeding twenty-five percent of its owned funds;
- (iii) lend and invest (loans/investments together) exceeding -
 - (a) twenty-five percent of its owned fund to a single party; and
 - (b) forty percent of its owned fund to a single group of parties.

Provided that within the overall ceiling prescribed under Sub- paragraph (1), investment of a housing finance company in the shares of another housing finance company shall not exceed ten per cent of the equity capital of the investee company.

(2) Where at the commencement of these provisions;

- (i) the lending of a housing finance company is in excess of the ceiling prescribed under sub-paragraph (1), such excess portion shall be brought down by the housing finance company as per the repayment schedule in due course; and
- (ii) the investment of a housing finance company is in excess of the ceiling prescribed under sub-paragraph (1), such excess portion shall be disposed of within a period not exceeding three years or within such period as may be extended by the National Housing Bank.

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 has CRAR of 82.14% as on March 31, 2012. 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 NHB has prescribed guidelines on fair practices (the "Fair Practices Code") that should be framed and approved by the Board of Directors of all HFC's. The fair practices code further requires that it should be published and disseminated on the website of the HFC. The Fair Practices Code includes the following requirements, which should be adhered to by HFC'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 HFC 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 NHB has extended the KYC guidelines to HFC's and advised all HFC'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 HFC's including brokers/agents, due diligence of persons authorized by HFC's including brokers/agents, customer service in terms of identifiable contact with persons authorized by HFC'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/will be 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 will be 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 NHB 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 Rajasthan Shops and Commercial Establishments Act, 1958 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 Rajasthan Shops and Commercial Establishments Act, 1958.

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

Our company was incorporated as Vitalise Finlease Private Limited under the provisions of the Companies Act, 1956 on March 10, 1999, with the Registrar of Companies, Jaipur. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur.

Our company is a Housing Finance Company registered with NHB (Registration No.02.0056.04) engaged primarily in the business of home loans in the State of Rajasthan and has a steady performance track record till date.

Changes in the Registered Office of the Company

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 see the chapter titled "*Capital Structure*" on page 39 of this Draft Prospectus.

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

As on the date of this Draft Prospectus, the Company has 45 shareholders.

Main objects of the Company

The main objects of our Company as contained in our Memorandum include:

- 1. To provide finance for enlargement or repairs of any house or any part or portions thereof on such terms and conditions as the company may deem fit.*
- 2. To negotiate loans of every description and to finance or assist in financing on long term basis the sale or purchase of houses, buildings flats either furnished or otherwise by way of hire purchase or deferred payment or similar transactions and to institute, enter into, carry on, subsidize, finance or assist in subsidizing or financing the sale and maintenance of any such houses, buildings, flats, furnished or otherwise upon any terms whatsoever.*
- 3. To borrow or raise money or to receive money or deposit or loan of interest or otherwise in such manner as the company may deem fit and in particular by the issue of loan stocks, debentures or debenture stocks, perpetual or otherwise and convertible into shares of this or any other company and to secure the repayment of any such money so borrowed, raised or received or owing by mortgage, pledge, charge, or lien upon all or any part of the property, assets or revenue of the company present or future, including its uncalled capital and to purchase, redeem or pay off such securities but not to do banking business as defined by the Banking Regulations Act, 1949. The acceptance of deposit shall be subject to provisions of Section 58A of the*

Companies Act, 1956 and the rules framed there under and also subject to provisions of Chapter V of the National Housing Bank Act, 1987 and the direction issued there under.

4. *To receive grants, loans, advances or otherwise monies on deposit or otherwise from a State or Central Government, Banks, Financial Institutions, Companies, Trusts or individuals with or without allow of interest thereon.*

The Main Object Clause and objects incidental or ancillary to the main objects of the Memorandum enables our Company to undertake its existing activities. The activities for which the funds are being raised pursuant to the Issue fall within the main objects of our Memorandum.

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 |
|--------------------------------------|--|
| April 10, 1999 | Increase in Authorised Capital from ₹ 25,00,000 divided into 2,50,000 shares of ₹ 10/- each to ₹ 30,00,000 divided into 3,00,000 shares of ₹ 10/- |
| December 02, 2000 | Change of Company's name from Vitalise Finlease Private Ltd. to S.R.G. Housing Finance Private Limited |
| July 10, 2002 | Increase in Authorised Capital from ₹ 30,00,000 divided into 3,00,000 shares of ₹ 10/- each to ₹ 75,00,000 divided into 7,50,000 shares of ₹ 10/- |
| January 15, 2004 | The company was converted from a Private Limited Company to a Public Limited Company. |
| December 12, 2005 | Increase in Authorised Capital from ₹ 75,00,000 divided into 7,50,000 shares of ₹ 10/- each to ₹ 2,00,00,000 divided into 20,00,000 shares of ₹ 10/- |
| March 17, 2008 | Increase in Authorised Capital from ₹ 2,00,00,000 divided into 20,00,000 shares of ₹ 10/- each to ₹ 3,00,00,000 divided into 30,00,000 shares of ₹ 10/- |
| March 17, 2012 | Increase in Authorised Capital from ₹ 3,00,00,000 divided into 30,00,000 shares of ₹ 10/- each to ₹ 10,00,00,000 divided into 1,00,00,000 shares of ₹ 10/- |
| June 15, 2012 | Change of Company's name from S.R.G. Housing Finance Limited to SRG Housing Finance Limited. |

Key events and Milestones of Our Company

| Year | Milestone |
|-------------|--|
| 2002 | The company registered itself with National housing Bank (NHB) in the year 2002 |
| 2003 | The Company approved its first Row Houses project in the Name of "Surya Estate" in the state of Rajasthan |
| 2006 | The Company conducted the Mega event - "Mission 3000", for its Customers in the year 2006. |
| 2006 | The Company booked an office for its own use and released the booking amount for the same. |
| 2007 | The company was registered as a member of the Udaipur Chamber of Commerce. |
| 2008 | The Company increased its paid up capital to ₹ 200 Lakhs as per NHB requirement within the specified time limit. |
| 2012 | The Company launched a pilot project for Rural Housing Finance at Tehsil headquarters. |

Shareholders agreement

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

Technology arrangements

There are no technology arrangements by our company.

Acquisition of business/undertakings

We have not acquired any business/undertakings till date.

Managerial competence

For details on managerial competence, please see the chapter titled "*Our Management*" on page 100 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 see the chapter titled "*Basis for Issue Price*" on page 55 of this Draft Prospectus.

Company's subsidiaries

Our company does not have any subsidiary.

OUR MANAGEMENT

Board of Directors:

The Company has Six (6) Directors out of which three (3) are Executive Directors & three (3) are Non 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. Vinod K. Jain S/o Shri Genda Lal Jain 18, Sarvritu Vilas, Udaipur- 313001, Rajasthan, India | 40 | Chairman & Managing Director Term: 5 years w.e.f May 07, 2012 | Business Qualification: Higher Secondary DIN: 00248843 | <ul style="list-style-type: none"> S R G Securities Finance Limited SRG Global Builders Pvt. Ltd. Satkar Finance Pvt. Ltd. Shri Nakoda Infotech Pvt. Ltd. Hriday Insurance Consultant Pvt. Ltd. |
| 2. | Mr. Rajesh Jain S/o Shri Genda Lal Jain 18, Sarvritu Vilas, Udaipur- 313001, Rajasthan, India | 32 | Executive Director Term: Appointed w.e.f June 04, 2012 | Business Qualification: B.Com, M.Com, LLB, MBA ,AII & ADMAS DIN: 00212393 | <ul style="list-style-type: none"> S R G Securities Finance Ltd. SRG Insurance Brokers Pvt. Ltd. Satkar Finance Pvt. Ltd. Eco Sol Energy Pvt. Ltd. |
| 3. | Mrs. Seema Jain W/o. Mr. Vinod K. Jain 18, Sarvritu Vilas, Udaipur- 313001, Rajasthan, India | 35 | Whole Time Director Term: Appointed w.e.f May 07, 2012 | Business Qualification: Secondary DIN: 00248706 | <ul style="list-style-type: none"> S R G Securities Finance Ltd. SRG Insurance Brokers Pvt. Ltd. SRG Global Builders Pvt. Ltd. |
| 4. | Mr. Ashok Kabra S/o Shri Ram Swaroop Kabra 2666/4 Subhash Nagar, Patho Ki Magri, Udaipur- 313001, Rajasthan, India | 42 | Non Executive Independent Director Term: Liable to retire by rotation | Business Qualification: B.Com DIN: 00240618 | Nil |
| 5. | Mr. Vikas Gupta S/o Shri Satya Narayan Gupta 06, Bhatt Ji Ki Bari, Udaipur- 313001, | 32 | Non Executive Independent Director Term: Liable to retire by rotation | Business Qualification: B.Com, LL.B, DIN: 05280808 | Nil |

| Sr. No. | Name, Father's Name & Address, | Age | Designation & Term | Occupation, Qualification, & DIN | Other Directorships |
|---------|--|-----|--|--|---------------------|
| | Rajasthan, India | | | | |
| 6 | Mr. Chirag Dharmawat S/o Shri Suresh Kumar Dharmawat Kumharo Ki Gali Sathdiya Bazar, Bhinder, Udaipur- 313603, Rajasthan, India | 22 | Non Executive Independent Director Term: Liable to retire by rotation | Business Qualification: B.Com, ACA, CS DIN: 05281217 | Nil |

Brief Profile of Our Directors

Mr. Vinod K. Jain, aged 40 years, is the Managing Director of our Company. He is an experienced and effective team builder, with strong direction and control. He is also one of the Core Promoters of our Company. He has completed his Higher Secondary Education from Udaipur. After that he joined his family business - M/s. Vinod Goods Carriers in the year 1990. In the year 1999 he floated his own Company "SRG Housing Finance Limited" with a broad and clear vision in the field of finance. He has an experience of more than 20 years in driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is on our Board since incorporation and is responsible for strategic planning and administration of our Company.

Mr. Rajesh Jain, aged 32 years, is the Executive Director of our Company. He is also one of the Core Promoters of our Company. He has completed his B.COM, M.COM, MBA and LLB from Mohan Lal Sukhadia University of Udaipur. Further he did his Post Graduate Diploma in Business Management (MBA) from ITM, Chennai. He is also an Associate of Insurance (AIII) from the Insurance Institute of India along with advance diploma in sales and marketing from NIS Sparta. He has over a decade of experience in the field of Insurance and Financial Services. He has been actively involved in the business of our Company and has contributed significantly to the growth and success of our company by his advisory experience on issues of strategy, driving performance improvement, management, organization building and human capital development. He is on our Board since incorporation.

Mrs. Seema Jain aged 35 years, is the Whole Time Director in our Company. She is also one of the Core Promoters of our Company. She has completed her Secondary Education from Mumbai. She has over a decade of industry experience at the SRG Group. She has been actively involved in the company and handling HR & Administration Departments since inception. She is on our Board since incorporation and is responsible for Human Resource, Strategic Planning and Administration of our Company.

Mr. Ashok Kabra, aged 42 years, is a Non-Executive Independent Director of our company. He has done his Bachelors of Commerce. After that, he floated his proprietary firm Shreeji Investments, a financial consultancy firm and actively involved with in the operational activities of business. He has diverse exposure of more than 12 years in corporate finance, stock broking, Investments and financial services etc. He was appointed on our board on May 07, 2012.

Mr. Vikas Gupta, aged 32 years, is a Non-Executive Independent Director of our Company. He has done his Bachelors of Commerce from Mohan Lal Sukhadia University, Udaipur. He also holds a degree in Law (LLB). He is registered with Commissioner of Income tax, Udaipur as Income Tax Practitioner. Currently he is the proprietor & partner in M/s. M.M. Gupta & Co. (Advocate & Tax Consultant) a leading

Tax consultant firm. He has diverse exposure in Tax consultancy and all related financial Services to Individuals, partnership firms and corporate entities (audit and assessment) and other areas like financial due diligence, supervision, statutory audit of different entities, trading houses, construction companies, stock broking entities etc. He was appointed on our board on April 26, 2012.

Mr. Chirag Dharmawat, aged 23 years, is a Non-Executive Independent Director of our Company. He has done his Bachelors of Commerce from Mohan Lal Sukhadia University, Udaipur. Post which he pursued his education for CA and received Associate Membership as Chartered Accountant by the Institute of Chartered Accountants of India. Simultaneously he also completed his CS. He is currently a partner in M/s. Khamesra & Associates. He has diverse exposure in financial Services to Individuals, Partnership Firms and Corporate Entities (Audit and Assessment) and other areas like financial due diligence, supervision, statutory audit of different entities, trading houses, construction companies, stock broking entities etc. He is also a member of Corporate Law Committee (2012-13) at Udaipur Branch Circle of ICAI. He was appointed on our board on April 26, 2012.

Relationship between Directors

Except for Mr. Vinod K. Jain, being the Brother of Mr. Rajesh Jain, and the Spouse of Mrs. Seema Jain, 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.
- 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):

Confirmation

None of the above mentioned Directors are on the RBI List of willful defaulters as on date of filing the Draft Prospectus.

Further, our Company, our Promoters, persons forming part of our Promoter Group, Directors and persons in control of our Company have not been/are not debarred from accessing the capital market by SEBI.

Borrowing Powers of the Board of Directors

Our Company at its Extra Ordinary General Meeting held on April 26, 2012, 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 deem fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total

amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 50 Crores (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. Vinod K. Jain | 5 years w.e.f May 07, 2012 subject to annual renewal by the Remuneration Committee | ₹ 1,00,000 per month (including Basic Salary + DA + HRA + TA) |
| 2 | Mr. Rajesh Jain | Appointed w.e.f June 04, 2012 subject to annual renewal by the Remuneration Committee | NIL |
| 3 | Mrs. Seema Jain | Appointed w.e.f May 07, 2012 subject to annual renewal by the Remuneration Committee | ₹ 10,000 per month (including Basic Salary + DA + HRA + TA) |

Compensation of Non-Executive Directors

Pursuant to a resolution passed at the meeting of the Board of the Company on May 07, 2012 a sitting fees of ₹ 1000/- is payable to Non-Executive Directors for attending each meeting of the Board and a sitting fees of ₹ 1500/- is payable to Non-Executive Directors for attending each meeting of a Committee. Further, if any Director is called upon to advice 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, 2012)

Mr. Vinod K. Jain, Mr. Rajesh Jain, and Mrs. Seema Jain were paid a gross remuneration of ₹ 14.40 lakhs for the financial year ended March 31, 2012. Other than as already mentioned in the "Annexure ___" of the "Auditors Report" on page 126 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 (2011-12). Also, there is no contingent or deferred compensation which has accrued but unpaid to any of the Directors for the last financial year (2011-12).

Interest of the Directors

Our Company has been promoted by Mr. Vinod K. Jain, Mr. Rajesh Jain and Mrs. Seema Jain. 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 this 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 % |
|-------------------|--------------------|--------------|
| Mr. Vinod K. Jain | 4,33,515 | 9.47 |
| Mr. Rajesh Jain | 2,32,515 | 5.08 |
| Mrs. Seema Jain | 1,84,965 | 4.04 |
| TOTAL | 8,50,995 | 18.59 |

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 | Genda Lal Jain | August 23, 2011 | Resignation |
| 2 | Pushpa Jain | August 23, 2011 | Resignation |
| 3 | Lal Chand Sachan | April 26, 2012 | Appointment |
| 4 | Vikas Gupta | April 26, 2012 | Appointment |
| 5 | Chirag Dharmawat | April 26, 2012 | Appointment |
| 6 | Ashok Kabra | May 07, 2012 | Appointment |
| 7 | Lal Chand Sachan | April 30, 2012 | Resignation |

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 6 directors, which includes 1 Chairman and Managing Director, 2 Executive Directors 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. Vinod K. Jain | Chairman and Managing Director |
| 2 | Mr. Rajesh Jain | Executive Director |
| 3 | Mrs. Seema Jain | Whole Time Director |
| 4 | Mr. Ashok Kabra | Non Executive Independent Director |

| | | |
|---|----------------------|------------------------------------|
| 5 | Mr. Vikas Gupta | Non Executive Independent Director |
| 6 | Mr. Chirag Dharmawat | Non Executive Independent Director |

Various Committees of Directors

1. Audit Committee

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated May 07, 2012 pursuant to section 292A of the Companies Act. The Audit Committee comprises of:

| Name of the Member | Nature of Directorship | Designation in Committee |
|---------------------------|------------------------------------|---------------------------------|
| Mr. Chirag Dharmawat | Non-Executive Independent Director | Chairman |
| Mr. Vinod K. Jain | Managing Director | Member |
| Mr. Vikas Gupta | Non-Executive Independent 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 were reconstituted by our Directors by a board resolution dated May 07, 2012. The Shareholder and Investor Grievance Committee comprises of:

| Name of the Member | Nature of Directorship | Designation in Committee |
|---------------------------|------------------------------------|---------------------------------|
| Mr. Vikas Gupta | Non-Executive Independent Director | Chairman |
| Mr. Rajesh Jain | Executive Director | Member |
| Mr. Ashok Kabra | Non-Executive Independent 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. Vinod K. Jain is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

3. Remuneration Committee

The Remuneration Committee of our Board was reconstituted by our Directors by a board resolution dated May 07, 2012. The Remuneration Committee currently comprises of:

| Name of the Member | Nature of Directorship | Designation in Committee |
|----------------------|------------------------------------|--------------------------|
| Mr. Ashok Kabra | Non-Executive Independent Director | Chairman |
| Mr. Vikas Gupta | Non-Executive Independent Director | Member |
| Mr. Chirag Dharmawat | Non-Executive 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.

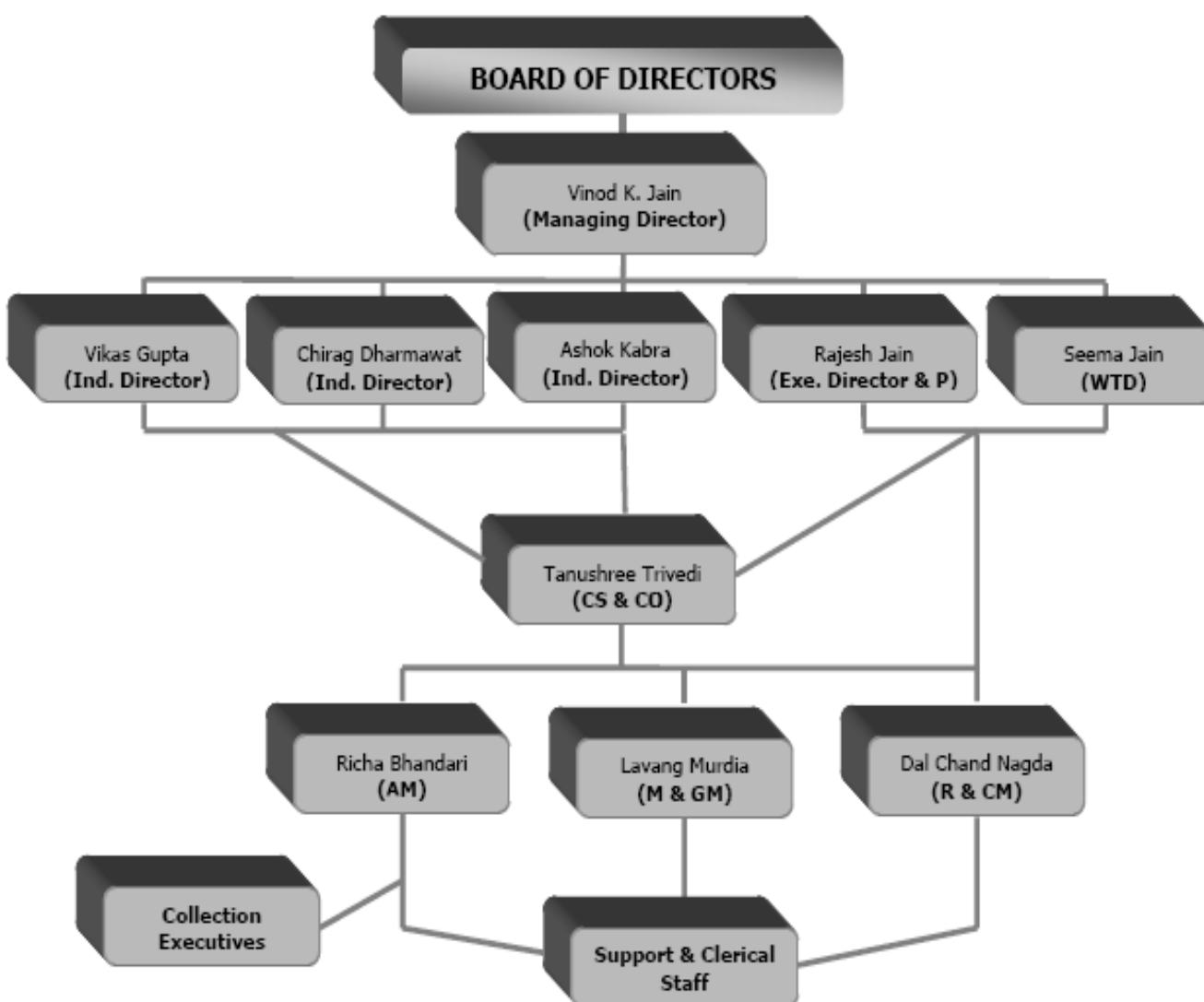
The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, 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 lakhs) | Appointment Date | Details Of Previous Employment |
|--------------------------------------|--------------------------|--|-----------------------|-------------------------|------------------|---|
| Tanushree Trivedi CS & Compliance | Finance Planning & Legal | B.Com and M.Com from Lucknow University, ACS from ICSI | 1 Year | 1.80 | April 26, 2012 | 15 Months Article ship Training (2009-10) |

| Officer | | | | | | |
|--|-------------------------|--|----------|------|----------------|-----------|
| Lavang Murdia, Marketing & General Manager | Management & Operations | B.E (Computer Science & Engineering), Diploma in Business Management | 8 Years | 1.92 | April 01, 2010 | SRG Group |
| Richa Bhandari, Accounting Manager | Accounts & Back office | B.Com, Mohan Lal Sukhadia University, Udaipur and MBA- Finance from Rajasthan Technical University, Kota | 3 Years | 1.26 | April 01, 2009 | Nil |
| Dal Chand Nagda Recovery & Collection Manager | Collection & Recovery | Metric | 15 Years | 1.92 | April 01, 2007 | SRG Group |

Important Notes regarding our KMP

All our KMP as disclosed above are permanent employees of the Company. None of the KMP 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 for Mr. Dal Chand Nagda who holds 45,000 Equity Shares, 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 | Neelima Bodana | Resignation | March 31, 2011 | Finance & Compliance Officer |
| 2 | Abhilasha Jain | Resignation | March 31, 2011 | Back Office Operation Manager |

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.

PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

OUR PROMOTERS:

The Promoters of our company are Mr. Vinod K. Jain, Mrs. Seema Jain and Mr. Rajesh Jain.

The details of our Promoters are provided below:



Mr. Vinod K. Jain
PAN: AAWPJ9008R
Passport No: E2646946
Driver's License No: 97341
Voter's ID No: RJ/18/143/244009
Bank A/c No: 693301416405
Name of Bank & Branch: ICICI Bank.; Udaipur Branch



Mrs. Seema Jain
PAN: AAWPJ9012H
Passport No: E2884400
Driver's License No: N.A. - As she does not have a Driver's License
Voter's ID No: RJ/18/143/243929
Bank A/c No: 693301416344
Name of Bank & Branch: ICICI Bank.; Udaipur Branch



Mr. Rajesh Jain
PAN: ABAPJ3902B
Passport No: J9570653
Driver's License No: RJ-27/DLC/99/936
Voter's ID No: HBX11917293
Bank A/c No: 693301416382
Name of Bank & Branch: ICICI Bank.; Udaipur Branch

For additional details on the age, background, personal address, educational qualifications, experience, positions/posts held in the past, terms of appointment as Directors and other directorships of our Promoters, please see the chapter titled "Our Management" beginning on page 100 of this Draft Prospectus.

For details of the build-up of our Promoters' shareholding in our Company, please see "Capital Structure – Notes to Capital Structure" on page 39 of this Draft Prospectus.

Other understandings and confirmations

We confirm that the PAN, bank account numbers and passport numbers of the Promoters have been submitted to the Stock Exchanges at the time of filing the Draft Prospectus with the Stock Exchange.

Our Promoters, the members of the Group Companies and relatives of the Promoters (as per the Companies Act) have confirmed that they have not been identified as willful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters, Promoter Group or the Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of the Promoters are or were associated as a promoters, directors or persons in control, are debarred or prohibited from

accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Common Pursuits of Promoters and Group Companies

None of our Promoters and Group Companies is currently engaged in businesses similar to ours. However, certain of our group companies have been authorised by their respective Memorandum of Associations to undertake activities which are similar to ours. Following are the group companies, whose main objects are similar to ours and this may result in potential conflicts of interest with the Company in the future:

- Satkar Finance Private Limited
- Hriday Insurance Consultant Private Limited
- S R G Securities Finance Limited

The Company has not adopted any measures for mitigating such conflict situations. For further details on the related party transactions, to the extent of which the Company is involved, please see "*Annexure XVIII - Related Party Transactions*" beginning on page 139 of this Draft Prospectus.

Interests of Promoters and Common Pursuits

The Promoters are interested in the Company to the extent that they have promoted the Company and that they along with their relatives and other members of the Promoter Group hold Equity Shares in the Company. For details on the shareholding of the Promoters and Promoters Group in the Company, please see the chapter titled "*Capital Structure*" beginning on page 39 of this Draft Prospectus.

All Promoters are also Directors of the Company and hence may be interested to the extent of their remuneration and reimbursement payable to them by the Company. For further details please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.

The Company has under the leave and license agreement dated April 1, 2012 with effect from April 1, 2012, obtained on lease a property located at 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan, India from Mr. Genda Lal Jain, a relative of the promoter of the Company. The Company shall pay a lease rent of ₹ 17,050 per month for the first year to Mr. Genda Lal Jain under the agreement and the lease rent shall increase by 10% annually. The lease is valid for a period of 3 years.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to the Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with the Promoters including the properties purchased by the Company other than in the normal course of business.

Payment of benefits to the Promoters

Except as stated in the section titled "*Related Party Transactions*" on page 139 of this Draft Prospectus, there has been no payment of benefits to the Promoters during the two years preceding the date of this Draft Prospectus.

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

Our promoters have not disassociated themselves from any company or firm in the last three years.

OUR PROMOTER GROUP

In addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group:

1. Natural Persons who are Part of the Promoter Group

As per Regulation 2(zb)(ii) of the SEBI (ICDR) Regulations, 2009, the Natural persons who are part of the Promoter Group (due to their relationship with the Promoters), other than the Promoters, are as follows:

| Name of the Promoter | Name of the Relative | Relationship with the Relative |
|----------------------|--------------------------------|--------------------------------|
| Mr. Vinod K. Jain | Mr. Genda Lal Jain | Father |
| | Mrs. Pushpa Jain | Mother |
| | Mrs. Seema Jain | Wife |
| | Mr. Rajesh Jain | Brother(s) |
| | Mrs. Meenakshi Jain | Sister(s) |
| | Archis Jain, Hriday Jain | Son(s) |
| | Jikisha Jain | Daughter(s) |
| | Mr. Paras Mal Valawat | Wife's Father |
| | Mrs. Pushpa Valawat | Wife's Mother |
| | Mr. Ravi Jain, Mr. Vishal Jain | Wife's Brother(s) |
| | Ms. Neelam Jain | Wife's Sister(s) |
| Mrs. Seema Jain | Mr. Paras Mal Valawat | Father |
| | Mrs. Pushpa Valawat | Mother |
| | Mr. Vinod K. Jain | Husband |
| | Mr. Ravi Jain, Mr. Vishal Jain | Brother(s) |
| | Ms. Neelam Jain | Sister(s) |
| | Archis Jain, Hriday Jain | Son(s) |
| | Jikisha Jain | Daughter(s) |
| | Mr. Genda Lal Jain | Husband's Father |
| | Mrs. Pushpa Jain | Husband's Mother |
| | Mr. Rajesh Jain | Husband's Brother(s) |
| | Mrs. Meenakshi Jain | Husband's Sister(s) |
| Mr. Rajesh Jain | Mr. Genda Lal Jain | Father |
| | Mrs. Pushpa Jain | Mother |
| | Mrs. Aarti Jain | Wife |
| | Mr. Vinod K. Jain | Brother(s) |
| | Mrs. Meenakshi Jain | Sister(s) |
| | Mr. Hitansh Jain | Son(s) |
| | -- | Daughter(s) |
| | Mr. Prakash Chand Jain | Wife's Father |
| | Mrs. Tara Devi Jain | Wife's Mother |
| | Mr. Ravi Jain | Wife's Brother(s) |
| | Ms. Amrita Jain | Wife's Sister(s) |

2. Other Individuals who are part of the Promoter Group

Other Individuals who do not form part of the definition provided in Regulation 2(zb)(ii) of the SEBI (ICDR) Regulations, 2009, but whose shareholding is aggregated for the purpose of disclosing in the Draft Prospectus under the heading "shareholding of the promoter group":

| Name of Promoter Group Entity | No. of shares held |
|-------------------------------|--------------------|
| Mrs. Manorama Jain | 66,150 |
| Mrs. Sulochana Devi Jain | 1,76,250 |
| Mr. Lalit Kumar Jain | 1,41,000 |
| Mr. Dinesh Kumar Lundia | 7,500 |
| Total | 3,90,900 |

3. Corporate Entities or Firms forming part of the Promoter Group

As per Regulation 2(zb)(iv) of the SEBI (ICDR) Regulations, 2009, the following entities would form part of our Promoter Group:

| Sr. No. | Relationship with Core Promoters | Name of Promoter Group Entity |
|---------|---|---|
| (A) | Any body corporate in which ten per cent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member; | <ul style="list-style-type: none"> • Satkar Finance Private Limited • SRG Global Builders Private Limited • Hriday Insurance Consultant Private Limited • Shri Nakoda Infotech Private Limited • SRG Insurance Brokers Private Limited • SRG Global Solutions Private Limited • S R G Securities Finance Limited |
| (B) | Any body corporate in which a body corporate as provided in (A) above holds ten per cent or more, of the equity share capital; | -- |
| (C) | Any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent. of the total; | <ul style="list-style-type: none"> • Vinod Jain HUF • Genda Lal Jain HUF • Rajesh Jain HUF |

OUR GROUP COMPANIES

Companies forming part of the Group Companies

Unless otherwise stated none of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, all the Group Companies are unlisted companies and they have not made any public issue of securities in the preceding three years. The information provided in this section is as of the date of this Draft Prospectus.

The Group Companies are as follows:

Companies:

- Satkar Finance Private Limited
- SRG Global Builders Private Limited
- Hriday Insurance Consultant Private Limited
- Shri Nakoda Infotech Private Limited
- SRG Insurance Brokers Private Limited
- SRG Global Solutions Private Limited
- S R G Securities Finance Limited

Partnership firms: NIL

HUF's:

- Vinod Jain HUF
- Genda Lal Jain HUF
- Rajesh Jain HUF

DETAILS OF OUR GROUP COMPANIES

COMPANIES

1. Satkar Finance Private Limited (herein after known as "SFPL")

Corporate Information

Satkar Finance Private Limited was incorporated under the Companies Act on June 30, 1994 in the state of Rajasthan. It is involved in the business of Financiers, Loan services including Hire purchase, leasing of movable and immovable properties, machineries and commodities of all kinds either by way of pledge, mortgage, hypothecation etc.

Its registered office is situated at 341-S.M. Lodha Complex, Near Shastri Circle, Udaipur, Rajasthan-313001, India.

Board of Directors

- Ms. Pushpa Jain
- Mr. Rajesh Jain
- Mr. Vinod K. Jain

Shareholding Pattern

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

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|---------|---------------------------------------|---------------------------|------------------|
| A. | Promoters | | |
| 1. | Vinod K. Jain | 87,670 | 29.00 |
| 2. | Smt. Pushpa Jain | 54,500 | 18.03 |
| 3. | Sh. Genda Lal Jain | 36,500 | 12.07 |
| 4. | Smt. Seema Jain | 35,000 | 11.58 |
| 5. | Sh. Rajesh Jain | 24,500 | 8.10 |
| 6. | Genda Lal Jain (HUF) | 13,000 | 4.30 |
| 7. | Smt. Meenakshi Jain | 5,000 | 1.65 |
| 8. | Smt. Aarti Jain | 2,500 | 0.83 |
| 9. | Jikisha Jain | 1,430 | 0.47 |
| 10. | Vinod Jain (HUF) | 1,000 | 0.33 |
| 11. | SRG Insurance Brokers Private Limited | 1,000 | 0.33 |
| | Total (A) | 2,62,100 | 86.70 |
| B. | Others (B) | 40,200 | 13.30 |
| | TOTAL (A+B) | 3,02,300 | 100.00 |

Financial Performance

The summary audited financial information of SFPL is as follows:

(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--|----------------|-------|--------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 30.23 | 30.19 | 30.19 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 14.55 | 14.12 | 12.97 |
| 3. | Income including other income | 21.61 | 7.93 | 7.44 |
| 4. | Profit/ (Loss) after tax | 0.46 | 1.14 | (1.75) |
| 5. | Earnings per share (face value of ₹10 each) | 0.15 | 0.38 | (0.58) |
| 6. | Net asset value | 14.68 | 14.54 | 14.16 |

Satkar Finance Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding-up and does not have a negative net worth.

2. SRG Global Builders Private Limited

Corporate Information

SRG Global Builders Private Limited was incorporated under the Companies Act on March 08, 2007 in Mumbai. It is involved in the business of carrying out activities of developers, builders, masonry and general construction contractors, real estate agents.

Its registered office is situated at 702, Rehman House, 18/A, Nadier Shah Sukhia Street, Fort, Mumbai, Maharashtra-400001, India.

Shareholding Pattern

The shareholding Pattern of SRG Global Builders Private Limited as on date of this Draft Prospectus is as follows:

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|-----------|--------------------------|---------------------------|--------------------|
| <i>A.</i> | <i>Promoters</i> | | |
| 1. | Vinod K. Jain | 5,000 | 3.70 |
| 2. | Seema Jain | 5,000 | 3.70 |
| | <i>Total (A)</i> | <i>10,000</i> | <i>7.41</i> |
| <i>B.</i> | <i>Others (B)</i> | <i>1,25,000</i> | <i>92.59</i> |
| | TOTAL (A+B) | 1,35,000 | 100.00 |

Board of Directors

- Mrs. Seema Jain
- Mr. Vinod K. Jain
- Mr. Sumesh Kumar Vanawat

Financial Performance

The summary audited financial information of SRG Global Builders Private Limited is as follows:
(₹ in lakhs)

| Sr. No | Particulars | As at March 31 | | |
|--------|--|----------------|-------|------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 1.00 | 1.00 | 1.00 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 0.62 | 0.35 | 0.00 |
| 3. | Income including other income | 3.61 | 37.11 | 0.00 |
| 4. | Profit/ (Loss) after tax | 0.26 | 0.35 | 0.00 |
| 5. | Earnings per share (face value of ₹10 each) | 2.67 | 3.54 | 0.00 |
| 6. | Net asset value | 8.23 | 2.91 | 0.00 |

SRG Global Builders Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding-up and does not have a negative net worth.

3. Hriday Insurance Consultant Private Limited (herein after known as "HICPL")

Corporate Information

Hriday Insurance Consultant Private Limited was incorporated under the Companies Act on October 18, 2005 in the state of Rajasthan. It is involved in the business of rendering consultancy in insurance distribution work, provide marketing and sales support and act as an agent to insurance companies.

Its registered office is situated at 401, Vinayak "A" 4th Floor, Durga Nursery Road, Udaipur, Rajasthan, India.

Shareholding Pattern

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

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|-----------|---------------------------|---------------------------|----------------------|
| <i>A.</i> | <i>Promoters</i> | | |
| 1. | Vinod K. Jain | 5,000 | 50.00 |
| | <i>Total (A)</i> | <i>5,000</i> | <i>50.00</i> |
| <i>B.</i> | <i>Others (B)</i> | <i>5,000</i> | <i>50.00</i> |
| | <i>TOTAL (A+B)</i> | <i>10,000</i> | <i>100.00</i> |

Board of Directors

- Mr. Awanish Tiwari
- Mr. Vinod K. Jain

Financial Performance

The summary audited financial information of HIPCL is as follows:

(₹ in lakhs)

| Sr. No | Particulars | As at March 31 | | |
|--------|--|----------------|-------|-------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 1.00 | 1.00 | 1.00 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 3.70 | 3.56 | 3.26 |
| 3. | Income including other income | 10.80 | 13.13 | 34.50 |
| 4. | Profit/ (Loss) after tax | 0.04 | 0.35 | 0.97 |
| 5. | Earnings per share (face value of ₹10 each) | 0.40 | 3.57 | 9.74 |
| 6. | Net asset value | 46.98 | 32.15 | 15.39 |

Hriday Insurance Consultant Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding-up and does not have a negative net worth.

4. Shri Nakoda Infotech Private Limited (herein after known as "SNIPL")

Corporate Information

Shri Nakoda Infotech Private Limited was incorporated under the Companies Act on September 29, 2000 in the state of Rajasthan. It is involved in the business of providing internet services, E-commerce facility and telecommunication services.

Its registered office is situated at 336, S.M Lodha Complex, Near Shastri Circle, Udaipur, Rajasthan-313001, India.

Shareholding Pattern

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

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|---------|---------------------|---------------------------|------------------|
| A. | Promoters | | |
| 1. | Jikisha Jain | 81,010 | 28.83 |
| 2. | Vinod K. Jain | 10 | 0.00 |
| | <i>Total (A)</i> | <i>81,020</i> | <i>28.83</i> |
| B. | Others (B) | <i>2,00,000</i> | <i>71.17</i> |
| | TOTAL (A+B) | 2,81,020 | 100 |

Board of Directors

- Mr. Vinod K. Jain
- Mr. Sanjay Kumar Bhandari

Financial Performance

The summary audited financial information of SNIPL as follows:

(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--|----------------|-------|-------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 1.00 | 1.00 | 1.00 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 0.00 | 0.00 | 0.00 |
| 3. | Income including other income | 6.66 | 5.11 | 4.50 |
| 4. | Profit/ (Loss) after tax | 0.78 | 0.01 | 0.06 |
| 5. | Earnings per share (face value of ₹10 each) | 7.84 | 0.12 | 0.57 |
| 6. | Net asset value | 10.00 | 10.00 | 10.00 |

Shri Nakoda Infotech Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

5. SRG Insurance Brokers Private Limited

Corporate Information

SRG Insurance Brokers Private Limited was incorporated under the Companies Act on June 6, 2002 in the state of Rajasthan. It is involved in the business of carrying out activities of a direct insurance broker.

Its registered office is situated at 340, S.M. Lodha Complex, Opp. Shastri Circle, Udaipur, Rajasthan-313001, India.

Shareholding Pattern

The shareholding Pattern of SRG Insurance Brokers Private Limited as on date of this Draft Prospectus is as follows:

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|-----------|----------------------|---------------------------|------------------|
| A. | Promoters | | |
| 1. | Seema Jain | 1,05,000 | 19.43 |
| 2. | Surajmal Jain | 88,000 | 16.28 |
| 3. | Mr. Rajesh Jain | 77,500 | 14.34 |
| 4. | Vinod K. Jain (HUF.) | 62,500 | 11.56 |
| 5. | Genda Lal Jain(HUF) | 50,000 | 9.25 |
| 6. | Meenakshi Jain | 40,000 | 7.40 |
| 7. | Manorama Jain | 35,000 | 6.48 |
| 8. | Pushpa Jain | 20,000 | 3.70 |
| | Total (A) | 4,78,000 | 88.44 |
| B. | Others (B) | 62,500 | 11.56 |
| | TOTAL (A+B) | 5,40,500 | 100 |

Board of Directors

- Mr. Mohan Lal Nagda
- Mr. Rajesh Jain
- Mrs. Seema Jain

Financial Performance

The summary audited financial information of SRG Insurance Brokers Private Limited is as follows:
(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--|----------------|--------|--------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 54.05 | 54.05 | 54.05 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 28.11 | 26.08 | 21.36 |
| 3. | Income including other income | 208.46 | 168.09 | 167.14 |
| 4. | Profit/ (Loss) after tax | 1.90 | 4.29 | 4.39 |
| 5. | Earnings per share (face value of ₹ 10 each) | 0.35 | 0.79 | 0.81 |
| 6. | Net asset value | 15.20 | 14.83 | 13.95 |

SRG Insurance Brokers Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

6. SRG Global Solutions Private Limited

Corporate Information

SRG Global Solutions Private Limited was incorporated under the Companies Act on January 24, 2007 in the state of Maharashtra. It is involved in maintaining, running, operating, managing call centers regarding various marketing, sales, protocol services and other educational solutions, provide internet services and other related services.

Its registered office is situated at 702, Rehman House, 18/A, Nadier Shah Sukhai Street, Fort, Mumbai, Maharashtra – 400 001

Shareholding Pattern

The shareholding Pattern of SRG Global Solutions Private Limited as on date of this Draft Prospectus is as follows:

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|-----------|-----------------------------------|---------------------------|------------------|
| A. | Promoters | | |
| 1. | Shri Vinod K. Jain | 55,600 | 26.23 |
| 2. | Shri Rajesh Jain | 5,200 | 2.45 |
| 3. | Hriday Insurance Consultant P.Ltd | 1,000 | 0.47 |
| 4. | SRG Securities Finance P Ltd | 100 | 0.05 |
| 5. | Satkar Finance Private Ltd | 100 | 0.05 |
| | Total (A) | 62,000 | 29.25 |
| B. | Others (B) | 1,50,000 | 70.75 |
| | TOTAL (A+B) | 2,12,000 | 100 |

Board of Directors

- Mr. Awanish Tiwari
- Mr. Pankaj Jain

Financial Performance

The summary audited financial information of SRG Global Solutions Private Limited is as follows:

(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--|----------------|--------|---------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 21.20 | 21.20 | 21.20 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 0.00 | 0.00 | 0.00 |
| 3. | Income including other income | 28.20 | 28.55 | 0.19 |
| 4. | Profit/ (Loss) after tax | 7.59 | 7.33 | (39.65) |
| 5. | Earnings per share (face value of ₹10 each) | 3.58 | 3.46 | (18.70) |
| 6. | Net asset value | (1.94) | (5.66) | (9.25) |

SRG Global Solutions Private Limited is an unlisted company and it has not made any public issue(including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

7. S R G Securities Finance Limited

Corporate Information

SRG Securities Finance Limited was incorporated under the Companies Act on March 6, 1995 in the state of Rajasthan. It is involved in business activities such as to lend on to acquire and give on lease on let out on hire , such let, mortgage, pledge hypothecate and hire purchase, purchasing , purchasing selling and to assist in machineries, plants, accessories , equipments, etc.

Its registered office is situated at 322, S.M. Lodha Complex, Udaipur, Rajasthan – 313001.

Shareholding Pattern

The shareholding Pattern of SRG Securities Finance Limited as on date of this Draft Prospectus is as follows:

| Sr. No. | Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|-----------|-------------------------|---------------------------|------------------|
| A. | Promoters | | |
| 1. | Shri Vinod K. Jain | 1,89,800 | 20.82 |
| 2. | Sh. Rajesh Jain | 1,50,800 | 16.54 |
| 3. | Sh. Vinod K. Jain(HUF) | 1,04,500 | 11.46 |
| 4. | Sh. Genda lal Jain | 86,800 | 9.52 |
| 5. | Smt. Aarti Prakash Jain | 85000 | 9.32 |
| 6. | Smt. Pushpa Jain | 69,000 | 7.57 |
| 7. | Smt. Seema Jain | 60,600 | 6.65 |
| 8. | Genda lal Jain(HUF) | 57,500 | 6.31 |
| 9. | Lalit Kumar Jain | 25,000 | 2.74 |
| 10 | Jikisha Jain | 25,100 | 2.75 |
| | Total (A) | 854100 | 93.69 |
| B. | Others (B) | 57500 | 6.31 |
| | TOTAL (A+B) | 9,11,600 | 100 |

Board of Directors

- Mr. Rajesh Jain
- Mrs. Seema Jain
- Mr. Vinod K. Jain

Financial Performance

The summary audited financial information of SRG Securities Finance Limited is as follows:

(₹ in lakhs)

| Sr. No | Particulars | As at March 31 | | |
|--------|--|----------------|-------|-------|
| | | 2011 | 2010 | 2009 |
| 1. | Equity Capital | 91.16 | 91.16 | 91.16 |
| 2. | Reserves (excluding revaluation reserve) and Surplus | 38.59 | 35.41 | 33.02 |
| 3. | Income including other income | 62.49 | 43.23 | 46.2 |
| 4. | Profit/ (Loss) after tax | 2.63 | 2.33 | 2.84 |
| 5. | Earnings per share (face value of ₹10 each) | 0.29 | 0.26 | 0.31 |
| 6. | Net asset value | 14.14 | 13.85 | 13.60 |

SRG Securities Finance Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding- up and does not have a negative net worth.

HINDU UNDIVIDED FAMILIES (HUF's)

8. Vinod Jain HUF

Vinod Jain HUF is a Hindu un-divided family and was formed on April 25, 2000. Mr. Vinod K. Jain is the Karta of the HUF.

Financial Performance

(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--------------|----------------|-------|-------|
| | | 2011 | 2010 | 2009 |
| 1. | Capital | 35.82 | 29.87 | 26.39 |
| 2. | Total Income | 5.63 | 3.28 | 1.89 |

9. Genda Lal Jain HUF

Genda Lal Jain HUF is a Hindu un-divided family and was formed on May 17, 2000. Genda Lal Jain is the Karta of the HUF.

Financial Performance

(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--------------|----------------|-------|-------|
| | | 2011 | 2010 | 2009 |
| 1. | Capital | 44.54 | 40.51 | 36.08 |
| 2. | Total Income | 3.99 | 3.81 | 1.79 |

10. Rajesh Jain HUF

Rajesh Jain HUF is a Hindu un-divided family and was formed on February 27, 2006. Rajesh Jain is the Karta of the HUF.

Financial Performance

(₹ in lakhs)

| Sr. No. | Particulars | As at March 31 | | |
|---------|--------------|----------------|------|-------|
| | | 2011 | 2010 | 2009 |
| 1. | Capital | 2.99 | 2.68 | 2.54 |
| 2. | Total Income | 0.31 | 0.11 | 0.003 |

Nature and Extent of Interest of Group Companies

a) In the promotion of the Company

None of the Group Companies have any interest in the promotion of the Company, except to the extent of their shareholding in the Company, if any. For details regarding the shareholding of our group companies in our company please see the chapter titled "*Capital Structure*" beginning on page 39 of this Draft Prospectus.

b) In the properties acquired in the past two years before filing the Draft Prospectus with SEBI or proposed to be acquired by the Company

The Company has not acquired nor does it propose to acquire any properties from its Group Companies.

c) In transactions for acquisition of land, construction of building and supply of machinery

None of the Group Companies have any interest in any transactions for acquisition of land, construction of building and supply of machinery by the Company.

Common Pursuits amongst the Group Companies with the Company

Except as disclosed, none of the Group Companies are in the business of the Company and there are no common pursuits.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of the Company

For details, please see "*Annexure XVIII - Related Party Transactions*" on page 139 of this Draft Prospectus.

Sale/Purchase between Group Companies, Subsidiaries

For details, please see "*Annexure XVIII - Related Party Transactions*" on page 139 of this Draft Prospectus.

Business Interest of Group Companies, Subsidiaries in the Company

Except as disclosed below, and in the Chapters titled "*Business Overview*" and "*Related Party Transactions*", none of the Group Companies and Subsidiaries have any business interest in the Company.

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,
SRG Housing Finance Limited
321, SM Lodha Complex,
Shastri Circle,
Udaipur – 313001

Dear Sirs,

Re: Proposed Public Issue of Equity Shares of SRG Housing Finance Limited

We have examined the annexed restated financial information of SRG Housing Finance Limited for last 5 financial years ended on March 31, 2012, 2011, 2010, 2009, and 2008. The said financial information is prepared by the management from the financial statements for the year ended on March 31, 2012, 2011, 2010, 2009, and 2008 and the same has been approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with:

- i. Paragraph B (I) of Part II to the Companies Act, 1956 ('the Act').
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (the SEBI ICDR Regulations, 2009) in pursuant to Section 11 of SEBI Act 1992 and related amendments/ clarifications.
- iii. Our terms of reference with the Company letter dated May 01, 2012 requesting us to carry out work in connection with the Offer Documents as aforesaid.
- iv. In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the SRG Housing Finance Limited, we, M/s Dhakar & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.
- v. Audit of the financial statements for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 has been conducted by Company's Statutory Auditor, M/s Valawat Jha Pamencha & Co., Chartered Accountants. Further, financial statements for the year ended March 31, 2012 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, M/s Valawat Jha Pamecha & Co., Chartered Accountants and whose Auditor's Report has been relied upon by us for the said periods.

Financial Information as per Audited Financial Statements:

1. We report that the restated summary of assets and liabilities of the Company as at March 31, 2012, 2011, 2010, 2009, and 2008 examined by us are as set out in Annexure I to this report after making such adjustments/restatements as shown in Notes to Account and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in this report.
2. We report that the restated summary of profit/loss of the Company for the year ended March 31, 2012, 2011, 2010, 2009, and 2008 examined by us are as set out in Annexure II to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate in the years to which they relate as shown in Notes to Account and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in this report.
3. We report that the restated Cash Flow of the Company for the year ended March 31, 2012, 2011, 2010, 2009, and 2008 are as set out in Annexure III to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in this report.
4. Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating the qualifications and material adjustments relating to the relevant previous years and after adjusting for the material amounts in the respective financial years to which they relate.
5. There are no extraordinary items which need to be disclosed separately in the Restated Financial Statements.

Other Financial Information:

6. We have examined the following financial information relating to the Company proposed to be included in the Offer Document as approved by the Board of Directors and annexed to this report:
 - a) Annexure VI - Statements of Dividend Declared, as Restated
 - b) Annexure VII – Statements of Accounting Ratios, as Restated
 - c) Annexure VIII- Statements of other income ,as Restated
 - d) Annexure IX – Statements of Secured Loans, as Restated
 - e) Annexure X – Statements of Unsecured Loans
 - f) Annexure XI – Statements of Investments, as Restated
 - g) Annexure XII- Summary of Loans and Advances, as Restated
 - h) Annexure XIII – Capitalization Statement of Company , as Restated
 - i) Annexure XIV – Statement of Tax Shelters, as Restated
 - j) Annexure XV – Statement of Change in Shares Capital, as Restated
 - k) Annexure XVI- Statement of Reserves and Surplus, as Restated
 - l) Annexure XVII- Statement of Contingent Liabilities, as Restated
 - m) Annexure XVIII- Statement of Related Party Transactions, as Restated
7. In our opinion the financial information of the Company attached to this report as mentioned in paragraph above read with significant accounting policies and notes to accounts and after making rounding off figures in lakhs and regrouping as considered appropriate, has been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI (ICDR) Regulation, 2009.

8. This report should not in any way be constructed as a re-statement or re-dating of any of the previous audit issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public issue of shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Dhakar & Associates
Chartered Accountants
(Firm Registration No. 007268C)

(Nirmal Dhakar)
Partner
Membership No. 072847
Place: Udaipur
Date: June 01, 2012

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

(₹ in Lakhs)

| Particulars | AS AT MARCH 31 | | | | |
|--|----------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| I. Equity and Liabilities | | | | | |
| (1) Shareholder's Funds | 491.32 | 305.65 | 264.47 | 248.53 | 240.51 |
| (a) Share Capital | 305.10 | 225.10 | 200.10 | 200.10 | 200.10 |
| (b) Reserves and Surplus | 186.22 | 80.55 | 64.37 | 48.43 | 40.41 |
| (c) Money received against share warrants | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (2) Share application money pending allotment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (3) Non-Current Liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (a) Long Term Borrowings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Deferred Tax Liabilities (Net) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Other Long Term liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (d) Long Term Provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (4) Current Liabilities | 374.42 | 293.15 | 236.02 | 120.40 | 137.37 |
| (a) Short Term Borrowings | 347.86 | 276.05 | 223.71 | 108.10 | 118.12 |
| (b) Trade Payables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Other Current Liabilities | 2.10 | 4.22 | 2.31 | 2.65 | 12.18 |
| (d) Short Term Provisions | 24.46 | 12.88 | 10.00 | 9.65 | 7.07 |
| Total (1+2+3+4) | 865.74 | 598.80 | 500.49 | 368.93 | 377.88 |
| II. Assets | | | | | |
| (1) Non-Current Assets | 28.45 | 30.97 | 33.50 | 38.31 | 41.73 |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 11.74 | 14.42 | 17.17 | 22.54 | 26.90 |
| (ii) Intangible Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Capital Work-in-Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Intangible Assets under Development | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Non-Current Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Deferred Tax Assets (Net) | 1.66 | 1.55 | 1.33 | 0.77 | -0.17 |
| (d) Long Term Loans and Advances | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (e) Other Non-Current Assets | 15.05 | 15.00 | 15.00 | 15.00 | 15.00 |
| (2) Current Assets | 837.29 | 567.39 | 466.99 | 330.62 | 336.15 |
| (a) Current Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) Inventories | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Trade Receivables (Housing Finance Loans - Gross) | 757.13 | 500.82 | 451.64 | 318.66 | 318.89 |
| (d) Cash and Cash Equivalents | 56.08 | 52.78 | 9.27 | 7.67 | 10.76 |
| (e) Short-Term Loans and Advances | 24.08 | 14.23 | 6.08 | 4.29 | 6.50 |
| (f) Other Current Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (1+2) | 865.74 | 598.80 | 500.49 | 368.93 | 377.88 |

ANNEXURE II: SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED

(₹ in Lakhs)

| Particulars | AS AT MARCH 31 | | | | |
|---|----------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| I. Revenue from Housing Finance Activity (Interest Income) | 126.60 | 89.60 | 84.08 | 59.2 | 54.24 |
| II. Other Income | 0.11 | 1.07 | 0.47 | 0.00 | 0.99 |
| III. Total Revenue (I + II) | 126.71 | 90.67 | 84.55 | 59.20 | 55.23 |
| <i>IV. Expenses:</i> | | | | | |
| Employee Benefit Expense | 25.02 | 21.68 | 17.16 | 11.42 | 10.04 |
| Interest (Financial) Costs | 47.35 | 33.41 | 26.51 | 16.73 | 13.95 |
| Depreciation and Amortization Expense | 3.53 | 4.03 | 5.38 | 7.27 | 3.81 |
| Provision for NPA | 6.64 | 2.18 | (0.69) | 2.61 | 0.79 |
| Other Expenses | 6.74 | 6.48 | 14.36 | 9.21 | 11.07 |
| IV. Total Expenses | 89.28 | 67.78 | 62.72 | 47.24 | 39.66 |
| V. Profit Before Exceptional and Extraordinary Items and Tax (III – IV) | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| VI. Exceptional Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VII. Profit Before Extraordinary Items and Tax (V - VI) | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| VIII. Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| IX. Profit before tax (VII - VIII) | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| X. Tax Expense: | | | | | |
| (1) Less: Current Tax | 11.88 | 6.94 | 6.25 | 5.2 | 5.23 |
| (2) Less: Deferred Tax | (0.12) | (0.22) | (0.56) | (0.95) | (0.15) |
| (3) Less: Short / Excess Provision of Earlier Years | 0.00 | 0.00 | 0.20 | (0.32) | 0.06 |
| XI. Profit (Loss) from the period from continuing operations | 25.67 | 16.17 | 15.94 | 8.03 | 10.43 |
| XII. Profit/(Loss) from discontinuing operations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| XIII. Tax expense of discounting operations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| XIV. Profit/(Loss) from Discontinuing operations (XII - XIII) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| XV. Profit/(Loss) for the period (XI + XIV) | 25.67 | 16.17 | 15.94 | 8.03 | 10.43 |
| Less: Transfer to Special Reserve | 6.50 | 3.75 | 3.25 | 3.00 | 3.50 |
| Amount to be transferred to P&L Account | 19.17 | 12.42 | 12.69 | 5.03 | 6.93 |

ANNEXURE III: CASH FLOW STATEMENT, AS RESTATED

(₹ in Lakhs)

| Particulars | AS AT MARCH 31 | | | | |
|---|-----------------|----------------|-----------------|----------------|-----------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| A) Cash Flow From Operating Activities | | | | | |
| Net Profit Before Tax as Restated | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| Adjustment for : | | | | | |
| Depreciation | 3.53 | 4.03 | 5.38 | 7.27 | 3.81 |
| Provision for Diminution in Value of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (Profit)/ Loss on Sale of Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (Profit)/ Loss on Sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend Received | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Profit before Working Capital Changes | 40.96 | 26.92 | 27.21 | 19.23 | 19.38 |
| Adjustment for :- | | | | | |
| Loan and Advances | (266.16) | (57.33) | (134.77) | 2.44 | (112.80) |
| Creditors and Other Liabilities | 9.46 | 4.79 | 0.01 | (6.95) | 12.47 |
| Cash Generated from Operations | (256.70) | (52.54) | (134.76) | (4.51) | (100.33) |
| Direct Taxes Paid | (11.88) | (6.94) | (6.46) | (4.88) | (5.31) |
| Net cash from /(used in) Operating Activities (A) | (227.62) | (32.56) | (114.01) | 9.84 | (86.26) |
| B) Cash Flow from Investing Activities | | | | | |
| Purchase of Fixed Assets | (0.85) | (1.28) | 0.00 | (2.91) | (17.58) |
| Sale of Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Purchase of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Non-Current Assets | (0.05) | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred Tax Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividends Received | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net cash from/(used in) Investing activities (B) | (0.90) | (1.28) | 0.00 | (2.91) | (17.58) |
| C) Cash Flow from Financing Activities | | | | | |
| Proceeds From Issue of Share Capital + Premium | 160.00 | 25.00 | 0.00 | 0.00 | 61.50 |
| Increase in Secure and Unsecured loans | 71.81 | 52.34 | 115.61 | (10.02) | (99.65) |
| Increase in Housing loans | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividends paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net cash from/(used in) financing activities (C) | 231.81 | 77.34 | 115.61 | (10.02) | (38.15) |
| Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C) | 3.29 | 43.50 | 1.60 | (3.09) | (141.99) |
| Cash and cash equivalents at beginnings of year (D) | 52.78 | 9.27 | 7.67 | 10.76 | 152.75 |
| Cash and cash equivalents at end of year (E) | 56.08 | 52.78 | 9.27 | 7.67 | 10.76 |
| Net (Decrease)/Increase in cash and cash equivalent (D-E) | 3.30 | 43.51 | 1.60 | (3.09) | (141.99) |

ANNEXURE IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS RESTATED

Significant Accounting Policies

1. Basis of preparation

The financial statements are prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP), and provisions of the Companies Act, 1956 and accounting standards issued by the Institute of Chartered Accountants of India (ICAI) as Applicable. The Company also follows the directions prescribed by the National Housing Bank (NHB) for housing finance Companies.

2. Income Recognition

Interest income on housing / other loans and other dues are accounted on accrual basis. Housing / other loans are classified into "Performing and non- performing assets in terms of the directions issued by the NHB from time to time". Income recognition on non-performing advances are made in accordance with the NHB guidelines.

3. Interest on Housing Loans

Repayment of the Housing Loans is by way of equated monthly installments (EMIs) comprising principal and interest. The interest is calculated on the outstanding balances at the beginning of the month. EMI's commence once the entire loan is disbursed. Pending commencement of EMI, pre-equated monthly installment interest (PEMI) is payable every month.

4. Fixed Assets And Depreciation

- a. Fixed Assets are stated at cost, Depreciation on fixed assets is provided on pro-rata basis from the date of installation on written down value method in accordance with Schedule XIV of the Companies Act, 1956.
- b. Assets costing till 5000 are being depreciated fully in the year acquisition.

5. Provision on Non-Performing Assets

Non- performing assets are identified and categorized into Sub-standard, Doubtful and Loss Category based on the guidelines and direction issued by NHB. Provisions for non-performing assets are made in the accordance with the said guidelines .

6. Investments

The Company do not have Investments

7. Employee Benefits

- a. Short –term Employee Benefits
Short –term Employee Benefits for Services rendered by employees are recognized during the period when the services are rendered.
- b. Post- Employment Benefits

8. Accounting For Taxes On Income

Income tax expenses is the aggregate amount of current tax and deferred tax charge, Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Current Tax is determined in accordance with the income Tax Act 1961, on the amount of tax payable in respect of income for the year.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences arising between the carrying value of assets and liabilities. Deferred tax assets are

recognized only after giving due consideration to prudence. Deferred tax assets and liabilities are measured using tax retards and tax laws that have been enacted (or) substantially enacted by the balance sheet date.

9. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings per share issued by the Institute of Chartered accountants of India. Basic earnings share have been computed by dividend net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

NOTES TO ACCOUNTS

1. Deferred Tax:

The Components of deferred tax asset as on March 31, 2012 as under:

| Particulars | As At March 31, 2012 | As At March 31, 2011 |
|--|----------------------|----------------------|
| Provision for Non Performing Advances / Standard Non Housing Loans | 0 | 0 |
| Disallowance under Section 43B etc. | 0 | 0 |
| | (A) | 0 |
| Deferred Tax Liabilities | | |
| Difference between written down value of fixed Assets as per Companies Act and as per Income tax Act., | (B) 1.66 | 1.55 |
| Net Deferred Tax Asset (A-B) | 1.66 | 1.55 |

**Treatment of Provision for NPA has been done below the line of P & L Account. There are no disallowable items under Section 43 B. Hence it will not affect the DTL/Assets.*

- In the opinion of the Management, the Current assets, loans and advances as stated in the balance sheet are realizable in the normal course of business.
- Classification of loans and Provisions made for Non- Performing Assets are as Under:

| Particulars | As at March 31, 2012 | | | | | As at March 31, 2011 | | | | |
|--|----------------------|----------------------|--------------|------|--------|----------------------|----------------------|--------------|------|--------|
| | Stand ard | Sub- stan dard | Doub tful | Loss | Total | Stand ard | Sub- stand ard | Doub tful | Loss | Total |
| Housing Loan (Including Installment due from borrowers) | | | | | | | | | | |
| Individual house ownership | 431.61 | 2.34 | 2.66 | 3.06 | 439.67 | 327.90 | 0.73 | 5.07 | 2.20 | 335.90 |
| Mortgage/other loan | 296.68 | 0.00 | 20.77 | 0.00 | 317.45 | 141.29 | 23.64 | 0.00 | 0.00 | 164.93 |
| Total loans | 728.29 | 2.34 | 23.43 | 3.06 | 757.12 | 469.19 | 24.37 | 5.07 | 2.20 | 500.83 |
| Provision-housing loans | 1.73 | 0.35 | 1.07 | 3.06 | 6.21 | 0.00 | 0.08 | 1.01 | 2.20 | 3.29 |
| Provision other loan | 1.18 | 0.00 | 5.19 | 0.00 | 6.37 | 0.28 | 2.36 | 0.00 | 0.00 | 2.64 |
| Total Provision | 2.91 | 0.35 | 6.26 | 3.06 | 12.58 | 0.28 | 2.44 | 1.01 | 2.20 | 5.93 |

4. There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2012, this information as required to be disclosed under the micro, small and medium Enterprises Development Act, 2006 has been determined to other extent such parties have been identified on the basis at information available with the Company.
5. Expenditure incurred in foreign Currency
 Training Expenses: NIL
 Traveling Expenses: NIL
6. There are no amounts to be reflected under payable the investor protection fund.
7. Related Party Disclosures as required in terms of 'Accounting Standard – 18' are given in Annexure XVIII.
8. The Main business of the company is to provide long term loan financing for Residential purpose in India Accordingly, there is not separate reportable segment as per Accounting Standard –As 17 "Segment Reporting"
9. Earnings Per Share (EPS) as required in terms of 'accounting standard – 20' are given in Annexure VII.
10. Details of Movement in provisions in accordance with the Accounting Standard -29

| Particulars of Provision for | Opening Balance as at April 1, 2012 | Provision made during the year | Provisions reversed /adjusted | Closing balance as at March 31, 2012 |
|--|-------------------------------------|--------------------------------|-------------------------------|--------------------------------------|
| Non performing advances | 5.66 | 4.01 | - | 9.67 |
| Standard loans | 0.28 | 2.63 | - | 2.91 |
| Taxation | 6.93 | 11.88 | 6.93 | 11.88 |
| Proposed dividend (including Dividend Tax) | - | - | - | - |

11. Capital to Risk Assets Ratio

| Sr. No. | Items | As at March 31, 2012 | As at March 31, 2011 |
|---------|---------------------------|----------------------|----------------------|
| i. | CRAR (%) | 80.65 | 81.67 |
| ii. | CRAR -TIER I Capital (%) | 80.65 | 81.67 |
| iii. | CRAR -TIER II Capital (%) | - | - |

12. Exposure to Real Estate Sector (As certified by the Management)

| Category | As at March 31, 2012 | As at March 31, 2011 |
|---|----------------------|----------------------|
| a) Direct Exposure | | |
| (i) Residential Mortgages | | |
| Lending Fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; | 749.01 | 488.69 |
| (i) Out of the above Individual Housing Loans up to 15 Lakhs | 297.74 | 236.24 |
| (ii) Commercial Real Estate- | | |

| | | |
|--|------|-------|
| Lending Secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi- tenanted premises, industrial or warehouse space, hotels land acquisition , development and construction etc.) Exposure would also include non-fund based (NFB) limits | 8.12 | 12.14 |
| (iii) Investments in Mortgage backed Securities (MBS) and other securities exposures - | - | - |
| a. Residential | - | - |
| b. Commercial Real Estate | - | - |
| b) Indirect Exposure | | |
| Fund Based and non- fund based exposures on national Housing Bank (NHB) and Housing Finance Companies (HFCs) | - | - |

13. Assets Liability Management: Maturity Pattern of certain items of Assets and Liabilities (As certified by the Management) – The Company does not have any long term liability.

14. Previous year figures have been regrouped and rearranged wherever necessary, to confirm the current year classification.

ANNEXURE V: RESTATEMENTS

| Restatements | As at March 31 | | | | |
|---|----------------|----------|----------|----------|----------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Changes in Accounting Policy | - | - | - | - | - |
| Effects for incorrect Accounting Policy | - | - | - | - | - |
| Effects of Auditor's Qualification | - | - | - | - | - |
| Prior Period Items | - | - | - | - | - |
| Total Adjustments | - | - | - | - | - |

ANNEXURE VI: STATEMENT OF DIVIDEND DECLARED, AS RESTATED

The company has not declared any dividends till date.

ANNEXURE VII: STATEMENT ACCOUNTING RATIOS, AS RESTATED

| Particulars | As at March 31 | | | | |
|---|----------------|-------|-------|-------|-------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Face Value per Equity share | 10/- | 10/- | 10/- | 10/- | 10/- |
| Profit/(Loss) after Tax as per Profit and Loss Account (₹ in lakhs) | 25.67 | 16.17 | 15.94 | 8.03 | 10.43 |
| Earnings / (Losses) per share | | | | | |
| Basic earnings /(loss) per share | 1.14 | 0.81 | 0.80 | 0.40 | 0.75 |
| Diluted earnings /(loss) per share | 1.14 | 0.81 | 0.80 | 0.40 | 0.75 |
| Return On Net worth (%) | 5.22 | 5.29 | 6.03 | 3.23 | 4.34 |
| Net Assets Value per Equity Share (Rs.) | 16.10 | 13.58 | 13.22 | 12.42 | 12.02 |
| Weighted average numbers of equity shares used in | 22.57 | 20.02 | 20.01 | 20.01 | 13.94 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| calculating Basic Earnings per Share | | | | | |
| Weighted average numbers of equity shares used in calculating Diluted Earnings per Share | 22.57 | 20.02 | 20.01 | 20.01 | 13.94 |
| Total Numbers of equity shares outstanding as at the end of the year | 30.51 | 22.51 | 20.01 | 20.01 | 20.01 |
| EPS Calculation (giving retrospective effect of bonus shares) | 0.56 | 0.35 | 0.35 | 0.18 | 0.23 |
| Adjusted EPS | 0.68 | 0.46 | 0.45 | 0.23 | 0.36 |
| Weighted average numbers of equity shares used in calculating Adjusted Earnings per Share | 37.83 | 35.27 | 35.27 | 35.27 | 29.20 |

ANNEXURE VIII: STATEMENT OF OTHER INCOME, AS RESTATED

(₹ in Lakhs)

| Particulars | As at March 31 | | | | |
|-----------------------------|----------------|-------------|-------------|-------------|-------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Interest on Deposits (Bank) | 0.11 | 0.57 | 0.47 | 0.00 | 0.63 |
| Processing Fees | - | 0.50 | - | - | - |
| Short term Capital Gain | - | - | - | - | 0.36 |
| Total | 0.11 | 1.07 | 0.47 | 0.00 | 0.98 |

ANNEXURE IX: STATEMENT OF SECURED LOANS, AS RESTATED

(₹ in Lakhs)

| S. No. | Particulars | Loan Outstanding as at March 31 | | | | |
|----------|-------------------------------|---------------------------------|---------------|---------------|---------------|---------------|
| | | 2012 | 2011 | 2010 | 2009 | 2008 |
| A | Long Term Debts | NIL | NIL | NIL | NIL | NIL |
| | TOTAL (A) | NIL | NIL | NIL | NIL | NIL |
| B | Short Term Debts | | | | | |
| | CC Facility - SBI | 347.86 | 276.06 | 223.71 | 108.10 | 118.12 |
| | TOTAL (B) | 347.86 | 276.06 | 223.71 | 108.10 | 118.12 |
| | Total Borrowings (A+B) | 347.86 | 276.06 | 223.71 | 108.10 | 118.12 |

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 |
|---------------------|------------------|---|---|---|-----------------------------------|
| State Bank of India | Cash Credit (H) | 4.50 % above base rate Presently 14.5 % p.a. | Ist Hypothecation charge over the of Book-Debts and Personal Guarantee of Promoter & Promoter Group | On Demand (Renew after every 12 months) | 2 % in case of any default. |

ANNEXURE X: STATEMENT OF UNSECURED LOANS

The Company has not availed any unsecured loans in the year ended on March 31, 2012, 2011, 2010, 2009, 2008

ANNEXURE XII: STATEMENT OF INVESTMENTS, AS RESTATED

The Company does not have any investments in the year ended on March 31, 2012, 2011, 2010, 2009, 2008.

ANNEXURE XII: STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(₹ in Lakhs)

| Particulars | As at March 31 | | | | |
|--|----------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Unsecured , Considered Goods | | | | | |
| Installments /PEMI Due from Borrowers | - | - | - | - | - |
| Advance recoverable in cash or in kind or for value to be received | 13.05 | 6.05 | 0.01 | 0.07 | 1.62 |
| Advances towards office Booking | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Deposits with Government Authorities & Others | 0.05 | - | - | - | - |
| Advance Income Tax / FBT | 11.03 | 8.18 | 6.08 | 4.22 | 4.88 |
| MAT Credit Entitlement | - | - | - | - | - |
| Total | 39.13 | 29.23 | 21.09 | 19.29 | 21.50 |

ANNEXURE XIII: CAPITALISATION STATEMENT OF COMPANY, AS RESTATED

(₹ in Lakhs)

| Particulars | Pre-Issue as on March 31, 2012 | Post Issue* |
|--|--------------------------------|----------------|
| Short Term Debt | 347.86 | 347.86 |
| Long Term Debt | 0.00 | 0.00 |
| Total Debt | 347.86 | 347.86 |
| Equity Share Capital | 305.10 | 655.10 |
| Reserves and Surplus | 186.22 | 536.62 |
| Total Shareholder's Fund | 491.32 | 1192.12 |
| Long Term Debt to Total Shareholder's Fund | - | - |
| Short Term Debt to Total Shareholder's Fund | 0.71 | 0.29 |
| Total Debt to Total Shareholder's Fund | 0.71 | 0.29 |

* The Post Issue Capitalization Statement assumes the Debt Level of the company to be same as that as on March 31, 2012

ANNEXURE XIV: STATEMENT OF TAX SHELTERS, AS RESTATED

(₹ in Lakhs)

| Particulars | As at March 31 | | | | |
|--|----------------|-------|-------|-------|-------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Profit /(Loss) before taxation as restated | 37.43 | 22.89 | 21.83 | 11.96 | 15.57 |
| Tax Rate on Business Income (%) | 30.90 | 30.90 | 30.90 | 33.99 | 33.99 |
| Tax Rates on Long term Capital gain of Shares / Mutual Funds Which attract STT (%) | - | - | - | - | - |

| | | | | | |
|---|-------------|---------------|---------------|---------------|---------------|
| Tax Rates on Short term Capital gain of Shares / Mutual Funds Which attract STT (%) | - | - | - | - | - |
| Tax At Notional Rate | 11.57 | 7.07 | 6.75 | 4.06 | 5.29 |
| A. Permanent Differences: | | | | | |
| Fees Paid towards increase in authorized capital | | | | | |
| Profit / Loss on sale of Assets | - | - | - | - | - |
| Profit / Loss on sale of Investments | - | - | - | - | - |
| Long term Capital gain (STT Paid) | - | - | - | - | - |
| Dividend Income Exempt Under 10(34) | - | - | - | - | - |
| Deductions Under 36(1) (viii) | (6.01) | (3.33) | (2.78) | (2.81) | (2.88) |
| Other Adjustments | 6.64 | 2.18 | (0.69) | 2.61 | 0.79 |
| TOTAL (A) | 0.63 | (1.15) | (3.47) | (0.20) | (2.09) |
| B. Timing Differences: | | | | | |
| Preliminary Expenses written off | | | | | |
| Differences between Book depreciation and tax depreciation | 0.37 | 0.71 | 1.85 | 3.06 | 0.45 |
| Disallowance under section 43 B etc. | - | - | - | - | - |
| TOTAL (B) | 0.37 | 0.71 | 1.85 | 3.06 | 0.45 |
| TOTAL (A+B) | 1.00 | (0.44) | (1.62) | 2.86 | (1.64) |
| Tax Savings Thereon | 0.31 | (0.16) | (0.50) | 0.97 | (0.56) |
| Actual tax paid / Tax Provision | 11.88 | 6.94 | 6.25 | 5.20 | 5.23 |

ANNEXURE XV: STATEMENT IN SHARE CAPITAL, AS RESTATED

| Particulars | As at March 31 | | | | |
|--|----------------|---------|---------|---------|---------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Authorized Share Capital | | | | | |
| No. of Equity Shares of Rs.10 each | 10000000 | 3000000 | 3000000 | 3000000 | 3000000 |
| No. of Preference Shares of Rs.10 each | - | - | - | - | - |
| Issued, Subscribed & Paid up | | | | | |
| No. of Equity Shares at the beginning of the year | 2251000 | 2001000 | 2001000 | 2001000 | 1386000 |
| Add: Fresh Issue of Equity Shares - To Promoters | 40000 | - | - | - | 160000 |
| Add : Conversion of preference Shares to Equity Shares to Equity Shares - others | - | - | - | - | - |
| Add: Fresh Issue of Equity Shares - To others | 760000 | 250000 | - | - | 455000 |
| No. of Equity Shares at the end of the year | 3051000 | 2251000 | 2001000 | 2001000 | 2001000 |

ANNEXURE XVI: STATEMENT OF RESERVE AND SURPLUS, AS RESTATED

(₹ in Lakhs)

| Particulars | As at March 31 | | | | |
|--|----------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Special Reserves | 32.43 | 25.93 | 22.18 | 18.93 | 15.93 |
| General Reserves | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Share Premium Account | 81.35 | 1.35 | 1.35 | 1.35 | 1.35 |
| Profit And Loss Account | 72.43 | 53.26 | 40.84 | 28.15 | 23.12 |
| Lees: Debit balance in profit and loss account | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 186.21 | 80.54 | 64.37 | 48.43 | 40.40 |

ANNEXURE XVII: STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(₹ in Lakhs)

| Particulars | As at March 31 | | | | |
|--|----------------|------|------|------|------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Claims against the company not acknowledged as debts | - | - | - | - | - |

ANNEXURE XVIII: STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

(i) Key Managerial Personnel

| As at March 31 | | | | |
|--------------------|--------------------|--------------------|--------------------|-----------------|
| 2008 | 2009 | 2010 | 2011 | 2012 |
| Mr. Vinod Jain | Mr. Vinod Jain | Mr. Vinod Jain | Mr. Vinod Jain | Mr. Vinod Jain |
| Mr. Rajesh Jain | Mr. Rajesh Jain | Mr. Rajesh Jain | Mr. Rajesh Jain | Mr. Rajesh Jain |
| Mrs. Seema Jain | Mrs. Seema Jain | Mrs. Seema Jain | Mrs. Seema Jain | Mrs. Seema Jain |
| Mr. Genda Lal Jain | Mr. Genda Lal Jain | Mr. Genda Lal Jain | Mr. Genda Lal Jain | - |
| Mrs. Pushpa Jain | Mrs. Pushpa Jain | Mrs. Pushpa Jain | Mrs. Pushpa Jain | - |

(ii) Relatives of Key Managerial Personnel

| As at March 31 | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 |
| Meenakshi Jain | Meenakshi Jain | Meenakshi Jain | Meenakshi Jain | Meenakshi Jain |
| Gendalal Jain HUF | Gendalal Jain HUF | Gendalal Jain HUF | Gendalal Jain HUF | Gendalal Jain HUF |
| Vinod Jain – HUF | Vinod Jain – HUF | Vinod Jain – HUF | Vinod Jain – HUF | Vinod Jain – HUF |
| Aarti Jain | Aarti Jain | Aarti Jain | Aarti Jain | Aarti Jain |
| Rajesh Jain - HUF | Rajesh Jain - HUF | Rajesh Jain - HUF | Rajesh Jain - HUF | Rajesh Jain - HUF |

(iii) Associates / Enterprises over which directors and / or their relatives has significant influence

| As at March 31 | | | | |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 |
| Satkar Finance Private Limited | Satkar Finance Private Limited | Satkar Finance Private Limited | Satkar Finance Private Limited | Satkar Finance Private Limited |
| SRG Global Builders Private | SRG Global Builders Private | SRG Global Builders Private | SRG Global Builders Private | SRG Global Builders Private |

| | | | | |
|---|---|---|---|---|
| Limited | Limited | Limited | Limited | Limited |
| Hriday Insurance Consultant Private Limited | Hriday Insurance Consultant Private Limited | Hriday Insurance Consultant Private Limited | Hriday Insurance Consultant Private Limited | Hriday Insurance Consultant Private Limited |
| Shri Nakoda Infotech Private Limited | Shri Nakoda Infotech Private Limited | Shri Nakoda Infotech Private Limited | Shri Nakoda Infotech Private Limited | Shri Nakoda Infotech Private Limited |
| S R G Securities Finance Limited | S R G Securities Finance Limited | S R G Securities Finance Limited | S R G Securities Finance Limited | S R G Securities Finance Limited |
| SRG Insurance Brokers Private Limited | SRG Insurance Brokers Private Limited | SRG Insurance Brokers Private Limited | SRG Insurance Brokers Private Limited | SRG Insurance Brokers Private Limited |
| SRG Global Solutions Private Limited | SRG Global Solutions Private Limited | SRG Global Solutions Private Limited | SRG Global Solutions Private Limited | SRG Global Solutions Private Limited |

(iv) Particulars of Transactions with Related Parties

| Key Management Personnel | | | | | |
|---|----------------|--------------|--------------|-------------|-------------|
| Particulars | As at March 31 | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| 1) Remuneration Paid Directors: | | | | | |
| Mr. Vinod Jain | 14.40 | 12.80 | 10.20 | 3.24 | 2.82 |
| 2) Short Term Loans taken from KMP and repaid during the year (including interest payments, if any). | | | | | |
| Mr. Vinod Jain | 7.00 | 7.00 | - | - | - |
| Mrs. Seema Jain | - | - | - | - | 0.50 |
| 3) Short Term Loans given to KMP and returned back during the year (including interest receipts, if any) | | | | | |
| Mr. Vinod Jain | 10.00 | - | - | - | - |
| 4) Rent paid: | | | | | |
| Mr. Gendalal Jain | N.A. | 1.67 | - | - | - |
| Total | 32.40 | 21.47 | 10.20 | 3.24 | 3.32 |

| Relatives of KMP | | | | | |
|---|----------------|-------------|--------------|-------------|-------------|
| Particulars | As at March 31 | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Rent Paid to relative of KMP: | | | | | |
| Gendalal Jain HUF | - | - | 2.54 | 1.57 | 1.42 |
| Vinod Jain HUF | 0.98 | - | - | - | - |
| Gendalal Jain | 0.70 | - | - | - | - |
| Housing Finance Loan Given to relative of KMP: | | | | | |
| Meenakshi Jain | 0.83 | 0.53 | 9.83 | - | - |
| Total | 1.81 | 0.53 | 12.37 | 1.57 | 1.42 |

| Associate Companies | | | | | |
|--|----------------|--------------|--------------|-------------|--------------|
| Particulars | As at March 31 | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Short Term Loans taken from Associate and repaid during the year (including interest payments, if any). | | | | | |
| Satkar Finance Private Limited | - | 10.46 | - | - | - |
| SRG Securities Finance Limited | - | 5.00 | - | - | - |
| Short Term Loans given to Associate and returned back during the year (including interest receipts, if any) | | | | | |
| Satkar Finance Private Limited | - | - | - | - | 5.09 |
| S R G Securities Finance Limited | 5.00 | - | 25.29 | 6.64 | 36.37 |
| Total | 5.00 | 15.46 | 25.29 | 6.64 | 41.46 |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements, including the notes thereto, and other financial data in Chapter titled "Financial Information" beginning on page 126 of this Draft Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on pages 9 and 8, respectively, of this Draft Prospectus which discuss a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussion is based on our restated financial statements as of and for the fiscal years March 31, 2012, 2011, 2010, 2009 and 2008. Our audited financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act and restated in accordance with the relevant provisions of the SEBI Regulations and the Companies Act. Our fiscal year ends on March 31 of each year. Unless otherwise stated, "fiscal year" or "fiscal" refers to the twelve month period ending March 31 of that year.

BUSINESS OVERVIEW

We are a growing housing finance company headquartered in Udaipur, Rajasthan. Our company was incorporated as Vitalise Finlease Private Limited under the provisions of the Companies Act, 1956 on March 10, 1999, with the Registrar of Companies, Jaipur. Pursuant to a Shareholders Resolution passed at the EGM held on December 02, 2000, the name of our Company was changed to S.R.G. Housing Finance Private Limited and a fresh certificate of incorporation dated December 04, 2000, was issued by the Registrar of Companies, Jaipur. Subsequently, our company was converted to a public limited company pursuant to a Shareholders Resolution passed at the EGM held on January 15, 2004 and a fresh certificate of incorporation dated February 10, 2004, consequent to such change of status was issued by the Registrar of Companies, Jaipur. Further, the name of our Company was changed to SRG Housing Finance Ltd. pursuant to a Shareholders Resolution passed at the EGM held on June 15, 2012. A fresh certificate of incorporation consequent to such change of name was issued on June 18, 2012 by the Registrar of Companies, Jaipur.

We are engaged primarily in the business of providing Long-Term Housing Finance to Individuals for Home Ownership, by offering:

- (i) Individual Home Loans
- (ii) Loans against Property

For further details, please see the paragraph titled "*Products and Services*" on page 83 of this Draft Prospectus. Our primary objective behind venturing into this business was to meet the financing needs of all income segments by providing adequate financial resources to fulfill their housing requirements.

Presently, we have 1 Head office and 3 satellite centers Located in Rajasthan. Further, we are targeting to open another 10 satellite centers which are to be located in tier 2 cities, tier 3 cities, District and Tehsil head quarters and at the peripheries of tier 1 cities, that are our key target markets, based on our belief that they are underserved by larger HFCs and banks.

We believe that our following key strengths will enable us to generate consistent growth in loan book and profitability, and maintain strong asset quality - (a) direct customer contact (b) niche marketing strategy, (c) robust risk management systems and processes, (d) well recognized brand in Rajasthan with an established track record, and (e) Strong Senior Management backed by Experienced Promoters. For further details, please see the paragraph titled "*Our Competitive Strengths*" on page 81 of this Draft Prospectus.

We intend to grow our loan book, income and profits through (a) Increasing Net Owned Funds (b) Expanding Network and Connectivity (c) Maintaining strong asset quality through disciplined risk management (d) Reducing funding costs (e) Optimizing operating costs, amongst others.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

i. Computation of Loan to Value (LTV) Ratio

The National Housing Bank vide its Policy Circular No. 49 dated April 9, 2012, has advised HFCs to compute the LTV ratio as a percentage with total outstanding in the account (viz, "principal + accrued interest + other charges pertaining to the loan" without any netting) in the numerator and the realizable value of the residential property mortgaged to the HFC in the denominator. Our average LTV Ratios for fiscals 2012 and 2011, were 44.27% and 34.44% respectively.

ii. Pre-payment Penalty on pre-closure of Housing Loans

The National Housing Bank vide its Policy Circular No. 43 dated October 19, 2011 advised that pre-payment levy or pre-closure charges should not be levied by the HFCs with immediate effect on the borrowers –

- Where the housing loan is on floating interest rate basis (pre-closed through any source).
- Where the housing loan is on fixed interest rate basis (pre-closed by the borrowers out of their own* sources).

**The expression "own sources" for this purpose means any source other than by borrowing from a bank/HFC/NBFC and/ or a financial institution.*

Recently, Bank vide its Circular dated April 4, 2012 clarified that the instruction applicable to fixed interest rate housing loans referred to in the Policy Circular No. 43 shall apply to housing loans given on Special Rate basis.

In the opinion of the Board of Directors of our Company, except as stated above, there have not arisen, since the date of the last financial statements disclosed in this Draft Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the 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 9 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 HFC Industry
- Operating Expenses
- Recruitment and Retention of employees

KEY ACCOUNTING POLICIES

1. Basis of preparation

The financial statements are prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP), and provisions of the Companies Act, 1956 and accounting standards issued by the Institute of Chartered Accountants of India (ICAI) as Applicable. The Company also follows the directions prescribed by the National Housing Bank (NHB) for housing finance Companies.

2. Income Recognition

Interest income on housing / other loans and other dues are accounted on accrual basis. Housing / other loans are classified into "Performing and non- performing assets in terms of the directions issued by the NHB from time to time". Income recognition on non-performing advances are made in accordance with the NHB guidelines.

3. Interest on Housing Loans

Repayment of the Housing Loans is by way of equated monthly installments (EMIs) comprising principal and interest. The interest is calculated on the outstanding balances at the beginning of the month. EMI's commence once the entire loan is disbursed. Pending commencement of EMI, pre-equated monthly installment interest (PEMI) is payable every month.

4. Fixed Assets And Depreciation

- ✓ Fixed Assets are stated at cost, Depreciation on fixed assets is provided on pro-rata basis from the date of installation on written down value method in accordance with Schedule XIV of the Companies Act, 1956.
- ✓ Assets costing till ₹ 5000 are being depreciated fully in the year acquisition.

5. Provision on Non-Performing Assets

Non- performing assets are identified and categorized into Sub-standard, Doubtful and Loss Category based on the guidelines and direction issued by NHB. Provisions for non-performing assets are made in the accordance with the said guidelines.

6. Investments

The Company doesn't have Investments.

7. Employee Benefits

- ✓ *Short-term Employee Benefits*
Short-term Employee Benefits for Services rendered by employees are recognized during the period when the services are rendered.
- ✓ *Post-Employment Benefits*

8. Accounting For Taxes On Income

Income tax expenses is the aggregate amount of current tax and deferred tax charge, Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Current Tax is determined in accordance with the income Tax Act 1961, on the amount of tax payable in respect of income for the year.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences arising between the carrying value of assets and liabilities. Deferred tax assets are recognized only after giving due consideration to prudence. Deferred tax assets and liabilities are measured using tax returns and tax laws that have been enacted (or) substantially enacted by the balance sheet date.

9. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings per share issued by the Institute of Chartered accountants of India. Basic earnings share have been computed by dividend net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

RESULTS OF OPERATIONS

As a result of the various factors discussed above that affect our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the Fiscals 2012, 2011, 2010 and 2009 as derived from our restated financial statements, the components of which are also expressed as a percentage of total income for such periods:

(₹ in lakhs)

| Particulars | As at March 31 | | | | | | | |
|---|----------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | 2012 | % | 2011 | % | 2010 | % | 2009 | % |
| REVENUE | | | | | | | | |
| Revenue from Housing Finance Activity | 126.60 | 99.91% | 89.60 | 98.82% | 84.08 | 99.44% | 59.20 | 100.00% |
| Other Income | 0.11 | 0.09% | 1.07 | 1.18% | 0.47 | 0.56% | 0.00 | 0.00% |
| Total Income | 126.71 | 100.00% | 90.67 | 100.00% | 84.55 | 100.00% | 59.20 | 100.00% |
| | | | | | | | | |
| EXPENSES | | | | | | | | |
| Employee benefit expense | 25.02 | 19.75% | 21.68 | 23.91% | 17.16 | 20.30% | 11.42 | 19.29% |
| Interest (Financial) Costs | 47.35 | 37.37% | 33.41 | 36.85% | 26.51 | 31.35% | 16.73 | 28.26% |
| Depreciation and amortization expense | 3.53 | 2.79% | 4.03 | 4.44% | 5.38 | 6.36% | 7.27 | 12.28% |
| Provision for NPA | 6.64 | 5.24% | 2.18 | 2.40% | (0.69) | (0.82)% | 2.61 | 4.41% |
| Other expenses | 6.74 | 5.32% | 6.48 | 7.15% | 14.36 | 16.98% | 9.21 | 15.56% |
| Total Expenses | 89.28 | 70.46% | 67.78 | 74.75% | 62.72 | 74.18% | 47.24 | 79.80% |
| | | | | | | | | |
| Net Profit/(Loss) before Tax | 37.43 | 29.54% | 22.89 | 25.25% | 21.83 | 25.82% | 11.96 | 20.20% |
| | | | | | | | | |
| Less : Provision for Taxation | 11.76 | 9.28% | 6.72 | 7.41% | 5.89 | 6.97% | 3.93 | 6.64% |
| Current Years Income Tax | 11.88 | 9.38% | 6.94 | 7.65% | 6.25 | 7.39% | 5.20 | 8.78% |
| Deferred Tax | (0.12) | (0.09)% | (0.22) | (0.24)% | (0.56) | (0.66)% | (0.95) | (1.60)% |
| Short / Excess Provision of Earlier Years | 0.00 | 0.00% | 0.00 | 0.00% | 0.20 | 0.24% | (0.32) | (0.54)% |
| Net Profit after Tax | 25.67 | 20.26% | 16.17 | 17.83% | 15.94 | 18.85% | 8.03 | 13.56% |

PRINCIPAL COMPONENTS OF OUR PROFIT AND LOSS ACCOUNT

Revenue

Our total income comprises Revenue from Housing Finance Activity and Other Income.

- Our revenue from Housing Finance Activity consists of Interest Income.

- Our Other income includes Interest on Deposits (Bank), Processing Fees and Short term Capital Gain.

Expenditure

Our Expenditure comprises of Employee benefit expense, Interest (Financial) Costs, Depreciation and amortization expense, Provision for NPA and Other expenses.

- Employee benefit expense consists of Salaries and Director's Remuneration
- Interest (Financial) Costs consist of Interest on CC account, Bank Charges & Processing fees and other Interest
- Other Expenses consist of Rent, Printing & Stationery, Communication charges, Travelling & Conveyance, Advertisement, Legal & Professional Fees, Office expenses, Audit fees, Electricity charges, Insurance and other Miscellaneous expenses.

COMPARISON OF FISCAL 2012 WITH FISCAL 2011

TOTAL INCOME

Our Total Income increased by ₹ 36.04 lakhs or 39.75% from ₹ 90.67 lakhs in Fiscal 2011 to ₹ 126.71 lakhs in Fiscal 2012, primarily due to increase in our interest income.

Revenue from Housing Finance Activity

Our income from housing finance activities increased by ₹ 37.00 lakhs or 41.29% from ₹ 89.60 lakhs in Fiscal 2011 to ₹ 126.60 lakhs in Fiscal 2012. It constituted 99.91% and 98.82% of our total income in Fiscal 2012 and Fiscal 2011 respectively. This was primarily due to an increase in our interest income from Individual Home Loans by ₹ 29.99 lakhs, an increase of ₹ 6.41 lakhs from Loans against Property, and an increase of ₹ 0.60 lakhs in Processing Fees.

Other Income

Other Income decreased by ₹ 0.96 lakhs or 89.72% from ₹ 1.07 lakhs in Fiscal 2011 to ₹ 0.11 lakhs in Fiscal 2012. It constituted 0.09% and 1.18% of our total income in Fiscal 2012 and Fiscal 2011 respectively. This was on account of decrease in interest earned on bank deposits. Additionally, processing fees amounted to ₹ 0.50 lakhs in Fiscal 2011.

TOTAL EXPENDITURE

Our Total Expenditure increased by ₹ 21.50 lakhs or 31.72% from ₹ 67.78 lakhs in Fiscal 2011 to ₹ 89.28 lakhs in Fiscal 2012, primarily due to increase in employee benefit expenses, financial costs and Provision for NPA. It constituted 70.46% and 74.75% of our total income in Fiscal 2012 and Fiscal 2011 respectively.

Employee benefit expense

Employee benefit expenses increased by ₹ 3.34 lakhs or 15.41% from ₹ 21.68 lakhs in Fiscal 2011 to ₹ 25.02 lakhs in Fiscal 2012. This was on account of increase of ₹ 1.74 lakhs in Salaries paid to employees and an increase of ₹ 1.60 lakhs in Director's Remuneration. Our employee benefit expenses constituted 19.75% and 23.91% of our total income in Fiscal 2012 and Fiscal 2011 respectively.

Interest (Financial) Costs

Interest (Financial) Costs increased by ₹ 13.94 lakhs or 41.72% from ₹ 33.41 lakhs in Fiscal 2011 to ₹ 47.35 lakhs in Fiscal 2012. This was primarily on account of increase in our Secured Loans by ₹ 71.80

lakhs in Fiscal 2012 and hence a subsequent increase in Interest paid on the CC Account. Our Interest (Financial) Costs constituted 37.37% and 36.85% of our total income in Fiscal 2012 and Fiscal 2011 respectively.

Depreciation

Depreciation expense decreased by ₹ 0.50 lakhs or 12.41% from ₹ 4.03 lakhs in Fiscal 2011 to ₹ 3.53 lakhs in Fiscal 2012. Depreciation expenses constituted 2.79% and 4.44% of our total income in Fiscal 2012 and Fiscal 2011 respectively.

Other Expenses

Other expenses increased by ₹ 0.26 lakhs or 4.01% from ₹ 6.48 lakhs in Fiscal 2011 to ₹ 6.74 lakhs in Fiscal 2012. It constituted 5.32% and 7.15% of our total income in Fiscal 2012 and Fiscal 2011 respectively.

Net Profit after tax

Principally due to reasons described above, Net Profit after Tax increased by ₹ 9.50 lakhs or 58.75% from a Net Profit after Tax of ₹ 16.17 lakhs in Fiscal 2011 to ₹ 25.67 lakhs in Fiscal 2012.

COMPARISON OF FISCAL 2011 WITH FISCAL 2010

TOTAL INCOME

Our Total Income increased by ₹ 6.12 lakhs or 7.24% from ₹ 84.55 lakhs in Fiscal 2010 to ₹ 90.67 lakhs in Fiscal 2011, primarily due to increase in our interest income.

Revenue from Housing Finance Activity

Our income from housing finance activities increased by ₹ 5.52 lakhs or 6.57% from ₹ 84.08 lakhs in Fiscal 2010 to ₹ 89.60 lakhs in Fiscal 2011. It constituted 98.82% and 99.44% of our total income in Fiscal 2011 and Fiscal 2010 respectively. This was primarily due to an increase in our interest income from Individual Home Loans by ₹ 6.55 lakhs, and a decrease of ₹ 0.69 lakhs from Loans against Property.

Other Income

Other Income increased by ₹ 0.60 lakhs or 127.66% from ₹ 0.47 lakhs in Fiscal 2010 to ₹ 1.07 lakhs in Fiscal 2011. Our other income constituted 1.18% and 0.56% of our total income in Fiscal 2011 and Fiscal 2010 respectively. This was on account of increase in interest earned on bank deposits and processing fees in Fiscal 2011 which was nil in Fiscal 2010.

TOTAL EXPENDITURE

Our Total Expenditure increased by ₹ 5.06 lakhs or 8.07% from ₹ 62.72 lakhs in Fiscal 2010 to ₹ 67.78 lakhs in Fiscal 2011, primarily due to increase in employee benefit expenses, financial costs and Provision for NPA. It constituted 74.75% and 74.18% of our total income in Fiscal 2011 and Fiscal 2010 respectively.

Employee benefit expense

Employee benefit expenses increased by ₹ 4.52 lakhs or 26.34% from ₹ 17.16 lakhs in Fiscal 2010 to ₹ 21.68 lakhs in Fiscal 2011. This was on account of increase of ₹ 1.92 lakhs in Salaries paid to employees and an increase of ₹ 2.60 lakhs in Director's Remuneration. Our employee benefit expenses constituted 23.91% and 20.30% of our total income in Fiscal 2011 and Fiscal 2010 respectively.

Interest (Financial) Costs

Interest (Financial) Costs increased by ₹ 6.90 lakhs or 26.03% from ₹ 26.51 lakhs in Fiscal 2010 to ₹ 33.41 lakhs in Fiscal 2011. This was primarily on account of an increase in Secured Loans by ₹ 52.35 lakhs and hence a subsequent increase in Interest paid on CC Account and a negligible increase in Bank Charges and Processing Fees. Our Interest (Financial) Costs constituted 36.85% and 31.35% of our total income in Fiscal 2011 and Fiscal 2010 respectively.

Depreciation

Depreciation expense decreased by ₹ 1.35 lakhs or 25.09% from ₹ 5.38 lakhs in Fiscal 2010 to ₹ 4.03 lakhs in Fiscal 2011. Depreciation expenses constituted 4.44% and 6.36% of our total income in Fiscal 2011 and Fiscal 2010 respectively.

Other Expenses

Other expenses decreased by ₹ 7.88 lakhs or 54.87% from ₹ 14.36 lakhs in Fiscal 2010 to ₹ 6.48 lakhs in Fiscal 2011. It constituted 7.15% and 16.98% of our total income in Fiscal 2011 and Fiscal 2010 respectively.

Net Profit after tax

Principally due to reasons described above, Net Profit after Tax increased by ₹ 0.23 lakhs or 1.44% from a Net Profit after Tax of ₹ 15.94 lakhs in Fiscal 2010 to ₹ 16.17 lakhs in Fiscal 2011.

COMPARISON OF FISCAL 2010 WITH FISCAL 2009

TOTAL INCOME

Our Total Income increased by ₹ 25.35 lakhs or 42.82% from ₹ 59.20 lakhs in Fiscal 2009 to ₹ 84.55 lakhs in Fiscal 2010, primarily due to increase in our interest income.

Revenue from Housing Finance Activity

Our income from housing finance activities increased by ₹ 24.88 lakhs or 42.03% from ₹ 59.20 lakhs in Fiscal 2009 to ₹ 84.08 lakhs in Fiscal 2010. It constituted 99.44% and 100% of our total income in Fiscal 2010 and Fiscal 2009 respectively. This was primarily due to an increase in our interest income from housing finance activities.

Other Income

We earned an income amounting to ₹ 0.47 lakhs in Fiscal 2010 which was nil Fiscal 2009. This was on account of interest earned on bank deposits, which were nil in Fiscal 2009. Other Income constituted to 0.56% of our Total Income in Fiscal 2010.

TOTAL EXPENDITURE

Our Total Expenditure increased by ₹ 15.48 lakhs or 32.77% from ₹ 47.24 lakhs in Fiscal 2009 to ₹ 62.72 lakhs in Fiscal 2010, primarily due to increase in employee benefit expenses, financial costs and Other Expenses. It constituted 74.18% and 79.80% of our total income in Fiscal 2010 and Fiscal 2009 respectively.

Employee benefit expense

Employee benefit expenses increased by ₹ 5.74 lakhs or 50.26% from ₹ 11.42 lakhs in Fiscal 2009 to ₹ 17.16 lakhs in Fiscal 2010. This was on account of a significant increase of ₹ 6.96 lakhs in Director's Remuneration and a decrease of ₹ 1.22 lakhs in Salaries paid to employees. Employee benefit expenses constituted 20.30% and 19.29% of our total income in Fiscal 2010 and Fiscal 2009 respectively.

Interest (Financial) Costs

Interest (Financial) Costs increased by ₹ 9.78 lakhs or 58.46% from ₹ 16.73 lakhs in Fiscal 2009 to ₹ 26.51 lakhs in Fiscal 2010. This was primarily on account of a significant increase in Secured Loans by ₹ 115.61 lakhs and hence a subsequent increase in Interest paid on CC Account and a negligible increase in Bank Charges and Processing Fees. Our Interest (Financial) Costs constituted 31.35% and 28.26% of our total income in Fiscal 2010 and Fiscal 2009 respectively.

Depreciation

Depreciation expense decreased by ₹ 1.89 lakhs or 26.00% from ₹ 7.27 lakhs in Fiscal 2009 to ₹ 5.38 lakhs in Fiscal 2010. Depreciation expenses constituted 6.36% and 12.28% of our total income in Fiscal 2010 and Fiscal 2009 respectively.

Other Expenses

Other expenses increased by ₹ 5.15 lakhs or 55.92% from ₹ 9.21 lakhs in Fiscal 2009 to ₹ 14.36 lakhs in Fiscal 2010. It constituted 16.98% and 15.56% of our total income in Fiscal 2010 and Fiscal 2009 respectively.

Net Profit after tax

Principally due to reasons described above, Net Profit after Tax increased by ₹ 7.91 lakhs or 98.51% from a Net Profit after Tax of ₹ 8.03 lakhs in Fiscal 2009 to ₹ 15.94% lakhs in Fiscal 2010.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Statement

The table below sets forth cash flow statement of our Company for fiscals 2012, 2011, 2010 and 2009:

(₹ in Lakhs)

| Particulars | As on March 31 | | | |
|---|----------------|--------------|-------------|---------------|
| | 2012 | 2011 | 2010 | 2009 |
| Net Cash generated from/(used in) Operating Activities | (227.62) | (32.56) | (114.01) | 9.84 |
| Net Cash flow from/(used in) Investing Activities | (0.90) | (1.28) | 0.00 | (2.91) |
| Net Cash flow from/(used in) Financing Activities | 231.81 | 77.34 | 115.61 | (10.02) |
| <i>Net increase/(decrease) in Cash and Cash Equivalents</i> | 3.29 | 43.50 | 1.60 | (3.09) |

Net Cash from Operating Activities

In fiscal 2012, our company had negative cash flow from operating activities amounting to ₹ 227.62 Lakhs as compared to PBT of ₹ 37.43 Lakhs. This difference is primarily on account of a substantial increase in Loans and Advances and Creditors and Other Liabilities.

In fiscal 2011, our company had negative cash flow from operating activities amounting to ₹ 32.56 Lakhs as compared to PBT of ₹ 22.89 Lakhs. This difference is primarily on account of a substantial increase in Loans and Advances and Creditors and Other Liabilities.

In fiscal 2010, our company had negative cash flow from operating activities amounting to ₹ 114.01 Lakhs as compared to PBT of ₹ 21.83 Lakhs. This difference is primarily on account of a substantial increase in Loans and Advances and Creditors and Other Liabilities.

In fiscal 2009, our company had a positive cash flow from operating activities amounting to ₹ 9.84 Lakhs compared to a PBT of ₹ 11.96 Lakhs. This difference is primarily on account of a substantial decrease in Loans and Advances and Creditors and Other Liabilities.

Net Cash from Investing Activities

In fiscal 2012, our company had negative cash flow from Investing Activities amounting to ₹ 0.90 Lakhs. This reflected expenditure incurred towards purchase of fixed assets and other Non-Current Assets.

In fiscal 2011, our company had a negative cash flow from Investing Activities amounting to ₹ 1.28 Lakhs. This reflected expenditure incurred towards purchase of fixed assets.

In fiscal 2010, our company's cash flow from Investing Activities was nil.

In fiscal 2009, our company had a negative cash flow from Investing Activities amounting to ₹ 2.91 Lakhs. This reflected expenditure incurred towards purchase of fixed assets.

Net Cash from Financing Activities

In fiscal 2012, our company had a positive cash flow from Financing Activities amounting to ₹ 231.81 Lakhs, primarily on account of proceeds from issue of share capital and share premium, and an increase in Secured loans.

In fiscal 2011, our company had a positive cash flow from Financing Activities amounting to ₹ 77.34 Lakhs, primarily on account of proceeds from issue of share capital and share premium, and an increase in Secured loans.

In fiscal 2010, our company had a positive cash flow from Financing Activities amounting to ₹ 115.61 Lakhs, primarily on account of a significant increase in Secured loans.

In fiscal 2009, our company had a negative cash flow from Financing Activities amounting to ₹ 10.02 Lakhs, primarily on account of a significant decrease in Secured loans.

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 see "*Annexure XVIII*" of "*Auditor's Report*" on page 139 of this Draft Prospectus.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. However, the ICAI has announced a road map for the adoption of, and convergence of Indian GAAP with, IFRS announced by the Ministry of Corporate Affairs, GoI in January, 2010, pursuant to which we will be required to prepare our annual and interim financial statements under IFRS beginning with financial year commencing April 1, 2013. The convergence of certain Indian Accounting 182 Standards with IFRS was notified by the Ministry of Corporate Affairs on

February 25, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

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 9 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. Future relationship between Costs and Income

Other than as described in the chapter titled "*Risk Factors*" on page 9 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5. 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. Total turnover of each major industry segment in which the issuer company operates.

The Company is operating in Housing Loan Industry. Relevant industry data, as available, has been included in the chapter titled "*Industry Overview*" beginning on page 69 of this Draft Prospectus.

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

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

8. The extent to which the business is seasonal.

Our Company's business is not seasonal.

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

Except as disclosed elsewhere in this Draft Prospectus, our business is not dependent on a single or few customers.

10. Competitive Conditions

For details of competitive conditions, please see the chapter titled '*Business Overview*' on page 80 of this Draft Prospectus.

SELECTED STATISTICAL INFORMATION

The following information should be read together with our financial statements included in this Draft Prospectus and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 142 of this Draft Prospectus. The financial information presented in this section are based on our restated financial statements prepared in accordance with Indian GAAP and internally generated statistical data.

Yields, Spread and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on our Interest-earning assets:

(₹ in Lakhs, except percentages)

| Particulars | As at March 31 | | | | |
|--|----------------|--------|--------|--------|--------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Average Interest-earning assets | 628.98 | 476.24 | 385.15 | 318.78 | 263.27 |
| Average Interest-earning assets as a percentage of average total assets (%) | 85.89 | 86.64 | 88.60 | 85.37 | 68.29 |
| Average interest-bearing liabilities | 311.96 | 249.88 | 165.91 | 113.11 | 167.95 |
| Average Interest-bearing liabilities as a percentage of average total assets (%) | 42.60 | 45.46 | 38.17 | 30.29 | 43.57 |

(₹ in Lakhs, except percentages)

| Particulars | As at March 31 | | | | |
|-------------------------|----------------|-------|-------|-------|-------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Interest Income | 126.71 | 90.67 | 84.54 | 59.20 | 55.22 |
| Interest Expenses | 44.68 | 30.38 | 25.40 | 15.73 | 13.43 |
| Net Interest Income | 82.03 | 60.29 | 59.14 | 43.47 | 41.79 |
| Net Interest Margin (%) | 11.20 | 10.97 | 13.60 | 11.64 | 10.84 |
| Yield (%) | 20.15 | 19.04 | 21.95 | 18.57 | 20.97 |
| Cost of Funds (%) | 14.32 | 12.16 | 15.31 | 13.91 | 8.00 |
| Spread (%) | 5.83 | 6.88 | 6.64 | 4.66 | 12.97 |

Note:

1. Interest income on interest-earning assets includes penal interest charged on the customers.
2. Yield represents yield on average interest earning assets and cost of funds represents cost of funds relating to average interest bearing liabilities.
3. Net Interest Income represent difference of Interest income and Interest expense
4. Net Interest Margin ("**NIM**") represents the percentage of net interest income to average total assets.
5. Averages in the table above are calculated on the basis of respective balance sheet's amount of: (current year +previous year)/2

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated:

(₹ in Lakhs, except percentages)

| Particulars | As at March 31 | | | | |
|--|----------------|--------|--------|--------|--------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Interest Income | 126.71 | 90.67 | 84.54 | 59.20 | 55.22 |
| Average Total Assets | 732.27 | 549.65 | 434.71 | 373.41 | 385.51 |
| Average Net Worth | 396.88 | 283.62 | 255.45 | 244.22 | 204.79 |
| Net Profit | 32.21 | 18.13 | 14.89 | 9.37 | 11.13 |
| ROANW (Net profit to average net worth (%)) | 8.12 | 6.39 | 5.83 | 3.84 | 5.43 |
| ROA (Net profit to average total assets (%)) | 4.40 | 3.30 | 3.43 | 2.51 | 2.89 |

Borrowings

The following table sets forth, for the periods indicated, information related to our borrowings:

(₹ in Lakhs, except percentages)

| Particulars | As at March 31 | | | | |
|--|----------------|--------|--------|--------|--------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Average Balance of Borrowings | 311.96 | 249.88 | 165.91 | 113.11 | 167.95 |
| Interest paid during the year | 44.68 | 30.38 | 25.40 | 15.73 | 13.43 |
| Average interest rate during the period (%)* | 14.32 | 12.16 | 15.31 | 13.91 | 8.00 |
| Period end balance | 347.86 | 276.05 | 223.71 | 108.10 | 118.12 |

* Represents the ratio of interest expense on borrowings to the average balances of borrowings.

Note: Averages in the table above are calculated on the basis of respective balance sheet's amount of:
(current year + previous year)/2

Maturity and Interest Rate Sensitivity of Loans

The following table sets forth, for the periods indicated, the interest rate sensitivity of our loans:

(₹ in Lakhs, except percentages)

| Interest rate classification of loans by maturity | As at March 31, 2012 | | | |
|---|-------------------------|--------------------------|----------------------|---------------|
| | Due in one year or less | Due in one to five years | Due after five years | Total |
| Variables Rates | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Rates | 0.00 | 468.25 | 288.87 | 757.12 |
| Total | 0.00 | 468.25 | 288.87 | 757.12 |

Non-Performing Assets

The following table sets out for the periods indicated, information about our NPA portfolio:

(₹ in Lakhs, except percentages)

| Particulars | As at March 31 | | | | |
|---------------------|----------------|-------|-------|------|------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Gross NPAs | 28.83 | 31.64 | 11.41 | 7.87 | 4.74 |
| Provisions for NPAs | 9.66 | 5.65 | 3.13 | 4.45 | 1.84 |
| Net NPAs | 19.17 | 25.99 | 8.28 | 3.42 | 2.9 |

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Gross Loan Portfolio | 757.12 | 500.83 | 451.64 | 318.66 | 318.89 |
| Net Loan Portfolio | 747.46 | 495.18 | 448.51 | 314.21 | 317.05 |
| Gross NPAs/Gross Loan portfolio (%) | 3.81 | 6.32 | 2.53 | 2.47 | 1.49 |
| Net NPAs / Net Loan Portfolio (%) | 2.56 | 5.25 | 1.85 | 1.09 | 0.91 |
| Total Provisions as a percentage of gross NPAs (%) | 33.51 | 17.86 | 27.43 | 56.54 | 38.82 |

Provisions for NPAs increased by 70.97% from ₹ 5.65 lakhs as of March 31, 2011 to ₹ 9.66 lakhs as of March 31, 2012, by 80.51% from ₹ 3.13 lakhs as of March 31, 2010 to ₹ 5.65 lakhs as of March 31, 2011, decreased by 29.66% from ₹ 4.45 lakhs as of March 31, 2009 to ₹ 3.13 lakhs as of March 31, 2010, and by increased by 141.85% from ₹ 1.84 lakhs as of March 31, 2008 to ₹ 4.45 lakhs as of March 31, 2009 primarily due to a growth in our loan book. For further details on our provisioning, please see "Non-Performing Assets and Provisioning" on page 88 of this Draft Prospectus.

Recognition of Non-Performing Assets

We classify our loan assets in accordance with the Housing Finance Companies (NHB) Directions, 2010, as amended from time to time ("NHB Directions"). For further details, please see the paragraph titled "Non-Performing Assets and Provisioning" in the Chapter titled "Business Overview" on page 88 of this Draft Prospectus.

(₹ in Lakhs, except percentages)

| Particulars | As at March 31 | | | | | | | | | |
|--------------------------------|----------------|--------------|--------------|--------------|--------------|---------------|-------------|---------------|-------------|---------------|
| | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Individual Home Loans: | | | | | | | | | | |
| Sub-Standard | 2.34 | 8.12 | 0.73 | 2.31 | 9.21 | 80.72 | 3.16 | 40.15 | 1.78 | 37.55 |
| Doubtful | 2.66 | 9.23 | 5.07 | 16.02 | 0.00 | 0.00 | 1.78 | 22.62 | 2.96 | 62.45 |
| Loss | 3.06 | 10.61 | 2.20 | 6.95 | 2.2 | 19.28 | 2.93 | 37.23 | 0.00 | 0.00 |
| Total | 8.06 | 27.96 | 8.00 | 25.28 | 11.41 | 100.00 | 7.87 | 100.00 | 4.74 | 100.00 |
| Loans Against Property: | | | | | | | | | | |
| Sub-Standard | 0.00 | 0.00 | 23.64 | 74.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Doubtful | 20.77 | 72.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Loss | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 20.77 | 72.04 | 23.64 | 74.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Note: The percentage indicates the gross outstanding/gross NPA (%)

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, nonpayment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, 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, Promoter or Directors. Unless stated to the contrary, the information provided below is as of the date of this Draft Prospectus.

Neither the Company nor Promoters, members of the Group Companies, associates and Directors have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by us in the past or pending against us.

I. Litigations involving the Company

a) Cases filed against the Company –

| Sr. No. | Particulars of the Case | Amount Involved (if ascertainable) |
|---------|---|------------------------------------|
| 1. | A civil original stay petition no. 138/06 against proceedings initiated by us for seizure of property has been filed by Sh. Roshan Lal against our company at CJ - N court, Udaipur. The matter is currently in argument stage and the next date for hearing is 23-07-2012. | N.A. |
| 2. | A civil miscellaneous application for interim stay on the proceedings for the seizure of property has been filed in petition no. 120/06 by Sh. Roshan Lal against our company at CJ – N court, Udaipur. The matter is currently in application stage and the next date for hearing is 23-07-2012. | N.A. |
| 3. | A civil writ no. 3156/11 has been filed by Smt. Meera Dangi against our company SRG Housing Finance Ltd. against the proceedings of seizure of property at Rajasthan High Court, Jodhpur. The matter is currently in notice served stage and the next date for hearing is 01-08-2012. | N.A. |
| 4. | An interlocutor no. 5467/11 has been filed by Smt. Meera Dangi against our company against the seizure of property proceedings at Rajasthan High Court, Jodhpur. The matter is currently in pending stage. | N.A. |

b) Cases filed by the Company –

| Sr. No. | Particulars of the Case | Amount Involved (if ascertainable) |
|---------|---|------------------------------------|
| 1. | A petition no. 5294/09 has been filed by SRG Housing Finance Limited against Sh. Roshan Lal at SJM-I court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 01-09-2012 | ₹ 154367/- |
| 2. | A petition no. 5513/09 has been filed by SRG Housing Finance Limited against | ₹ 700000/- |

| | | |
|----|--|-------------|
| | Sh. Sumer Singh at SJM-II court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 09-08-2012. | |
| 3. | A petition no. 5512/09 has been filed by SRG Housing Finance Limited against Sh. Balu Ram at SJM-II court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 09-08-2012. | ₹ 185000/- |
| 4. | A petition no. 5514/09 has been filed by SRG Housing Finance Limited against Sh. Paras Mal at SJM-II court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 09-08-2012. | ₹ 415000/- |
| 5. | A petition no. 538/11 has been filed by SRG Housing Finance Limited against Sh. Roshan Lal at civil court, Udaipur for the recovery of money. The matter is currently in notice served stage and the next date for hearing is 12-07-2012. | ₹ 1014193/- |

II. Cases involving the Promoters and Promoter Group Entities -

a) Cases involving the Promoters –

| Sr. No. | Particulars of the Case | Amount Involved (if ascertainable) |
|---------|--|------------------------------------|
| 1. | A civil case no. 19/11 has been filed by Sh. Vinod Jain against Smt. Madhu Chawat for recovery of money at civil court, Udaipur. The matter is currently in defect case stage and the next date for hearing is 11-07-2012. | ₹ 1100000/- |
| 2. | A civil restoration case no.52/12 has been filed against Sh. Vinod Jain by Smt. Madhu Chawat Rajasthan High Court, Jodhpur. The matter is currently in pending stage and the next date for hearing is 17-07-2012. | N.A. |

b) Cases involving the Promoter Group Entities –

i. Cases involving SRG Securities Finance Limited –

| Sr. No. | Particulars of the Case | Amount Involved (if ascertainable) |
|---------|---|------------------------------------|
| 1. | A petition has been filed by SRG Securities Finance Limited against Sh. Pramod at S-1 court, Udaipur under the negotiable instrument act. The matter is currently in cognizance stage and the next date for hearing is 23-08-2012. | ₹ 3000/- |
| 2. | A petition no. 2530/09 has been filed by SRG Securities Finance Limited against Sh. Kura Singh at MJM (N) court, Udaipur under the negotiable instrument act. The matter is currently in evidence stage and the next date for hearing is 30-07-2012 | ₹ 26132/- |
| 3. | A petition no.1255/11 has been filed by SRG Securities Finance Limited against Sh. Yashwant Jain at ACJ - 3 Court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 17-01-2013. | ₹ 394475/- |
| 4. | A petition no.2117/11 has been filed by SRG Securities Finance Limited against Sh. Udai Singh at MJM (N) court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 30-10-2012. | ₹ 75000/- |
| 5. | A petition no.2254/11 has been filed by SRG Securities Finance Limited against Sh. Bhanwar Singh at ACJ - 3 court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and | ₹ 167000/- |

| | | |
|----|--|------------|
| | the next date for hearing is 30-06-2012. | |
| 6. | A petition no. 42/11 has been filed by SRG Securities Finance Limited against Sh. Pratap Singh at civil court, Udaipur for recovery of money. The matter is currently in evidence stage and the next date for hearing is 17-07-2012. | ₹ 139000/- |
| 7. | A petition no. 142/09 has been filed by SRG Securities Finance Limited against Smt. Shahida Begum at civil court, Udaipur for recovery of financed vehicle. The matter is currently in contempt of court stage and the next date for hearing is 09-08-2012 | N.A. |
| 8. | A petition no.5007/07 has been filed by SRG Securities Finance Limited against Sh. Amit Tyagi at SM-II court, Udaipur under the negotiable instrument act. The matter is currently in notice served stage and the next date for hearing is 08-11-2012. | ₹ 225000/- |
| 9. | A petition no.4639/09 has been filed by SRG Securities Finance Limited against Sh. Ravindra Tyagi at SM-II court, Udaipur under the negotiable instrument act. The matter is currently in notice served stage and the next date for hearing is 08-11-2012. | ₹ 400000/- |

ii. Cases involving Satkar Finance Private Limited

| Sr. No. | Particulars of the Case | Amount Involved (if ascertainable) |
|---------|---|------------------------------------|
| 1. | A petition no.1778/09 has been filed by Satkar Finance Private Limited against Sh. Yaswant Jain at SJM-II court, Udaipur under the negotiable instrument act. The matter is currently in evidence stage and the next date for hearing is 30-07-2012. | ₹ 213852/- |
| 2. | A petition no. 2063/11 has been filed by Satkar Finance Private Limited against Smt. Doli Sharma at ACJ - III court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 27-06-2012. | ₹ 100000/- |
| 3. | A petition no. 1841/11 has been filed by Satkar Finance Private Limited against Smt. Doli Sharma at ACJ - III court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 27-07-2012. | ₹ 100000/- |
| 4. | A petition no. 3119/09 has been filed by Satkar Finance Private Limited against Smt. Doli Sharma at ACJ - III court, Udaipur under the negotiable instrument act. The matter is currently in bailable warrant issued stage and the next date for hearing is 06-12-2012. | ₹ 100000/- |
| 5. | A petition no. 660/09 has been filed by Satkar Finance Private Limited against Sh. Kailash at SJM - II court, Udaipur under the negotiable instrument act. The matter is currently in A/w stage and the next date for hearing is 15-12-2012. | ₹ 27486/- |
| 6. | A stay petition no. 31/10 has been filed by Satkar Finance Private Limited against Sh. Ram Lal at civil court, Udaipur. The matter is currently in evidence stage and the next date for hearing is 30-07-2012. | N.A. |
| 7. | A petition no.95/11 has been filed by Satkar Finance Private Limited against Smt. Lalita at ADJ - II court, Udaipur for the recovery of money. The matter is currently in notice served stage and the next date for hearing is 01-08-2012. | ₹ 400000/- |

iii. Cases involving SRG Insurance Brokers (P) Ltd.

| Sr. No. | Particulars of the Case | Amount Involved (if ascertainable) |
|---------|---|------------------------------------|
| 1. | A petition no. 53/11 been filed by SRG Insurance Brokers (P) Ltd. against Sh. Anil Baxi at civil court, Udaipur for recovery of money. The matter is currently evidence stage and the next date for hearing is 01-08-2012. | ₹ 295445/- |
| 2. | A petition has been filed by Sh. Ram Lal against our company Satkar Finance (P) Ltd. at Consumer forum, Udaipur for demanding NOC of vehicle financed. The matter is currently in vehicle inspection stage and the next date for hearing is 27-07-2012. | N.A. |

III.AMOUNT OWED TO SMALL SCALE UNDERTAKINGS -

There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012.

IV. DEFAULTS –

There were no defaults by the company.

V. 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 9 of this Draft Prospectus), any circumstances that materially or adversely affect or are likely to affect the profitability of the Company on a 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. Incorporation Details

Certificate of Incorporation dated March 10, 1999 was issued to SRG Housing Finance Limited by the Registrar of Companies, Jaipur. The Corporate Identification Number issued there in was U65922RJ1999PLC015440.

II. Approvals in relation to the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors of the Company has, pursuant to resolutions passed at its meetings held on April 10, 2012 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to resolutions dated May 07, 2012 under Section 81(1A) of the Companies Act, authorized the Issue.
3. The Company has also obtained necessary contractual approvals required for the Issue.

III. Approvals from Lenders

There are no approvals is pending from the lenders.

IV. Approvals for the Business

The Company requires various approvals to carry on its business in India. The approvals that we require include the following:

1. Approvals for the business

Certificate of Registration No. 02.0056.04 issued by National Housing Bank dated 15th April, 2004, under section 29 A of the NHB Act, 1987 to commence business of housing finance.


2. Approvals obtained by the Company regarding Tax Registrations


| Sr. No. | No. / Description of Permit / License | Issuing Authority | Date of Issue | Valid Upto |
|---------|---|-----------------------|------------------|-----------------------|
| 1. | PAN No. AAGCS4782E under The Income Tax Act, 1961 | Income Tax Department | January 06, 2005 | Valid until cancelled |
| 2. | Tax Deduction Account Number – JDHM02818E | Income Tax Department | January 10, 2003 | Valid until cancelled |

3. Labor Registrations

Registration No. 68/SH/5(3) dated June 27, 2008 Department of shops & commercial establishments, Rajasthan under the Rajasthan Shop & Commercial establishment Act, 1958; to carry out the work of Finance.

4. Pending Approvals

The Company had applied for the registration of the trademark of its logo () by an application dated May 23, 2012 under the Trademarks Act, 1999.

| Sr. No. | Nature of License/Approvals | Class | Application Date | Status |
|---------|---|-------|------------------|---------|
| 1 |  | 36 | May 23, 2012 | Pending |

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors have vide resolution dated April 10, 2012, 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 May 07, 2012, under Section 81(1A) of the Companies Act, authorised the Issue.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE. 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 willful 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. Further, we confirm that, none of our Non-Executive Independent Directors are 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 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)(1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an issuer whose post issue paid up capital is less than 10 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 see "*General Information – Underwriting*" on page 36 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 see "*General Information – Details of the Market Making Arrangements for this Issue*" on page 37 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 XB 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.

Our Company is also eligible for the Issue in accordance with eligibility norms for Listing on SME Exchange / Platform BSE circular dated April 19, 2012, which states as follows:

1. Net Tangible assets of at least ₹ 1 crore as per the latest audited financial results
2. Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results
3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. *Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the networth shall be at least Rs. 3 crores.*
4. The post-issue paid up capital of the company shall be at least ₹ 1 crores
5. The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
6. Companies shall mandatorily have a website
7. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
8. There is no winding up petition against the Company that has been accepted by a Court.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of the BSE.

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 MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.

Aryaman Financial Services Limited

| Sr. No | Issue Name | Issue size (₹ in cr.) | Issue price (₹) | Listing date | Opening price on listing date (₹) | Closing price on listing date (₹) | % Change in Price on listing date (Closing) vs. Issue Price | Bench mark index on listing date (Closing) | Closing price as on 10th calendar day from listing day | Bench mark index as on 10th calendar days from listing day (Closing) | Closing price as on 20th calendar day from listing day | Bench mark index as on 20th calendar days from listing day (Closing) | Closing price as on 30th calendar day from listing day | Bench mark index as on 30th calendar days from listing day (Closing) |
|--------|---------------------------------|-----------------------|-----------------|--------------|-----------------------------------|-----------------------------------|---|--|--|--|--|--|--|--|
| 1 | Midvalley Entertainment Limited | 60.00 | 70 | 27-Jan-2011 | 73.00 | 58.05 | (17.07) | 18684.43 | 58 | 18008.15 | 60.55 | 18273.80 | 86.05 | 17700.91 |
| 2 | BCB Finance Limited | 8.85 | 25 | 13-Mar-2012 | 27.00 | 25.70 | 2.80 | 17,813.62 | 25.30 | 17257.36 | N.A. | N.A. | N.A. | N.A. |

| Financial Year | Total no. of IPOs | Total Funds Raised (₹ Cr.) | Nos. of IPOs trading at discount on listing date | | | Nos. of IPOs trading at premium on listing date | | | Nos. of IPOs trading at discount as on 30 th calendar day from listing day | | | Nos. of IPOs trading at premium as on 30 th calendar day from listing day | | |
|----------------|-------------------|----------------------------|--|-----------------|----------------|---|-----------------|----------------|---|-----------------|----------------|--|-----------------|----------------|
| | | | Over 50 % | Between 25-50 % | Less than 25 % | Over 50 % | Between 25-50 % | Less than 25 % | Over 50 % | Between 25-50 % | Less than 25 % | Over 50 % | Between 25-50 % | Less than 25 % |
| 2011-12 | 1 | 8.85 | - | - | - | - | - | 1 | - | - | - | - | - | - |
| 2010-11 | 1 | 60.00 | - | - | - | - | - | - | - | - | - | - | - | 1 |
| 2009-10 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Note:

(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, the share price and

benchmark index is taken for the immediately following working day.

(b) BSE SENSEX has been considered as the benchmark index

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 Clause of BSE

BSE Limited ("BSE") has given vide its letter dated [●], permission to this company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer from our Company and the Lead Manager

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this 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 accept no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated April 11, 2012, the Underwriting Agreement dated June 08, 2012 entered into among the Underwriters and our Company and the Market Making Agreement dated June 08, 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 centers or elsewhere.

Note:

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are 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 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 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.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of this 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 this 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

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of 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 Dhakar & Associates, Chartered Accountants, the Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated June 01, 2012 on restated financial statements. M/s Valawat Jha Pamecha & Co., Chartered Accountants, the Statutory Auditors of the Company have agreed to provide Funds Deployment Certificate dated June 12, 2012 and Statement of Tax Benefits dated June 12, 2012, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports have not been withdrawn up to the time of delivery of this 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:

| Activity | Expense (₹ in Lakhs)* | As % of total Issue related expenses | As % of Issue |
|---|--------------------------|--|------------------|
| Payment to Merchant Banker including fees and reimbursements of selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses | 38.30 | 58.21% | 5.47% |
| Advertising and marketing expenses | 5.00 | 7.60% | 0.71% |
| Printing and stationery (including distribution) | 7.50 | 11.40% | 1.07% |
| Other (Regulatory fees, and other expenses) | 15.00 | 22.80% | 2.14% |
| Total Issue expenses | 65.80 | 100.00% | 9.39% |

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 April 11, 2012, the Underwriting Agreement dated June 08, 2012 and the Market Making Agreement dated June 08, 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 June 05, 2012.

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 chapter titled "*Capital Structure*" beginning on page 39 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

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 May 07, 2012 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 |
|---------------------------|-------------------------------------|---------------------------------|
| Mr. Vikas Gupta | Non Executive -Independent Director | Chairman |
| Mr. Rajesh Jain | Executive | Member |
| Mr. Ashok Kabra | Non Executive -Independent Director | Member |

For further details, please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.

We have also appointed Ms. Tanushree Trivedi as the Compliance Officer for this Issue and she may be contacted at the registered office of our Company. Her contact details are as follows:

Name: Ms. Tanushree Trivedi

Address: 321, S.M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan.

Tel No.: +91 – 294 – 2412 609/ 2561 882

Fax No.: +91 – 294 – 5100 098

Email: srghousing@gmail.com

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

Status of Investor Complaints

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

Disposal of Investor Grievances by listed companies under the same management as the Company

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act 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 chapter titled "*Capital Structure*" beginning on page 39 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.

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on April 10, 2012 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the shareholders held on May 07, 2012.

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 see the section titled "*Main Provisions of the Articles of Association of the Company*" on page 199 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 see the section titled "*Dividend Policy*" on page 125 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 ₹ 20/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled "*Basis for Issue Price*" on page 55 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association of the company*" beginning on page 199 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 6000 equity shares and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 6000 Equity Share subject to a minimum allotment of 6000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

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 6000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled "*Main Provisions of the Articles of Association of the company*" on page 199 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 Platform of BSE.

Migration to Main Board

Our company may migrate to the main board of BSE from the SME Platform 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, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Platform for a minimum period of three years from the date of listing of shares offered through this Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please see "*General Information – Details of the Market Making Arrangements for this Issue*" on page 37 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 LMs, 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 BSE for listing of equity shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Prospectus after it is filed with the RoC.

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 Programme

| | |
|---------------------------|------------|
| ISSUE OPENING DATE | [•] |
| ISSUE CLOSING DATE | [•] |

Applications and 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.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital does not exceed ₹ 10 crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue, please see the chapters titled "*Terms of the Issue*" and "*Issue Procedure*" on pages 173 and 181 respectively, of this Draft Prospectus.

Following is the issue structure:

Public issue of 35, 04,000 Equity Shares of ₹ 10/- each (the "Equity Shares") for cash at a price of ₹ 20/- per Equity Share (including a Share premium of ₹ 10/- per Equity Share) aggregating to ₹ 700.80 lakhs ("the issue") by SRG Housing Finance Limited ("SHFL" or the "Company" or the "Issuer").

The issue comprises a Net Issue to Public of 25, 98,000 Equity Shares of ₹ 10 each ("the Net issue"), a Promoters' contribution of 4,98,000 Equity Shares of ₹ 10/- each ("the Promoter Contribution"), and a reservation of 4,08,000 Equity Shares for subscription by the designated market maker ("the Market Maker Reservation Portion").

| Particulars of the Issue | Net Issue to Public* | Promoters Contribution Portion | Market Maker Reservation Portion |
|---|--|--------------------------------|----------------------------------|
| Number of Equity Shares available for allocation | 25,98,000 Equity Shares | 4,98,000 Equity Shares | 4,08,000 Equity Shares |
| Percentage of Issue Size available for allocation | 74.14% of the Issue Size | 14.21% of the Issue Size | 11.64% of the Issue Size |
| Basis of Allotment | Proportionate subject to minimum allotment of 6000 Equity Shares and further allotment in multiples of 6000 Equity Shares each. For further details, please see " <i>Issue Procedure – Basis of Allotment</i> " on page 187 of this Draft Prospectus. | Firm Allotment | 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 | Through ASBA Process Only |
| Minimum Application Size | <i>For QIB and NII:</i> Such number of Equity Shares in multiples of 6,000 Equity Shares such that the Application Value | 4,98,000 Equity Shares | 4,08,000 Equity Shares |

| | | | |
|--------------------------|---|------------------------|--|
| | exceeds ₹ 2,00,000/- <i>For Retail Individuals:</i> 6,000 Equity Shares | | |
| Maximum Application Size | <i>For QIB and NII:</i> Such number of Equity Shares in multiples of 6,000 Equity Shares such that the Application Size does not exceed 25,98,000 Equity Shares. <i>For Retail Individuals:</i> Such number of Equity Shares in multiples of 6,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000/-. | 4,98,000 Equity Shares | 4,08,000 Equity Shares |
| Mode of Allotment | Dematerialized Form | Dematerialized Form | Dematerialized Form |
| Trading Lot | 6,000 Equity Shares | 6,000 Equity Shares | 6,000 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 lakhs 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 Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M)(1) 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. FIIs 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 Centers 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 80, 80, 50 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 6000 Equity Shares and in multiples of 6000 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 6000 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 FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be 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 6000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 6000 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 6000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 6000 equity shares subject to a minimum allotment of 6000 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 6000 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 ₹ 20 per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stock-invest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application 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: "SRG Housing Finance Limited – Public Issue - R".
 - In case of Non Resident Retail Applicants applying on repatriation basis:"SRG Housing 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 6000;
- 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 June 08, 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 centers will be payable by the Applicants.

PAYMENT OF REFUND

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** – Payment of refund would be done through ECS for applicants having an account at any of the centers where such facility has been made available. This mode of

payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

- 2) **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- 3) **RTGS (Real Time Gross Settlement)** – Applicants having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds ₹ 10.00 lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant
- 4) **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- 5) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 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 DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

(a) Agreement dated June 18, 2012 between NSDL, the Company and the Registrar to the Issue;

(b) Agreement dated June 07, 2012 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No.INE559N01010

- 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 stock-invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

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| CAPITAL | | |
| 4 | The Authorised Share Capital of the Company shall be as stated in clause V of the Memorandum of Association of the Company. The. Company shall have power to increase, reduce, subdivide or to repay the same or to divide the same in to severed classes and to attach there to any rights to consolidate or sub-divide the shares and to vary such rights as may be determined in accordance with the regulation of the Company. | Capital |
| 5 | Subject to the provision of Section 80 of the Act, the Board shall be empowered to issue and allot redeemable preference shares carrying a right redemption out of profit or out of the proceeds of fresh issue of shares. | Preference Shares |
| 6 | The Director may allot and assue shares in the capital of the company as payment or part payment for any property goods or machinery supplied sold or transferred or for services rendered to the company in or about formation or promotion of the company, for the conduct of its business and any shares so allotted may be issued as fully paid up or as partly paid up shares. | Consideration |
| 7 | The Director may, at their discretion at the time of issue make such different arrangement with different shareholders in the amount and time of payments of calls on their shares, may accept from any member whose assets there to the whole or part of the amount remaining un paid on any shares held by him although no part of that amount has been .called up and may pay divided in proportion to the amount paid up on each shares or may pay interest on the amount so received in excess of calls. | Discretion in calls |
| 8 | The Directors may at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) or any shares, debentures or debentures stock in the company, but so that if the commission in respect of shares, shall be paid or repayable out of capital, the statutory conditions and requirement shall be observed and complied with and the amount of rate of commission shall not exceed 5 percent on the shares and 2 .5 percent on debentures of debenture-stock in each case subscribed or of be subscribed. The commission may be paid in or satisfied in cash on shares debenture stock of the Company. | Commission |
| SHARES AND CERTIFICATES | | |
| 9 | The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no shares be sub-divided Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. | Shares to be numbered progressively and no shares to be sub divided |
| 10 | In addition to and without derogating from the powers for that purpose | |

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| <p>conferred on the Board under Article 6 and 7, the Company in General Meeting may determine that any shares wheather forming part of the original capital or of any increased capital of the Company shall be offered to such persons (wheather member or not) in such proportion and on such terms and conditions and 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 as such General Meeting shall determine and with full power to give any person (wheather a member or not) the option to call for or be allotted shares of and 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 a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whom so ever for the issue, allotment, removal of difficulty in appointment of shares or disposal of any shares.</p> | |
| <p>11 Any application signed by or on behalf of any applicant for shares in the Company followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose these Article be a member.</p> | <p>Acceptance of shares</p> |
| <p>12 (i) The money (if any) which the Board shall on the allotment of any share being made by them, require or direct to be paid by way of deposit, cash or otherwise in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee, in the registered of members as the name of the holder of such shares become a debt due to and recoverable by the company from the allottee there of and shall be paid by him on such as the Board may deem fit from time to time.</p> <p>(ii) Every member or his heirs, executors or administrators shall pay to the Company the-portion of the capital represented by his shares which may for the time being, remain Unpaid thereon in such amounts/at such times or times and in accordance with the Company 's regulations require or fix for the payment there of.</p> | <p>Deposit and calls to be a debt payable immediately</p> <p>Liability of members</p> |
| <p>13 The certificate of title to shares and duplicate there of when necessary shall be issue under the seal of the Company, subject to section 113 of the Act.</p> | <p>Certificates</p> |
| <p>14 Every member shall be entitled to one certificate for all the shares registered in his name or if the directors so approve to several certificate each for one or more of such shares but in respect of each additional certificate, there shall be paid to the Company a fee of Rs. 2/- or such less sum as the Directors may determine. Every Directors may determine. Every certificate of shares shall specify the number of the shares in respect of which it is issued and the amount paid up thereon. The Directors may in case or waive the charging of such fees.</p> | <p>Member's right Certificate</p> |
| <p>15 If any certificate be worn out or defaced then, upon production thereof to the directors they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the directors and on such indemnity as the directors deem adequate being given a new certificate in lieu thereof shall be</p> | <p>As to issue of new certificates in place of one defaced lost or destroyed</p> |

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| | given to the registered holder of the shares to which, such lost or destroyed certificate shall relate. | |
| 16 | For every certificate issued under the preceding Article there shall be paid to company the sum of Rs.2/- or such smaller as the director may determine. The directors may in any case waive the charging of such fees. | Fees |
| 17 | The company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the company or procuring or agreeing to procure subscription (whether absolutely or conditionally) for any shares or debenture in the company, but so that price at which the shares are issued in the case of debenture two and a half percent of the price at which the debenture are issued. Such commission may be satisfied by payment or cash or allotment of fully or partly paid shares or debentures or partly in one way and partly in the other. The company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable. | Commission for placing shares and brokerage |
| CALLS | | |
| 18 | The directors may, from time to time, subject to the terms on which any shares may be issued, make such calls as they fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made by installment. | Calls |
| 19 | A call shall be deemed to have been made at the time when the resolution of the directors authorising such call was passed. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. | When call deemed to have been made and notice to call |
| 20 | 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 call of any of the members who from residence at distance or together 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. | Extension of time for payment of calls |
| 21 | 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 on the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part. | Calls to carry interest |
| 22 | If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or installments at times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it was a call duly provided for here in contained in respect of calls shall relate to such amount or installment accordingly. | Amount payable at fixed times or by installments payable as calls |
| 23 | On the trial hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be | Evidence in actions by |

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| | due to the Company in respect his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of Shareholder of the Company as a holder of the holders of the number of shares in respect of which such claim is made that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the directors who made any call nor that a quorum of directors was present at the Board at which any call was made or that the meeting at which any call was made duly convened on constituted nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt. | company against shareholders |
| 24 | The Directors may, if they think fit, receive from any member willing to advance the same, all or part of the moneys due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the members paying such sum in advance and the Directors agree. Upon Moneys so paid in excess of the amount of calls shall not rank for dividends or participate in profits. The directors may at any time repay the amount so advanced upon giving to such member three months notice in writing. | Payment of calls in advance |
| JOINT HOLDERS | | |
| 25 | Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in the Articles. | Joint holders |
| | (a) Shares may be registered in the name of any person, company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares. | To which of joint holder certificate to be issued |
| | (b) The certificate of shares registered in the names two or more persons shall be delivered to the person first named on the Register. | |
| | (c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. | Several liabilities of joint holders |
| | (d) If any share stands in the names of two or more person, the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service or notice and all or any other matter connected with the company, except voting at meeting 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 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. | The first named joint holder deemed soleholder |
| | (e) In the case of death any one or more of the persons named in the register or members as the joint holders of any share, the survivors | Death of one or more joint |

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| | 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 state of a deceased joint-holder from any liability on shares held by him jointly with any other person. | holders of share |
| (f) | If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he was solely entitled thereto, provided that if more than one of such joint holders be persons at any meeting either personally or by proxy, then one of the said persons so present whose name stands higher one of the register of members shall alone be entitled to vote in respect of such shares, but the other of others or 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. | Votes of joint members |
| (g) | 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. | On Joint holders |
| FORFEITURE AND LIEN | | |
| 26 | If any members fails to pay any call or installment on or before the day appointed for the payment of the same the directors may at any time thereafter during such time as the call or installment remains unpaid serve a notice on, such member 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. | If call or installments not paid notice must be given |
| 27 | 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 call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment of at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to forfeited. | Form of notice |
| 28 | If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may at any time there after before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolutions of the directors to that effect. | If notice not complied with shares may be forfeited Notice after forfeiture |
| 29 | When any share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make such entry as aforesaid. | |
| 30 | Any share so forfeited shall be deemed to be property of the Company and the directors may shall, re-allot or otherwise dispose of the same in such manner as | Forfeited share to become |

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| | they think fit. | property of the company |
| 31 | The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise dispose off annual the forfeiture thereof on such conditions as they think fit. | Power to annual forfeited |
| 32 | Any member-whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all calls, installments interest and expenses, owing upon or in respect of such | Arrears to be paid notwithstanding forfeiture |
| 33 | The forfeiture of a share shall involve the extinction of all interest in E and also of all claims and demands against the company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved. | Effect of forfeiture |
| 34 | A duly verified declaration in writing that the declarant is a director E or secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence on the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on this sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold be registered as the holder of such shares and shall not be bound to see to the application of the purchase money not shall his title to such shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal. | Evidence of forfeiture |
| 35 | The Company shall have first and paramount lien upon all the c shares (not being fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares solely or jointly with any other person to the company whether the period for the payment thereof shall have actually arrived or not and to equitable interest in any shares. Shall be created except upon the footing and condition that Article 11 hereof is to have full effect such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. | Company's lien on shares |
| 36 | For the purpose of enforcing such lien, the directors may sell the A shares subject there to in such manner as they think fit, but no shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee curators, bonus or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice. | As to enforcing lien by sale |
| 37 | The net proceeds of any such sell shall be received by the Company A and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to like lien for sums not presently payable, as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale. | Application of proceeds of sale |

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| 38 | Upon any sale after forfeiture or for enforcing a lien in purported v exercise of the powers herein before given, the directors may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser's to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings not to the application of the purchase money and after his name has been. | Validity or sales upon forfeiture |
| 39 | Upon any sale, re-allotment or of the disposal under the provisions of the preceding Articles, the certificate or certificates originally o issued in respects of the relative, share shall (unless the same shall on demand by the company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing or them in such number as they think fit from the old certificate or certificates. | Cancellation of old Certificate and issue of new certificate |
| TRANSFER AND TRANSMISSION OF SHARES | | |
| 40 | The instruments of transfer shall be in writing and all the provisions of Section 108 of the Companies Act any statutory modification thereof for the time being shall be duly complied with in respect of all transfer or shares and the registration thereof. | Execution of transfer etc. |
| 41 | <p>(a) Application for the registration of the transfer of a share may be made either by the transferer or the transferee, provided that where such application is made by the tranferor on registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 101 of the Act, and subject to provisions of these Articles of the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.</p> <p>(b) The instrument of transfer shall be in the form prescribed by the Act or the rules framed there under or where no such form is prescribed in the usual common form or any other form approved by the stock exchange in India or as near thereto as circumstances will admit.</p> | Application by transfer |
| 42 | Subject to the provisions of Section 111 of the Act, the Directors may at their absolute and uncalled discretion and without assigning any reason refuse to register any transfer of shares of the transmission by operation of law of the right to a share whether fully paid or not (notwithstanding that the proposed transferee by already a member) but in all such cases, it shall within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to the Company, send to the transferes and transferor or to the person giving intimation of such transmission as the case may be, notice of refusal to register such transfer giving reasons for such refusal provided that registration of a transfer shall not be refused on the person(s) indebted to the company on any account | Form of transfer |

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| | whatsoever, except a lien on the shares. | |
| 43 | <p>(a) The Directors may from time to time fix a fair value for the shares of the company at which the articles mentioned above. The said value shall not in any way be less than the intrinsic value of a share as shown by the last Balance Sheet of the Company.</p> <p>(b) If the Directors feel that any shareholder is not working in the interest of the Company and is not a desirable and a fit person to be a share holder of the company they may subject to the section of share holders by a special resolution, call upon that shareholder to transfer his shares in the manner as mentioned above at the fair value.</p> <p>(c) The Director shall then send a notice in writing to the said shareholder any may find the intending purchaser in the manner herein before given and may transfer the shares to him free of all charges an encumbrance and remit the proceeds of the shares to the said shareholder.</p> <p>(d) The intending purchaser after his name has been brought on the register shall be deemed to be and shall enjoy full rights as a shareholder notwithstanding that the shareholder is contesting or disputing the action of the Directors in transferring his shares and notwithstanding any other defect that may later on be noticed as to the right and authority of the Directors to take such action.</p> | |
| 44 | Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board. | Registered instrument to remain with the company |
| 45 | No fee shall be payable to the Company in respect of the transfer or transmission of any shares in the Company. | No fees for transfer of transmission |
| 46 | The Company shall incur no liability or responsibility whatever consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have notice of such equitable right, title or interest of notice prohibiting registration. | The Company not liable for immediately disregarded of notice in prohibiting registration of transfer |
| 47 | The Directors may at any time, accept the surrender of any shares from or by any shareholder desirous of surrendering the same on such terms as the directors may think fit. Except as otherwise required by statutory provision or under an order of the competent court of law, the Directors of the Company may in their absolute discretion refuse sub-division of share certificates or debenture certificates into denominations of less than the markable lots. | |
| BORROWING POWERS | | |

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| 48 | Subject to the provision of the Act and these Articles, the Board may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise and rise or borrow or secure the payment of any sum or sum of money for the Company. | Power of Borrow |
| 49 | The payment or repayment of money so borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by a resolution passed at meeting of the Board or by a circular resolution by the issue of debentures or debenture-stock 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 any equities between the Company and person to whom the same may be issued. | The payment of repayment of money & borrowed |
| 50 | Any debentures, debenture-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 denomination and with any privileges or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of directors and otherwise. | Terms of issue of debenture |
| 51 | If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the directors may make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed. | Assignment of uncalled capital |
| 52 | If the directors any of them or any other persons shall become personally liable for the payment of any sum primarily due from the company the directors may execute or cause to be executed any mortgage charge of security over or affection the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability. | Indemnity may be given |
| RESERVE AND DEPRECIATION FUNDS | | |
| 53 | The Directors may from time to time before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingencies or for the liquidation of any dividends or for repairing, improving and maintaining any of the property of the Company and for such other purpose of the Company as the directors in their absolute discretion think conducive to the interest of the company and may invest the several sums so set aside upon such investments other than shares of the company as they may think fit and from time to time deal with and vary such investments and dispose off all or any part thereof for the benefit of the Company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund to another. Reserve Fund or a division of a Reserve Fund and also with full power to employ the Reserve Fund or any part thereto in the business of the Company and that without being bound to keep the same separate from the other assets and without being to pay interest on the same with power, however to the Board in their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper. | Reserve Fund |

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| 54 | The directors may, subject to provisions of Law, from time to time before recommending any dividend set apart any such portion of the profits of the Company, as they think fit, as a depreciation fund applicable at the discretion of the directors for providing, against any depreciation in the investments of the Company or for rebuilding, restoring, replacing for of the Company, destroyed or damaged by fire, flood storm, tempest, earthquake, accident, riot, wear and tear or any other means whatsoever and for repairing, altering and keeping in good condition the property of the company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the Company and that with our being bound to keep the same separate from the other assets. | Depreciation fund |
| 55 | All moneys carried to any reserve fund and depreciation fund respectively shall nevertheless remain and be profits of the Company applicable subject to due provisions being made for actual loss or depreciation for the payment of dividend and such moneys and all the other moneys of the Company may be invested by the directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank or deposit or otherwise as the directors may from time to time think proper. | Investment of money |
| GENERAL MEETINGS | | |
| 56 | In addition to any other meeting, general meeting of the Company shall held and such intervals and at such times and places as may be determined by the Board as required under section 166 and 167 of the Act. | When general meetings to be held |
| 57 | All other meeting of the company other than those referred to in the proceeding Articles shall be called Extra ordinary General meetings. | Distinction between ordinary meetings and extra ordinary meetings |
| 58 | The directors may, Whenever they think fit and the shall, on the requisitions of the holders of not less than one-tenth of the paid up capital of the Company as at the date earns right to voting regard to the matter in respect of which the requisition is made forth with proceed to convene an Extraordinary General Meeting of the Company. | When extra ordinary meeting to be called |
| 59 | Twenty-one days notice at least of every General meeting Annual or extra ordinary and by whomsoever called, specifying day, place and hours of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such person as are under this Articles or the act entitled to receive notice from the company provided that in the case of an annual general meeting with consent in writing of all the members entitled to vote thereat and in the case of any other meeting with consent of the members holding not less than 95 percent (95%) of such part of the paid up 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 account, balance sheets | Notice of meetings |

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| <p>and report of the board and Auditors, (ii) the declaration of dividend, (iii) the appointment of directors on palace of those retiring, (iv) the appointment if 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 the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and the Manager (if any) . Where any such item of business relates to or affects any other company the extent of shareholding interest in that other company of every director and Manager if any, of the Company shall also be set out in the statement if the extent of such shareholding and interest is not less than twenty percent of the paid-up share capital of that of the company. Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.</p> | |
| <p>60 The accidental commission to give any such notice to or the non receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meetings.</p> | <p>As to omission to give notice</p> |
| <p>61 Five members present in person shall be a quorum for a General Meeting. A corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 187 of the Act. The President of India or the Governor of a State shall be deemed to be personally present if he is represented in .accordance with Section 187-A of the act.</p> | <p>Quorum at General Meeting</p> |
| <p>62 At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present-in person or b proxy and holding shares, in the Company 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, not being less than one-tenth of the total voting power in respect of the resolution, or on which aggregate sum of not less than fifty thousand rupees has been paid up, and unless a poll is so demanded a declaration by the chairman that a resolution on a show of hands, been carried or carried unanimously or by particular majority or lost, and an entry to that effect in the minutes book of Company shall be conclusive evidence of the facts, without proof of the number or proportion of the votes recorded in favour of against the resolution.</p> | <p>Questions at general meeting how to decide</p> |
| <p>63 In the case of an equality of votes the Chairman shall both on a show of hands and at poll (if any) have casting vote in addition to the vote or votes which he may be entitled to as a member.</p> | <p>Chairman's casting vote</p> |
| <p>64 If poll is demanded as aforesaid the same shall subject to Article 72 be taken at such time (not later than forty-eight hours from the time when demand was made) and place and either by open voting or by belief as the Chairman shall direct and either at once or after an interval of adjournment of the meeting at which the poll was demanded. The demanded for a poll may be withdrawn at</p> | <p>Poll to be taken if demanded</p> |

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| | any time by the persons or the persons who made the demand. | |
| 65 | where a poll is to be taken, the chairman of the meeting shall appoint two scrutineers to scrutinise the votes 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 scrutiny from the office and fill vacancies in office of scrutineer arising from such removal or from any other cause. | Scrutineers of the poll |
| 66 | The demanded for a poll,' shall not prevent the continuance of a meeting of the transaction of any business other than the question on which the poll has been demanded. | Business to proceed notwithstanding demand to poll |
| VOTES OF MEMBERS | | |
| 67 | No member shall be entitled to vote either personally or by proxy for another member at any General Meeting or meeting of a class of shareholders 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 any right or lien and has exercised the same. | Member's in arrears not to vote |
| 68 | On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote on a poll the voting right of every holder of equity shares wheather present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company. | Voting rights of members |
| 69 | 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 the votes, use all his votes, or cast in the same way all the votes he uses. | Casting of votes by a member entitled to more than one votes |
| 70 | A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy, if any member be a minor the vote in respect of his share be by his guardian or any one of his guardians, if more than one. | How member non composments and minor may vote |
| 71 | (i) Subject to the provisions of these Articles votes may be given either personally or by proxy, A corporation being a member may vote by representative duly authorised with Section 187 of the Act, and such representative shall be entitled to speak demand a poll, vote, appoint a proxy and in all other respects exercise the right of a member and shall be reckoned as a member of all purposes. | Voting in person or by proxy |
| | (ii) Every proxy (whether a member or not) shall be appointed in writing under the hand of appointor of his attorney, or if such appointer is a corporation under the Common seal of such corporation or the hand of its officer or an 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 meetings. | Appointment of Proxy |
| | (iii) The instrument appointing a proxy and the power of attorney or other | Deposit of |

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| | authority (if any) under which it is signed or a notorially certified copy of that power or authority, shall be deposited at the office not less 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 of 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 execution. | instrument of appointment |
| | (iv) Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act. | Form of proxy |
| | (v) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer shall have been received at the office before the meeting. | Validity of vote given by proxy notwithstanding death of member etc. |
| 72 | (i) No objection shall be made to the validity of any vote: except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever. | Time for objection to vote |
| | (ii) 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. | Chairman of any meeting to be the judge of validity of and vote |
| 73 | The Company shall cause to be kept minutes of all proceeding of general meeting which shall contain a fair and correct summary of the proceedings thereat and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours for such period not being less in the aggregate than two hours in each day as the directors may determine for inspection of member without charge. The minutes aforesaid shall be kept in accordance With the provisions of section 193 of the Act. | Minute of general meeting and inspection thereof member |
| DIRECTORS | | |
| 74 | Until otherwise determined by a General Meeting and subject to Section 252 and 259 of the Act, the number of Directors shall not be less than three and more than twelve including any Directors appointed under Articles 79 and 80. | Number of Directors |
| 75 | <p>(a) The First Directors of the Company shall be as follows :</p> <ol style="list-style-type: none"> 1. Genda Lal Jain 2. Pushpa Jain 3. Vinod K. Jain 4. Seema Jain 5. Rajesh Jain <p>(b) The Company in General Meeting may from time to time increase or reduce the number of Directors within the limit fixed as above.</p> | Present Directors |
| 76 | The Board of Directors of the Company may appoint an alternate director to act for a director (hereinafter in this Article called "the original director") during the absence for a period of not less than three months from the state in which the | Appointment of alternate |

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| | meetings of the Board are ordinarily held. An alternate director appointed under this Article-shall not hold office as such for a period longer than that permissible of the original director in whose place he has been appointed and shall vacate office if and when the original director returns to the state. | |
| 77 | The Directors shall also have power at any time, and from time to time, to appoint any other qualified person to be a director as an addition to the Board but so that the total number of directors shall not at any time exceed the maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting but shall be eligible for re-election at such meeting. | Directors may Fill-up vacancies |
| 78 | The Directors shall also have power at any time, and from time to time, to appoint any other qualified person to be a director as an addition to the Board but so that the total number of directors shall not at any time exceed the maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting but shall be eligible for re-election at such meeting. | Additional Directors |
| 79 | The Company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominate such number of directors on the Board of directors of the Company as may be agreed to and from time to time remove and reappoint them and to fill in vacancy caused by such directors otherwise ceasing to hold office. Such nominated directors shall not be liable to retire by rotation. The Director nominated in. this Article is hereinafter referred to as "Institutional Director" in these presents. | Power to the financial institutions to nominate Directors on the Board |
| 80 | Any Trust Deed for securing debentures or debenture stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holder of the debentures or debenture-stock of some person to be director of the company and may empower such trustees or holders of debenture-stock from time to time to remove any director so appointed. A director appointed under these Articles is hereinafter referred to as a 'debenture Director means a Director for the time being in office under this Article, A debenture director shall not be liable to retire by rotation or be removed by the company. The trust deed may contain such ancillary provisions as may be arranged between the company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained. | Debenture Director |
| 81 | No share qualification will be necessary for being appointed as or No holding the office of a director of the company. | No Qualification shares for Directors |
| 82 | The remuneration of each director for attending the meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act of the Central Government from time to time for each such meeting of the Board or Committee thereof attended by him. The directors shall be paid such further remuneration (if any) as the Board shall from time to time determine and such additional remuneration shall be divided among the directors in such proportion and manner as the Board may from time to time determine and in default of | Remuneration of Directors |

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| | such determination shall be divided among the director equally. | |
| 83 | The Directors may allow and to any Director who is not a resident Dir' of the place where the Registered Office for the time being of the JJ8, Company is situated or where the meeting of the Board is held and Of t who shall come to such place for the purpose of attending a meeting of the Board or a Committee thereof such sum as the directors may consider fair compensation for travelling and other incidental expenses in addition to his fees for attending such meeting as above specified. | Directors not a resident of the place of the registered office of the Company to be paid traveling expenses |
| 84 | If any director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a of! director as a member of any committee formed by the directors) e the Board may arrange with such directors for such special remuneration of such extra services or special exertions of efforts by a fixed sum or otherwise as may be determined by the Board and such remuneration above provided. | Special remuneration of Director performing extra services |
| 85 | The continuing directors may act notwithstanding any vacancy in Dir their body but so that if the number falls below the minimum number fixed the director shall not, except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company act as the numbers is below the minimum. | Director may act notwithstanding vacancy |
| 86 | A director shall not be disqualified from contracting with the company Co either as vendor, purchase or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such director or a firm in which such director or relative is a partner or with any other partner in such firm or with a private company of which director is a member or director be avoided nor shall director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason or such director holding office of the fiduciary relation thereby established. | Conditions under which Directors may contact with Company |
| 87 | A director of a company may be or become a director of any company prompted by the company or in which he may be interested as vendor" member or otherwise and no such director may be accountable for any benefit received as director or member of such company. | Retention of benefit from associated company |
| 88 | Except as otherwise provided by these Article all the directors of the company shall have in all matters equal rights and privileges and be subject to equal obligation and duties in respect of the affairs of the Company. | Rights of Directors |
| ROTATION OF DIRECTORS | | |
| 89 | All the Directors, excluding the Managing and/or special director, shall retire at the first annual general meeting of the Company and thereafter at each 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, then the number nearest to one third shall retire from office. A special Director appointed by the Board under Article 79 and 80 hereof and/or a Managing Director shall not be liable to retire by rotation Subject to Section | Retirement and rotation of directors |

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| | 284 (5) of the Act, the Director to retire by rotation at every Annual General meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those who retire shall in default of and subject to any agreement among themselves, be determined by lot. | |
| 90 | A retiring director shall be eligible for re-election. | Eligibility for re-election |
| 91 | Subject to provisions of the Act the Company at the General Meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto. | Company to appoint successors |
| 92 | The Company may, by ordinary resolution, from time to time increase, reduce the number of directors and may alter their qualification and the Company may remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if had not been so removed. | Notice of candidature for office of director except in certain cases |
| 93 | No person not being a retiring director shall be eligible for election or the office of director at any General Meeting unless he or some other member intending to propose him has at least fourteen clear days before the meeting left at the office of director or the intention of such member to propose him as a candidate for that office along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be. to such member, if the person succeeds in getting elected as a Director. | |
| PROCEEDING OF DIRECTORS MEETING | | |
| 94 | (i)The Board of Directors may meet for the dispatch of business, adjourned and otherwise regulate its meeting as it thinks fit. | Meeting of directors |
| | (ii) The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded of as one) or two directors, whichever is higher. | Quorum |
| 95 | If a meeting of the Board could not be held for want of quorum then t the meeting shall stand adjourned to such other time, date and r place as may be fixed by the directors present not being later than fifteen days from the date originally fixed for the meeting. | Adjournment of meeting for want of quorum |
| 96 | The Chairman, if any or the Managing Director of his own motion of v the Secretary of the Company shall upon the request in writing of c two directors of the Company or if directed by the Managing Director, or Chairman, if any, convene a meeting of the Board by giving notice in writing to every director for the time being in India and at his usual address in India to every other director. | When meting to be convened |
| 97 | The directors may from time to time elect from among their number, c a Chairman of the Board determine the period for which he is to held office. If at any meeting of the Board Chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting. | Chairman |
| 98 | Questions arising at any meeting of the Board shall be decided by c a majority of votes and in case of an equality of votes, the Chairman K shall have a second of casting vote, subject to the provision that the Nominee if appointed under | Questions at Board Meeting how decided |

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| | Article 79 present and voting shall be part of such majority. | |
| 99 | A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities, power and discretions which by or the Act or the Articles of the Company are for time being vested in or exercisable by Board generally. | Powers of Board Meeting |
| 100 | The Board may delegate any of their power to a committee of directors consisting of such director or directors or more directors and a member or member of the company as it thinks fit or to the Managing directors the Manager or and other principal office of the company or a branch office or to one or more of them together 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 purpose. But every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any resolution that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. | Directors may appoint committees and delegate its powers |
| 101 | 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 or regulating the meeting and proceeding of the directors so far as the same are applicable thereto and not suspended by any regulations made by the directors under the last proceeding Articles. | Meeting of committee how to be governed |
| 102 | A resolution shall be deemed to have duly passed by the Board or by a Committee thereof or by circulation, the resolution has been circulated in draft, together with the necessary, paper, if any to all the directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board of Committee at their usual address in India and has been approved by such of the Directors or members of the Committee are then in India by a majority of such of them as are entitled to vote on the resolution. | Resolution by Circulation |
| 103 | All acts done by any meeting of the Board or by committee or 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 person acting as aforesaid or that they or any of them were disqualified or had vacated office or that appointment or any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed was qualified to be a director and not vacated his office or his appointment had 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. | Acts of Board or committees valid |
| 104 | (a) The Board shall in accordance with the provisions of section 193 of the Act cause minutes to be kept of every General Meeting of the Company or of every meeting of the Board or of every committee of the Board. (b) Any such minutes of any meeting of the Board or of any committee of | Minute of proceeding of Directors and committees to be kept |

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| | the Board or of the Company in General Meeting, if kept in accordance with the provisions of section 193 of the Act, shall be evidence of the matters stated in such minutes. | |
| POWERS OF DIRECTORS | | |
| 105 | Subject to the provisions of the Act, the control of the company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts things at the company's is authorised to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required wheather by the Act or in other statue or by the Memorandum of the Company in general meeting provided further that in exercising any such power or doing any such act or things, the Board shall be subject to the provisions in that behalf contained in the act or in the Memorandum of Association of the Company or these Articles or any regulations made by the Company in general meeting shall invalidate any prior act the board which would have been valid if those regulations had not been made. | Powers of the Board |
| 106 | <p>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 the Articles, it is hereby declared that the directors shall have the following powers, that is to say, power:</p> <ol style="list-style-type: none"> (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the company. (2) To pay and charge to the capital account of the company any commission or interest or interest lawfully payable under the provisions of Section 76 and 208 of the Act. (3) Subject to Section 292, 297 and other provisions of the Act to purchase or otherwise acquire for the Company and property, right or privileges which the company is authorised to acquire at or for such price or consideration and general on such terms and conditions as they may think fit and if any such purchases or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory. (4) At their discretion and subject to the provision of the act to pay any property right or privileges acquired by or services rendered to the Company either wholly or partly in cash or on shares, bonds, debenture mortgage or other securities of the company and any such share may be issues either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debenture, mortgages, or other securities may, be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged. (5) To secure the fulfillment of any contracts and 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. . | Further power of the Board |

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| <p>(6) To accept from any member, so far as may be permissible by law, surrender of his shares or any part thereof on such terms and conditions as shall be agreed.</p> <p>(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.</p> <p>(8) To institute, conduct, defend compound or abandon any legal proceeding 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 and debts due and or any claims of demand by or against the Company and to refer any differences to arbitration either according to Indian law or according to any foreign law and wherever in India or abroad and observe, perform or challenge any award made thereon.</p> <p>(9) To act on behalf of the Company in all matters relating to bankrupts or insolvents.</p> <p>(10) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.</p> <p>(11) 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. All investment shall be made and held in the company's own name. .</p> <p>(12) 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.</p> <p>(13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases contracts and documents and to give the necessary authority for such purpose.</p> <p>(14) To distribute by way of bonus amongst the staff of the company a share in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.</p> <p>(15) To provide for the welfare of directors or ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependents or connection of such person by building or contributing to the building of houses, dwelling or chawls or by grants</p> | |

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| <p>of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions funds or trusts and by providing or subscribing or contributing toward places of interest and recreation and other assistance as the Board shall think fit and to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable benevolent, religious, scientific, national or other institutions, bodies and objects which shall have any moral or other claim to support or aid by the company either by reason of locality of operation or of public and general utility or otherwise.</p> <p>(16) To appoint at their disereation, remove or suspend such general . managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal medical or economic advisor, research workers labourers, 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 of such amount as they may think fit and from time to time to provide for the management and transition of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.</p> <p>(17) To comply with the requirements of any local which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p> <p>(18) From time to time at any time to establish any local Board for managing any of the affairs of the Company any specified locality in India or elsewhere and to appoint any persons to be members of such local Board and to fit their remuneration.</p> <p>(19) From time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board and to authorise the member for the local Board or many of them to fill up any vacancies there in any to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed and may annual or vary such delegation.</p> <p>(20) At any time and from time to time by powers of attorney under the Seal of the Company to appoint any person or persons to be 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 excluding the power to make calls and excluding also except in their limits authorised by the Board the powers to make loans and borrow moneys and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board think fit) be made in favour of the members or any of the members of any local Board</p> | |

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| | <p>established as aforesaid or in favour of any company or the shareholders, director, nominees or managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers of the protection or conveniences of persons dealing with such attorneys as the Board may think fit.</p> <p>(21) For or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contract and rescind any and 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.</p> <p>(22) To deal lease or otherwise dispose off any of the properties or undertakings of the Company.</p> | |
| MANAGING DIRECTORS | | |
| 107 | The Board may, from time to time, appoint one or more Directors to be Managing Director or whole time Directors of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office and may, from time to time (subject to the provisions of any contract between him or them and the company remove or dismiss him or them from office and appoint another or others in his or their place or places. | Powers to appoint Managing Directors |
| 108 | A managing or whole time Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company, subject to provisions of the Act. | Remuneration of Managing Director |
| 109 | Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof the Board may from time to time entrust to the confer upon the Managing Director whole-time Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think fit, and they may confer such powers, either collaterally with or to substitution for all or any of the powers of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. | Powers of Managing Director |
| 110 | Subject to the provisions of Act the Managing Director or whole-time Director shall not, while he or they continue to hold that office, be subject to retirement by rotation. | Special position of Managing Director |
| SEAL | | |
| 111 | The Board shall provide a common seal for the purpose of the company and shall have powers 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 this Board previously given and in the presence of a director of the Company or some other person appointed by the directors for the purpose. The Company shall also be at liberty to have an official Seal in accordance with Section 50 of Act for use in any territory, district or place | The Seal, its custody and use |

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| | outside India. | |
| 112 | Every Deed or other instruments 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 one director and the secretary or some other person appointed by the Board for the purpose, provided nevertheless that certificate of shares may be sealed in accordance with the provisions of the Companies (issue of Share Certificates) Rules, 1960 or the statutory modification or re-enactment thereof for the time being in force. | |
| DIVIDENDS | | |
| 113 | Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares or the Company but so that a partly paid up share shall only entitle the holder with respect thereto to such proportion of the distribution upon a fully paid-up share as the amount paid there on bears to the nominal amounts of such share and so that where capital is paid-up in advance of calls upon the following that same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in profit. | How Profits shall be divisible |
| 114 | The Company in General Meeting may declare a dividend to be paid to the member's according to their rights and interest, the profits and may fix the time for payment. | Declaration of dividends |
| 115 | No larger dividend shall be declared that is recommended by the Directors but the company in General Meeting may declare a smaller dividend. | |
| 116 | No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits. | |
| 117 | When any assets, business or property is bought by the Company as from a past date upon terms that the Company shall as from that date take the profits and bear the losses thereof such profits and losses as the case may be shall, at the discretion of the Directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the fund available for dividends be treated as a profit or loss arising from the business of the Company and available for dividend according if any shares or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof. | Ascertainment of amount available for dividend |
| 118 | The declaration of the directors as to the amount of the net profits of the company shall be conclusive. | What to be deemed net profits |
| 119 | The Director may from time to time pay to the members such interim dividends as in their judgements the position of the Company justifies. | Interim dividend |
| 120 | The directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagement in respect of which the lien exists. | Debts may be reduced |
| 121 | Any General Meeting declaring a dividend may make a call on the members of | Dividend and |

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| | 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 number, be set of against call. | call together |
| 122 | No member shall be entitled be receive payment of any interest on dividend in respect of his shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other 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. | No member to receive dividend whilst indicted to the Company and right of reimbursement there out |
| 123 | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. | Transfer of shares must be registered |
| 124 | (a) Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of cheque or warrant sent through the post ot the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. If several persons are registered as joint-holders of any shares any one of them can give effectual receipt for any dividends or other moneys payable in respect thereof. | Dividend how remitted |
| | (b) Subject to the provisions of Sections 205 A, 205 B and 206 A of the Companies Act, 1956 the unpaid or unclaimed dividend amount shall be transferred by the Company to a special account to be opened in any scheduled bank to be called 'Unpaid Dividend Account' of the Company. | Unpaid Dividend Account |
| CAPITALISATION OR RESERVES | | |
| 125 | Any 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 any reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premium received on the issue or shares and standing to the credit of share premium account be capitalised and distributed amongst such of the share holders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf or share holders in paying up in full any unissued shares, 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 and that such distribution or payment shall be accepted by such share holders in full satisfaction of their interest in the said capitalised sum provided sum provided that any some standing to the credit of a share premium account or a capital redemption reserve fund may the purpose of this Article only be applied in the paying up unissued shares to be issued to members of the Company as fully paid bonus shares. | Capitalisation of reserves |

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| 126 | A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits 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. | Surplus money |
| 127 | For the purpose of giving effect to any resolution under the preceding two Article the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest 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 be Board where requisite a proper contract shall be field in accordance with Section 75 of the Act 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. | Fractional Certificate |
| BOOKS AND DOCUMENTS | | |
| 128 | <p>The directors shall cause to be kept proper books of accounts in accordance with Section 209 of the Act with respects to :-</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which the expenditure take place :</p> <p>(b) all sales and purchases of goods by the Company :</p> <p>(c) the assets and liabilities of the Company :</p> <p>Provided that the said proper books of account shall be kept actual basis and according to the double entry system accounting.</p> | Books of account to be kept |
| 129 | The books of account shall be kept at the office or subject to the provision of section 209 of the Act at such other place as the director think fit and shall be open to inspection by the directors during the business hours. | Where to be kept |
| 130 | The directors shall from time to time determine whether and to vv extent and at what time and places and under what conditions regulations the accounts and books of the Company or any of the shall be open to the inspection of the members not being director and no members (not being a director) shall have any right of inspect any account or book document of the company except as conferred by law or authorised by the directors. | Inspection by member |
| 131 | The Directors shall from time to time, cause to be prepared and 1 laid before the Company in Annual general Meeting such Profit Loss Accounts, Balance Sheets and reports as are referred to Act. | Statements of accounts to be furnished to General Meeting |
| 132 | A copy of every such Profit and Loss Account and Balance Sheet (including the Auditor's Report and every other document required by law to be annexed or attached to the balance Sheet) shall, at least twenty one days before the | Accounts to be sent to each member |

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| | meeting at which the same are to be laid before the members, be sent to the members of the Company to holders of debentures issued by the Company (not being debentures which ex-facie are payable to bearer thereof) to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meeting of the Company. Provided that a copy of the documents aforesaid shall not be required to be sent when the shares of the Company are listed on a recognised stock exchange, if the copies of the documents aforesaid are made available for inspection at the Registered office during working hours for a period of twenty-one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the company may deem fit, is sent to every member of the company and to even/ trustee for the holders of any debenture issued by the company not less than twenty-one days before the date of the meeting as per provisions of Section 219 of the Act. | |
| AUDIT | | |
| 133 | Auditors shall be appointed and their rights and duties regulated in accordance with Section 224 and 223 of the Act. | Account to be Audited |
| 134 | Every accounts of the Company when audited and approved by the General Meeting shall be conclusive. | Accounts when audited and approved to be conclusive |
| DOCUMENTS AND NOTICE | | |
| 135 | <p>(1) A document or notice may be served or given by the company on any member or an office thereof 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 within India supplied by him to the Company for serving documents or notices on him.</p> <p>(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing prepaying 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 acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of meeting at the expiration of forty-eight hours after the letter containing the document or notice is posted in any other case at the time at which the letter would be delivered in the ordinary course of post.</p> | Service of document or notices on members by the company |
| 136 | A document or notice advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company any address within India for the | By advertisement |

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| | service of document on him or the sending of notice to him. | |
| 137 | A document or notice may be served or given by the Company on or to the persons entitled to a share consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name or by the title of representative 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 person claiming to be so 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 given if the death or insolvency had not occurred. | On personal representative |
| 138 | Documents or notices of every General Meeting shall be served or giving in same manner hereinbefore authorised on or to (a) every member (b) every person entitled to a share, shall be bound by every document or of a member and (c) the auditor or auditors for the lime being of the Company. | To whom documents or notice must be served or given |
| 139 | Every person who by operation of law, transfer or other means whatsoever shall become entitled to anywhere, shall be bound by every document or notice in respect of each share previously to his name and address being entered on the Register of Members shall have been duly served on the person from whom be derives his title to such shares. | Members bound by document or notice served or on given to previous holders |
| 140 | Any document or notice to be served or given by the Company may be signed by a director or some person duly authorised by the Board for such purpose and the signature may be written, printed or lithographed. | Document or notice by company and signature thereof |
| 141 | All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or giving by sending them 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. | Service of documents or notice by payment |
| AUTHENTICATION OF DOCUMENTS | | |
| 142 | 142. Save otherwise expressly provided in the Act or these Articles, documents or proceeding requiring authentication by the Company may be signed by. a Director or an authorised officer of the Company and need not be under its seal. | Authentication of documents of proceedings |
| WINDING UP | | |
| 143 | The liquidator on any winding up (wheather voluntary, under supervision or compulsory) may with the sanction of a special resolution/ orders of the court but subject to the rights attached to any preference shares capital divide among the contributors in specie any part of the assets of the Company and may, with the like sanction, vest any part of the company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit. | Liquidator may divide assets in specie |
| INDEMNITY AND RESPONSIBILITY | | |
| 144 | Subject to the provisions of Section 201 of the every director, manage:, Officer or servant of the Company or any person (whether an officer of the company or not) employed by the company as auditor shall be indemnified out of the funds of the Company against ail claims and it shall be the duty of the directors out of the funds of the Company, to pay all costs, charges, losses and damages which | Indemnity |

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| <p>any such person may incur or become liable to by- reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties (except such if any, as he shall incur or sustain through or by his own willful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceeding whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief if granted to him by the. Court.</p> | |
| <p>145 Subject to the provisions of the Act, no director, auditor or other officer of the Company shall be liable for the act receipt, neglects or defaults of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or de-ficiency of title to any property acquired by order of the director for on behalf of the Company or. for the insufficiency or de-ficiency or any security in or upon which any of the money of the Company shall be invested or for any loss or damages, arising from the bankruptcy, insolvency or tortuous act of any person, firm or company to or with whom any money, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.</p> | |
| <p>146 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 detail 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 or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the directors it would be in expended in the interest of the Company to discover.</p> | |

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 April 11, 2012 among the Company and the Lead Manager.
2. Memorandum of understanding dated June 05, 2012 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 June 08, 2012 between the Company and Lead Manager.
5. Market Making Agreement dated June 08, 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 April 10, 2012 and May 07, 2012 in authorising the Issue and other related matters.
3. Auditors' Report dated June 01, 2012 mentioned in this Draft Prospectus.
4. Copies of Annual reports of the Company for the years ended March 31, 2012, 2011, 2010, 2009, and 2008.
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. Approval dated [●] from the SME Platform of BSE.
7. Agreement among NSDL, the Company and the Registrar to the Issue dated June 18, 2012.
8. Agreement among CDSL, the Company and the Registrar to the Issue dated June 07, 2012.
9. Due diligence certificate dated [●] submitted by the Lead Manager to SEBI.
10. Statement of possible tax benefits dated June 01, 2012.
11. Special Resolution dated May 07, 2012 for the detailed terms of appointment of Mr. Vinod K. Jain as Chairman and Managing director and Mrs. Seema Jain as 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. Vinod K. Jain

(Chairman and Managing Director)

Mrs. Seema Jain

(Whole Time Director)

Mr. Rajesh Jain

(Executive Director)

Mr. Ashok Kabra

(Independent Director)

Mr. Vikas Gupta

(Independent Director)

Mr. Chirag Dharmawat

(Independent Director)

Ms. Tanushree Trivedi

(Company Secretary and Compliance Officer)

Date:

Place: Udaipur