



S R G SECURITIES FINANCE LIMITED

Our Company was incorporated as a public company under the name of S R G Securities Finance Ltd. on March 06, 1995 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 83 of this Draft Prospectus.

Registered Office: 322, S. M. Lodha Complex, Near Shastri Circle, Udaipur-313001, Rajasthan, India.

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

Email: srgsecurities@gmail.com; **Website:** www.srgfin.com

Contact Person: Mr. Hitesh Soni, Company Secretary and Compliance Officer.

OUR PROMOTERS: MR. VINOD JAIN, MR. RAJESH JAIN & MRS. SEEMA JAIN

THE ISSUE

PUBLIC ISSUE OF 25,08,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF S R G SECURITIES FINANCE LIMITED ("SSFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 20/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 501.60 LACS ("THE ISSUE"), OF WHICH, 3,90,000 EQUITY SHARES OF ₹ 10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY THE PROMOTERS (THE "PROMOTERS CONTRIBUTION") AND 1,38,000 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 19,80,000 EQUITY SHARES OF ₹ 10/- EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 64.72% AND 51.09 %, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.

For further details see "Issue Related Information" beginning on page 170 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 170 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 for Issue Price" on Page 51 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 11 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 XB 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. Pranav Nagar / Mr. Krish Sanghvi

SEBI Registration No. INM000011344

REGISTRAR TO THIS ISSUE



SHAREX DYNAMIC (I) PVT. LTD.

Unit No.1, Luthra Ind. Premises,

1st Floor, 44-E, M Vasanji 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: Mr. Ajit Kumar

SEBI Registration No. INR000002102

ISSUE OPENS ON

[●]

ISSUE CLOSES ON

[●]

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
S R G Securities Finance Limited/ SSFL/ SRGSFL/ The company/ Company/ We/ Us/ Our/ Our Company/ the Issuer	Unless the context otherwise indicates or implies refers to S R G Securities Finance Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office in the state of Rajasthan.

Company Related Terms

Terms	Description
Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of S R G Securities 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.
Audit Committee	The audit committee constituted by our Board of Directors on June 28, 2013
Board of Directors / Board	The Board of Directors of S R G Securities 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 S R G Securities 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 Companies	Companies, firms, ventures promoted by the Promoters, irrespective of whether such entities are covered under Section 370(1B) of the Companies Act, 1956 or not. For details of Group Companies of the Company, please see the Chapter titled “Our Promoter and Promoter Group” beginning on page 98 of this Draft Prospectus.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum / Memorandum of Association	Memorandum of Association of S R G Securities Finance Limited
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.
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	Promoter Group consist of Individuals, HUFs, Companies, Firms, etc. as

	mentioned in the Chapter “Our Group Entities” on page 103 of this Draft Prospectus.
Registered and /or Corporate Office	The Registered Office of our company which is located at – 322, 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 Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 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
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.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non-Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
Banker to the Company	Bank Of Baroda
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are Clearing Members and registered with SEBI as Banker to an issue with whom the Escrow Account(s) will be opened and in this case being [•] and [•]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in the chapter titled “Issue Procedure” beginning on page 170 of this Draft Prospectus
Business Day	Monday to Friday (except public holidays)
BSE	BSE Limited
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Controlling Branches	Such Branches of the SCSBs which co-ordinate Bids by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN,

	Occupation and Bank Account details.
Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 i.e. CDSL and NSDL
Depository Participant / DP	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Applicants in the Issue.
Designated Market Maker	ISJ Securities Private Limited
Designated Stock Exchange	SME Exchange of BSE Limited
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.
Equity Shares	Equity shares of our Company of ₹ 20/- each
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
Issue / Issue Size / Public Issue	The Public Issue of 25,08,000 Equity Shares of ₹ 10/- each at ₹ 20 (including share premium of ₹ 10/-) per Equity Share aggregating to ₹ 5,01,60,000/- (Rupees Five Crore One Lakh and Sixty Thousand Only) by S R G Securities Finance Limited.
Issue Closing date	The date on which the Issue closes for subscription being [●]
Issue Opening date	The date on which the Issue opens for subscription being [●]
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 20/-
Issue Proceeds	The proceeds of the Issue. For further information about use of the Issue Proceeds please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 47 of this Draft Prospectus
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.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Non-Institutional Applicant	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)
Net Issue	The Issue (excluding the Promoters Contribution and Market Maker Reservation

	Portion) of 19,80,000 Equity Shares of ₹ 10/- each at ₹ 20 (including share premium of ₹ 10/-) per Equity Share aggregating to ₹ 3,96,00,000/- (Rupees Three Crore Ninety Six Lakhs Only) by S R G Securities Finance Limited.
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI
Qualified Institutional Buyers / QIBs	<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 dated November 23, 2005 of the Government of India published in the Gazette of India; and • 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 (ICDR) 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
SEBI Regulation / 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.
Self Certified Syndicate Bank(s) / SCSBs	A 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.

TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application.
Underwriters	[•] and ISJ Securities Private Ltd.
Underwriting Agreement	The Agreement among the Underwriters and our Company
U.S. Securities Act	U.S. Securities Act of 1933, as amended

Technical / Industry Related Terms

Terms	Description
AFC	Asset Finance Company
ALM	Asset Liability Management Policy
BRIC nations	Brazil, Russia, India and China
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CRAR / CAR	Capital to Risk (Weighted) Assets Ratio / Capital Adequacy Ratio
CRR	Cash Reserve Ratio
Doubtful Asset	Doubtful Asset means – a) a term loan, or b) a lease asset, or c) a hire purchase asset, or d) any other asset; Which remains a sub-standard asset for a period exceeding two years
EFS	Equipment Finance Scheme
FII	Foreign Institutional Investors
IC	Investment Company
IIR	Installment to Income Ratio
KYC	Know Your Customer
LC	Loan company
Loss Asset	Loss Asset means – a) an asset which has been identified as loss asset by the NBFC or its internal or external auditor or by the Reserve Bank during the inspection of the NBFC, to the extent it is not written off by the NBFC; and b) an asset which are adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower;
LTV	Loan to Value Ratio
MBFC	Mutual Benefit Financial i.e., Nidhi Company
MSME	Micro, Small and Medium Enterprises
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
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
SARFAESI Act	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCB	Scheduled Commercial Bank
SIDBI	Small Industries Development Bank of India
SLR	Statutory Liquidity Ratio
Standard Asset	Standard Asset means the asset 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 normal risk attached to the business;
Sub-standard Asset	Sub-standard Asset means – a) an asset, which has been classified as non-performing asset for a period of not exceeding two years; b) an asset, where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms;
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
ACS	Associate Company Secretary
AE	Advanced Economies
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)
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIBIL	Credit Information Bureau (India) Limited
CIN	Company Identification Number
CIT	Commissioner of Income Tax
DIN	Director Identification Number
DP	Depository Participant

ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EMDE	Emerging Markets and Developing Economies
EPS	Earnings Per Share
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
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
IPO	Initial Public Offering
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
NRIIs	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
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs. Or INR 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 United 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.
WTD	Whole Time Director
Working Days	All days other than a Sunday or a public holiday (except during the Issue Period where a working day means all days other than a Saturday, Sunday and any public holiday), on which commercial bank are open for business.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

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

Financial Data

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements as on and for the Fiscal Years ended March 31, 2013, 2012, 2011, 2010 and 2009, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Draft Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Draft Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

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

Any percentage amounts, as set forth in the Chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 11, 69 and 132 of this Draft Prospectus, respectively, and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

Definitions

For definitions, please see the Chapter titled “*Definitions and Abbreviations*” on page 1 of this Draft Prospectus. In the Section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 194 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

Industry and Market Data

Unless stated otherwise, the industry and market data and forecasts used throughout this Draft Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

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

FORWARD-LOOKING STATEMENTS

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

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

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

- Our inability to manage our growth effectively, especially as we expand to new loan products and location;
- Our inability to maintain or enhance our brand recognition;
- Our inability to retain the services of our senior management, key managerial personnel and capable employees;
- Our inability to renew rents for our Properties used for business activities or conduct new rent arrangements on commercially acceptable terms;
- Inability to adequately protect our trademarks;
- Changes in consumer demand and interest rates;
- Failure to successfully upgrade our products and service portfolio, from time to time; and
- Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner.

For further discussions of factors that could cause our actual results to differ, please see the Chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 11, 69 and 132 of this Draft Prospectus, respectively.

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

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risk and uncertainties described below, before making an investment in our equity shares. If any of the following risk actually occurs, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

The Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors mentioned below, the Company is not in a position to ascertain the financial and other implication of any of the other risks mentioned below.

Materiality

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

1. Some events may have material impact quantitatively;
2. Some events may have material impact qualitatively instead of quantitatively;
3. Some events may not be material individually but may be found material collectively;
4. Some events may not be material at present but may be having material impact in future.

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 (totalling to ₹ 48.03 lacs) 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) (₹ in lakhs)
Cases filed against our Company	Nil	Nil
Cases files by our Company	13	15.66
Cases filed against our Promoters / Directors	Nil	Nil
Cases filed by our Promoters / Directors	2	11.00
Cases filed against our Promoter Group	3	N.A.
Cases filed by our Promoter Group	13	21.37

For further details regarding these legal matters, please see the chapter titled “Outstanding Litigations & Material Developments” on page 143 of this Draft Prospectus.

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

Any lending activity is exposed to credit risk arising from the risk of default and non payment by borrowers and other counterparties. Our total loans portfolio was ₹ 454.24 lacs and ₹ 454.50 lacs during the year March 31, 2013 and March 31, 2012 respectively. As at March 31, 2013, approximately 98% of the loans granted are against Vehicles or Equipments or other such collateral. As on date, all the loans in our loan portfolio are granted to Small and medium enterprises (SMEs) or individuals.

In the last five (5) years, there has been a loan write-off only once in the F. Y. 2012-13 amounting to ₹ 8.31 which is 1.83% of the total loan book size of that year. However, the size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure.

In particular, the customers of the Business Loans may have relatively higher sensitivity to economic conditions and also the unsecured individual borrowers are generally less financially robust than corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and counterparties, we rely on published credit information relating to such parties and financial and other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. Please refer to the section titled "Our Business" on page 69 of this Draft Prospectus for details of the credit policies and approval processes of our Loans and Advances business. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers and counterparties. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, our business, future financial performance and results of operations may be materially and adversely affected.

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

We are required to obtain and maintain certain approvals, licenses, registrations and permits in connection with its business and operations. Currently there are no material statutory clearances or approvals pending with any department. However, there can be no assurance that we will be able to obtain and maintain such approvals, licenses, registrations and permits in the future. An inability to obtain or maintain such registrations and licenses in a timely manner, or at all, and comply with the prescribed conditions in connection therewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition. For further details regarding the various statutory approvals required in our Business, please refer to the chapter titled "Government and other Statutory Approvals" on page 149 of this Draft Prospectus.

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

As a consequence of being regulated as an NBFC we will have to adhere to certain individual and borrower group exposure limits and periodic reporting and compliances as specified under the RBI regulations and are subject to periodic RBI inspection and supervision. In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC as the case may

be. Any such action may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

Our Company is regulated by the RBI as a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI). Hence majority of the regulatory filings and exposure norms are not yet applicable to our company. However, the same may become applicable once we cross a certain benchmark limit as specified by RBI from time to time after which, we would be a NBFC-ND-SI and hence would have to adhere to individual and group borrower exposure limits and periodic reporting and other such compliances and procedures. RBI conducts regular inspection and our last inspection was carried out on May 28, 2013. RBI has the right to conduct inspections of all NBFCs and notify its findings and observations, if any, to such NBFC, which is expected to respond to the RBI's observations and provide clarifications and additional information, as necessary. In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC. For further details, please refer to the section titled "Key Industry Regulations and Policies" beginning on page 79 of this Draft Prospectus. We cannot assure you that we may not breach the exposure norms or other regulatory norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC by the RBI by the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

5. We have in the last twelve months preceding the date of this Draft Prospectus issued shares to our members at a price which may be lower than the Issue Price.

Our Company has allotted the following Equity Shares during the preceding one year from the date of the Draft Prospectus which may be lower than the Issue Price:


Date of Allotment	Number of Shares	Issue Price (in ₹)	Reason
June 24, 2013	4,55,800	-	Bonus Issue of Shares to all existing Shareholders

For further details with respect to the said bonus issue, please refer to the chapter titled "Capital Structure" beginning on page 37 of this Draft Prospectus.

6. We are significantly dependent on a few customers. Our top ten customers have contributed approximately 62% of our total interest income in FY 2013 and 52% in FY 2012.

Our primary income source is the interest we earn from our Loan Portfolio. As on March 31, 2013 our Company has a Net worth of ₹ 160.61 lacs and our total loan portfolio size during the said year is ₹ 454.24 lacs. The revenues from our top 10 customers constituted approximately 62% and 52% for FY 2013 and FY 2012 respectively. With our current scale of operations, we prefer to choose our customers more cautiously to reduce NPAs and write-offs. Thus we cater to few customers who give us continued business which leads to a group of customers who form part of our largest client base. These customers take loans from our company against collaterals such as machinery, equipments or other fixed assets. While our Company has done substantial business with these customers in the past, we do not have any legally binding long term agreements or commitments to supply capital / funds to them in the future and we cannot assure that we would receive any business at all from any of these customers in the future, or receive business from them on terms and conditions commercially acceptable to us. Loss of one or more of our major customers would have a material adverse effect on our business, results of operations and financial condition.

7. The logo and trade-name used by our company in its official correspondence and other operational requirements is not yet registered.

Our logo  is currently under process of getting registered with the Trademark Registry. Our Company has filed an application dated April 26, 2013, 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 Statutory Approvals" on page 149 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.

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

As of March 31, 2013, we had gross NPAs of ₹ 19.14 lacs and net NPAs of ₹ 12.14 lacs, against which we have made provision of ₹ 7.00 lacs. The provisioning has been made in terms of prudential norms laid down by RBI. 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.

9. We may be exposed to potential losses due to a decline in value of assets secured in our favour, and due to delays in the enforcement of such security upon default by our borrowers.

As of March 31, 2013, approximately 98% of our total loan portfolio is secured by a mix of both, movable and immovable assets or other forms of collateral, depending on the nature of the transaction. The value of certain types of assets may decline due to inherent operational risks, the nature of the asset secured in our favour and adverse market and economic conditions (both global and domestic). For example:

- For the asset-backed loans of the transportation equipment, the vehicles purchased by our customers are hypothecated in our favour as security interests for the loans provided by us. The value of the vehicle, however, is subject to depreciation, deterioration, and/or a reduction in value on account of a number of external factors (such as wear and tear), over the course of time. Consequently, the realizable value of the collateral for the loan provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. Furthermore, in the case of a default, we typically repossess the commercial vehicles financed and sell such vehicles through auctions. The hypothecated vehicles, being movable property, may be difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such vehicles provided as collateral at prices sufficient to cover the amounts under default.

The value of the security or collateral granted in our favour, as the case may be, may also decline due to delays in insolvency, winding-up and foreclosure proceedings, defects in title or documentation relevant to the assets, difficulty in locating movable assets and the necessity of obtaining regulatory approvals and/or court orders for the enforcement of our collateral over those assets, and as such, we may not be able to recover the estimated value of the assets, which would materially and adversely affect our business, future financial performance and results of operations.

In the event of default by our borrowers, we cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, unforeseen delays in our ability to take immediate action, bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

10. 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, capital markets and NBFC. One of our Group Companies currently has a business which is conflicting to our interest i.e. NBFC (Miscellaneous lending business) as can be seen below:

Name of Company	Present Activity
Hriday Fincorp 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
SRG Housing Finance Limited	Housing Finance

Further, 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. However, the employees of our company are whole time and work exclusively for our company.

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

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled ‘Business Overview’ and ‘Our Promoters and Promoters Group’, beginning on pages 69 and 98, respectively and Annexure XIX titled ‘Related Party Transactions’ on page 129 of this Draft Prospectus.

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

Till date we are a family run enterprise and 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. As we do not plan to significantly increase our staff base or induct any other major key managerial person in the future, we will be severely dependent on our senior management and promoter’s ability to effectively implement our growth strategies. If our Promoters disassociate from our company for any reason or in the event of them getting incapacitated to remain actively involved with the company in managing its affairs, our ability to maintain and grow our revenues could be adversely impacted. Financial impact of the aforesaid risk cannot be reasonably quantified.

Further, we are also dependent on our Directors and Key Managerial Personnel (KMP) for setting our strategic direction and managing our business. The loss of our Directors and KMP or ability to retain them, may materially and adversely impact our business, results of operations and financial condition.

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

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

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

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

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009

Net Cash used in Operating Activities	(8.50)	(59.32)	(56.27)	(72.79)	7.01
Net Cash used in Investing Activities	(4.71)	(0.21)	(14.71)	(1.90)	1.30
Net Cash used in Financing Activities	25.28	53.55	87.58	71.10	(13.44)

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.

15. Our registered office is rented out to our Company and any adverse impact on the title/ownership rights of the licensor/owner or breach of the terms/ non renewal of the lease / license agreement as per terms and conditions favourable to us or at all, may temporarily impede our operations.

We do not own the premises on which our Registered Office is situated at 322, S. M. Lodha Complex, Near Shastri Circle, Udaipur – 313 001, Rajasthan. The premises is owned by our Promoter Group entity - Mr. Gendalal Jain and rented to us at a monthly rent of ₹ 15,000. We currently occupy the office based on a lease agreement which is valid until March 31, 2016, 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" beginning on page 69 of this Draft Prospectus.

16. 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.

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "Objects of the Issue" beginning on page 47 of this Draft Prospectus.

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

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

Our funding strategy was adversely affected by the crisis in the global credit markets since 2008. Through the second half of 2008 and the first half of 2009, capital and lending markets remained highly volatile and access to liquidity was adversely affected. These conditions resulted in increased borrowing costs and difficulty in accessing funds in a cost-effective manner. Changes in economic and financial conditions or lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As an NBFC, we also face certain restrictions on our ability to raise money from international markets which may further constrain our ability to raise funds at attractive rates.

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

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

We will be impacted by volatility in interest rates in our operations. We offer loans to borrowers on pre-determined / fixed rates, whereas our borrowings from Bank of Baroda 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.

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

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

20. 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 Bank of Baroda Our bank sanctions for obtaining this 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. For further details of the Negative Covenants please see the Chapter "Financial Indebtedness" on page 141 of this Draft Prospectus.

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

In deciding whether to sanction loan to a particular customers, we rely on published credit information relating to such party and financial and other relevant information furnished to us by the customer, and our personal contacts and networks based on which we perform our credit assessment. Please see "Business Overview" beginning on page 69 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.

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

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

23. 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 favourable 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 F. Y. 2013 and 2012 our aggregate related party transactions were ₹ 68.24 lacs and ₹ 37.24 lacs respectively. For further details, please refer to "Annexure XIX- Related Party Transactions" of the "Auditors Report" beginning on page 116 of this Draft Prospectus.

24. We face significant competition in our businesses, which may limit our growth and prospects.

Our Company faces significant competition in the businesses that we are involved in. In particular, we compete with other finance companies, both in India and abroad; and public and private sector commercial banks operating in the markets in which we are present. In recent years, large international banks have also entered these markets. For further details, please refer to the paragraph titled "Competition", as contained in the chapter titled "Business Overview", beginning on page 69 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.

These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures.

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

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

26. Post this Issue, the Promoter and Promoter Group will continue to hold majority shares in our Company.

Post this Issue, our Promoters and Promoter Group will collectively own approximately 43% of our Equity Share capital. Accordingly, our Promoters and Promoter Group will continue to have control over our business

including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company even if it is in its best interest. Our Promoters and Promoter Group may also influence our material policies in a manner that could conflict with the interests of our other shareholders.

27. Our entire business and client network is concentrated in the state of Rajasthan, specifically in Udaipur and any disruption or downturn in the economy of the region would adversely affect our operations.

We are predominantly a Udaipur based Company and all our operations are carried out from the same city. Also majority of our customer base is situated in Udaipur and nearby areas. Any disruption, disturbance or breakdown in the economy of the region could adversely affect the result of our business and operations. As of March 31, 2013, 100% loans are given to customers based in Udaipur and surrounding areas .

Our concentration in this region exposes us to adverse economic or political circumstances that may arise as compared to other NBFCs and commercial banks that have diversified national presence.

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

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

29. 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.

30. 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.

EXTERNAL RISK FACTORS

31. Any changes in the regulatory framework could adversely affect our operations and growth prospects.

Our Company is subject to various regulations and policies. For details see section titled “Key Industry Regulations and Policies” beginning on page 79 of this Draft Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

32. Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance.

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

33. Regional or International hostilities, terrorist attack or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our Company’s equity shares.

34. An active market for the Equity shares may not develop which may cause the price of the equity shares to fall and may limit investor’s ability to sell the Equity Shares.

The Equity Shares proposed to be issued are securities for which there is currently no trading market. Applications have been made to the BSE for the Equity Shares to be admitted to trading on the BSE. No assurance can be given that an active trading market for the equity shares will develop or as to the liquidity or sustainability of any such market, the ability of the holders of the Equity Shares to sell their Equity Shares or the price at which share holders will be able to sell their Equity Shares if an active market for the Equity Shares fail to develop or be sustain, the Trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at price that could be lower than the original Equity price of the issue.

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

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

36. Demand for our services may decrease during an economic recession which may adversely affect our profitability and financial condition.

The cargo transportation industry historically has experienced cyclical fluctuations in financial results due to economic recession, stagnancy in freight rate movements, downturns in business cycles of our customers, fuel shortages, price increases by carriers, interest rate fluctuations, and other economic factors beyond our control. In such events, the operating expenses are higher, and if our Company is unable to pass on to our customers the amount of higher transportation costs our gross profits and income from operations may decrease. If economic recession or a downturn in our customers’ business cycles causes a reduction in the volume of cargo transported by those customers, our operating results could also be adversely affected.

PROMINENT NOTES

- Investors are free to contact the Lead Managers or the Compliance Officer for any complaints / information / clarification pertaining to this Issue. For contact details of the Lead Managers, please refer to the cover page of this Draft Prospectus.
- Public Issue of 25,08,000 Equity Shares of ₹ 10/-each for cash at a price of ₹ 20 per Equity Share aggregating upto ₹ 501.60 lacs (hereinafter referred to as “the Issue”). The Issue would constitute 64.72 % of the fully diluted Post Issue Paid-Up capital of our Company.
- The pre-issue net worth of our Company is ₹ 160.61 lacs as per our restated audited financial statements as on March 31, 2013. Post Issue net worth (assuming full subscription) is ₹ 707.79 lacs.
- The average cost of acquisition of Equity Shares by our Promoters is.

Promoter	Average cost (₹)
Mr. Vinod Kumar Jain	4.61
Mr. Rajesh Jain	5.16
Mrs. Seema Jain	6.17

- Book value per Equity Shares (of face value ₹ 10/-) of our Company, as per our restated audited financial statements as on March 31, 2013 was ₹ 17.61
- For details on Related Party Transactions, refer to Annexure XIX “Related Party Transactions” under the chapter titled “Financial Statements” on page 116 of this Draft Prospectus.
- Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 51 of this Draft Prospectus before making an investment in this Issue.
- Investors are advised to go through the paragraph on “Basis of Allotment” beginning on page 188 of this Draft Prospectus.
- All information shall be made available by the Lead Manager and our Company to the public and investors at large and no selective or additional information would be available to a section of the investors in any manner whatsoever.
- Our Promoters, their relatives and associates, Promoter Group and our Directors have not entered into any of the financing arrangements / transactions in our Equity Shares directly or indirectly in the past six months except as mentioned under ‘Notes to the Capital Structure’ beginning on page 37 of this Draft Prospectus.
- There were no transactions in the securities of Company during preceding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons.
- Our Company was originally incorporated in the name of ‘S R G Securities Finance Limited’ on March 06, 1995 under the Companies Act, 1956 with the Registrar of Companies, Rajasthan.
- No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associates or Promoter Group entities.
- Except as disclosed in the chapters titled “Our Promoter and Promoter Group”, “Our Group Entities” and “Related Party Transactions” beginning on pages 98, 103 and 129 of this Draft Prospectus, respectively, none of our Group Companies have business interests or other interests or any other transaction with / in our Company.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

Indian Financial Services Sector:

India's services sector has been the most dynamic part of its economy, leading GDP growth for past two decades. India serves as an example as to how services sector can play an important role in a country's economic growth. India is doing reasonably well in retail sector and the financial sector including insurance. India is now eager to open up the pensions sector also to foreign investors. The way these sectors have been developed with a robust regulatory and policy framework also holds important lessons for other countries. India's financial services sector has been one of the fastest growing sectors in the economy. The economy has witnessed increased private sector activity including an explosion of foreign banks, insurance companies, mutual funds, venture capital and investment institutions. Although significant steps have been taken in reforming the financial sector, some areas require greater focus like the ability of the financial services sector in its present structure to make available investible resources to the potential investors in coming years, such as equity and long term, medium and short-term debt and the inability of banks to quickly enforce security and access to collateral, and the capital constraints in recognizing large loan losses.

Volatility in global commodity prices has had a major impact on Indian companies. This has led to non-performing loans and provisioning for credit losses becoming a key area of concern for the Indian financial system.

(Source: <http://blog.ficci.com/financial-sector-india/2776/>)

Significance of NBFCs in India:

According to the Economic Survey 2010-11, it has been reported that NBFCs as a whole account for 11.2 per cent of assets of the total financial system. With the growing importance assigned to financial inclusion, NBFCs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors.

In the multi-tier financial system of India, importance of NBFCs in the Indian financial system is much discussed by various committees appointed by RBI in the past and RBI has been modifying its regulatory and supervising policies from time to time to keep pace with the changes in the system.

NBFCs have turned out to be engines of growth and are integral part of the Indian financial system, enhancing competition and diversification in the financial sector, spreading risks specifically at times of financial distress and have been increasingly recognized as complementary of banking system at competitive prices. The Banking sector has always been highly regulated, however simplified sanction procedures, flexibility and timeliness in meeting the credit needs and low cost operations resulted in the NBFCs getting an edge over banks in providing funding. Since the 90s crisis the market has seen explosive growth, as per the Fitch Report (Non-Bank Financial Institutions in India: Performance Trends and Outlook, Fitch Friday Presentation, Ananda Bhoulmik & Arshad Khan, December, 2008 Report) the compounded annual growth rate of NBFCs was 40% in comparison to the CAGR of banks being 22% only. NBFCs have been pioneering at retail asset backed lending, lending against securities, microfinance etc and have been extending credit to retail customers in under-served areas and to unbanked customers.

Although banks dominate the Indian financial spectrum, NBFCs play an important role in financial markets. With their unique strengths, the stronger NBFCs could complement banks as innovators and partners. The core strength of NBFCs lies in their strong customer relationships, good understanding of regional dynamics, service orientation and ability to reach out to customers who would otherwise be ignored by banks, which makes such entities effective conduits of financial inclusion.

The disaggregated data on sectoral deployment of gross bank credit available upto September, 2012 indicate that except for agriculture, there has been a reduction in the rate of growth of credit flow to other sectors. Though credit growth significantly recovered in first half of 2011-12 and 2012-13, it continued to remain below the overall non-food credit growth.

(Source: *Mid-year Analysis 2010 - 2013, Ministry of finance*)

Performance of the NBFC Sector

Funding source of NBFCs comprises debentures, borrowings from banks and FIs, public deposits, commercial papers, and inter-corporate loans. In FY12, borrowings from banks and FIs, followed by debentures, constituted an important source of funds for NBFCs-D. Borrowings from banks and FIs accounted for 50% and debentures accounted for 29% of the total borrowings of NBFCs-D in FY12. Debentures form an important source of funds for NBFCs-ND-SI. In FY12, debentures accounted for 46% and borrowings from banks and FIs accounted for 32% of the total borrowings of NBFCs-ND-SI.

As at the end of FY12 balance sheet size of NBFC-D stood at ₹ 1,169 bn registering an increase of around 11% y-o-y. As of March 2012, more than two-thirds of NBFCs-D sector's total assets were held by AFCs. Component wise, the advances accounted for a predominant share of the total assets, followed by investments. Borrowings, a major source of funding, grew 15.9% and public deposits which are subjected to credit rating, continued to show an increasing trend, with 43.8% growth. However, total Investments registered a 24.8% decline due to 0.7% and 67.6% decline in SLR and Non-SLR investments. The ratio of public deposit to owned funds improved marginally and stood at 29.99% as at end-March 2012, as against 23.89% in 2011.

The balance sheet size of NBFCs-ND-SI as at end-FY12 stood at ₹ 9,213 bn, as against ₹ 7,613 bn, indicating 21% growth. This rise is mainly due to a sharp increase in borrowings from banks and FIs, and debentures. Secured borrowing constitutes a major source of borrowings and grew 29.3% during FY12. The leverage ratio of the entire NBFCs-ND-SI sector remains unchanged at 2.83% during FY12. On the deployment side, loans and advances continue to constitute the largest share, followed by Investments and hire purchase assets. During FY12, loans and advances grew 25.3% on account of 31.7% growth in secured loans and advances, hire purchase assets grew 26.5%, and investments grew by 5.9% y-o-y.

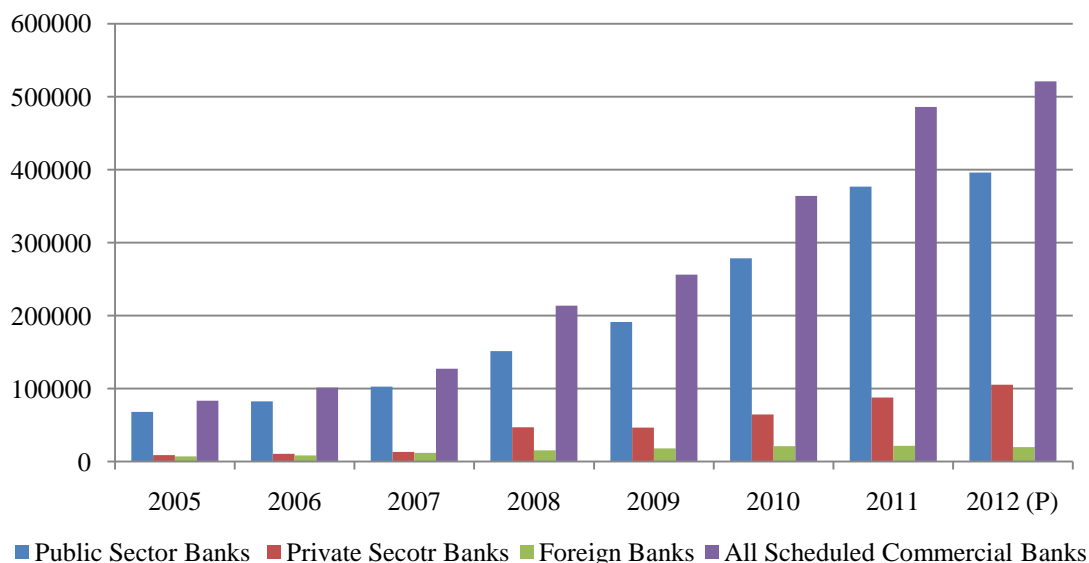
The financial performance of NBFC-D demonstrated an upsurge, with 19.1% TI growth and 11.6% operating profit growth, majorly due to 19.2% growth in fund-based income, which accounted for 99.3% of the total income of NBFCs-D. Net profit of NBFCs-D also increased marginally by 13.8% to Rs 33 bn in FY12 compared with ₹ 29 bn in FY11. Expenditure as a percentage to average total assets increased marginally during FY12 following the same trend as income as a percentage to average total assets. Total income of NBFCs-ND-SI registered 26% increase to ₹ 948 bn, but this TI growth did not help net profit grow. Net profit of NBFCs-ND-SI declined 13% to ₹ 139 bn in FY12. RoA for the same period also declined to 1.5% from 2.1% in FY11.

Over the years, the NBFC sector has undergone a fair degree of consolidation leading to the emergence of companies having larger asset size. Capital adequacy norms that were mandatory for NBFCs-D were made applicable to NBFCs-ND-SI too in 2007, considering their growing importance in the segment and to ensure their sound development. As of March 2012, 187 of 190 reporting NDFCs-D had CRAR of more than 15%, whereas in March 2011, 199 of 204 NDFCs-D had CRAR of more than 15%. In case of NBFCs-ND-SI, 329 out of 365 companies had CRAR of more than 15%, indicating an availability of capital for further expansion. Only 10% of reporting NBFCs-ND-SI reported CRAR of less than 15%.

(Source: *Trend and Progress of Banking in India 2012* – RBI – http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/6CH_TPA021112L.pdf; *Dun & Bradstreet Research Report* - <http://www.dnb.co.in/BFSI2012/PDF/NBFCs.pdf>)

Outstanding Bank Credit to Micro and Small Enterprises

The share of micro- and small industry in gross outstanding credit is only about 12 per cent although this sector accounts for a far larger share of overall manufacturing and exports. Disaggregated data suggest that credit growth to all major sectors such as agriculture, industry, services and personal loans had begun to improve from November 2009 onwards.



(Source: Annual report 2012-13, Ministry of MSME)

The above graph indicates that Banks, particularly Private sector & Foreign banks, shows reluctance to extend credit to small enterprises. This can be broadly attributed to the following reasons:

- High administrative costs of small-scale lending
- Asymmetric information
- High risk perception and
- Lack of collateral.

Credit guarantee schemes diminish the risk incurred by lenders and are mainly a reaction to small firms' lack of collateral. Such schemes do have the potential to reduce the costs of small-scale lending and to improve the information available on borrowers. They enable small firms to access formal credit and also improve the terms of a loan. Such schemes assist small enterprises to obtain finance for working capital, investment and/or leasing purposes at reasonable conditions. This enables SMEs to improve their competitiveness and to extend their economic activity. Weaknesses of credit guarantee schemes can be avoided through proper design and private sector involvement.

Future prospects of NBFC sector

NBFCs have been playing a very important role both from the macroeconomic perspective and the structure of the Indian financial system. NBFCs are the perfect or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. They offer quick and efficient services without making one to go through the complex rigmarole of conventional banking formalities. However to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavour to search for new products and services in order to survive in this ever competitive financial market.

Since NBFCs have been kept outside the purview of SARFAESI Act, a reform in this area is quite urgently needed. A suitable legislative amendment extending the operation of the said Act to NBFCs too would go a long way in fortifying the faith of the investors and which in turn would greatly contribute to the growth of this Sector. The coming years will be very crucial for NBFCs and only those who will be able to face the challenge and prove themselves by standing the test of time will survive in the long run.

SUMMARY OF OUR BUSINESS

OVERVIEW

Our Company was incorporated as S R G Securities Finance Limited on March 06, 1995 under the Companies Act, 1956 bearing the Registration Number 009631 having registered office in Udaipur, Rajasthan. Our company obtained the Certificate for Commencement of Business on April 17, 1995. The Company's Corporate Identity Number is U67120RJ1995PLC009631 and its Registered Office is situated at 322, SM Lodha Complex, Udaipur, Rajasthan - 313001, India.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45(1A) of the Reserve Bank of India Act, 1934 bearing Registration no. 10.00097 dated August 18, 1999.

Our company was originally incorporated by Mr. Bajrang Lal Gupta, Mr. Ramesh Kumar Gupta and Mr. Vinod Kumar Gupta in the year 1995. In the year 1999 the control of our Company was taken over by Mr. Vinod Jain and Mrs. Seema Jain. *For details regarding the history of our company please see the chapter titled "History and Certain Corporate Matters" beginning on page 83 of this Draft Prospectus.*

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of Asset Financing by offering:

- i. Business Loans
- ii. Equipment and Machinery Loan / Loan against Equipment and Machinery.
- iii. Vehicle Loans / Loans against Vehicle

In the past four (3) years our revenues have increased from ₹ 62.50 lacs in F. Y. 2010-2011 to ₹ 82.61 lacs in F. Y. 2011-12 and further to ₹ 107.99 lacs in F. Y. 2012-2013, showing an increase of 32.18% and 30.72% respectively. Our Net Profit before tax for the above periods are ₹ 9.32 lacs, ₹ 16.79 lacs and ₹ 22.38 lacs. Our Loan book size has increased from ₹ 208.23 lacs in 2008-09 to ₹ 454.24 lacs in 2012-13. We propose to further increase our operating efficiencies and scale and plan to become a notable player in the Asset Finance field in India.

Our company is the NBFC Arm promoted by the Jain Family in order to carry out their NBFC activities and in order to bring in the benefits of synergies from their housing finance, Insurance broking and other businesses.

OUR COMPETITIVE STRENGTHS

1. Well Qualified and Experienced Promoters:

Our management team is backed by promoters who have requisite qualification and experience in financial markets and lending industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and Promoters please see the chapter titled "Our Management" and "Our Promoters & Promoter Group" beginning on pages 86 and 98 of this Draft Prospectus respectively.

2. Long Standing Track-record and Established relationships

Our company received its NBFC Registration in 1999. Hence, this company has been in the business of providing equipment loan, machinery loan and business loans for over a decade. Our promoters – Mr. Vinod Jain and Rajesh Jain along with our other directors have stressed on customer satisfaction and thus established long standing relations with existing clients. Further, they also propose to utilise the readily available databases of clients as well as their established relationships with Capital Market Players to ensure effective utilisation of our assets and improve the overall operational and financial efficiencies of the company.

3. Continuous Business Possibilities due to synergies with Group Companies

We have various group companies which deal in Housing Finance and Insurance broking. The group has interests in the Financial Markets and Lending Segment. This has led to deep relationships with the participants in the financial markets and provides us with many opportunities to tap these relationships for lending funds and earn higher returns. With the growing real estate and infrastructure in the state of Rajasthan and surrounding areas, there exist synergies for regular business opportunities for our Company. With the further deepening and growth of the Financial Markets, the requirement of Lending Opportunities is expected to grow and flourish.

4. Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of the Company's loan book. In the last five (5) years, there has been a loan write-off only once in the F. Y. 2012-13 amounting to ₹ 8.31 which is 1.83% of the total loan book size of that year. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

BUSINESS STRATEGY

1. Adherence to a disciplined internal processes

Our Company will continue to finance construction and mining equipments, small business loans, vehicle finance and other avenues consistent with its lending process as approved by the management from time to time. Our Company in accordance with its lending process will aim to finance in diversified businesses, dealing with small companies and young entrepreneurs who are expected to show robust business growth. Our Company believes that such financing provides a sustainable competitive advantage to our Company and would contribute to its income streams. We also propose to further improve our internal systems and methodologies. For details regarding our proposed Processes please see “*Credit Appraisal Processes*” and “*Internal Policies*” beginning on pages 72 and 75 of this Draft Prospectus respectively.

2. Maintain and expand long term Relationship with Clients

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

3. Focus on other key cities to increase our market share

Our Company, backed by its strong clientele and relationship, intends to extend its financing services in other nearby cities. Many small scale infrastructure and construction companies have been established in Udaipur and nearby cities which are a potential clientele for us. Our Company believes that this will help us capitalise on fast growing MSME sector.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations 2009 and restated as described in the Auditor's Report of Valawat Jha Pamecha & Co, Chartered Accountants dated July 22, 2013 in the section titled "Financial Statements" beginning on page no. 116 of this Draft Prospectus. The summary financial information presented below should be read in conjunction with our restated financial statements for the year ended March 31, 2009, 2010, 2011, 2012 and 2013 including the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page no. 132 of this Draft Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lacs)

Particulars	March 31,				
	2013	2012	2011	2010	2009
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	91.16	91.16	91.16	91.16	91.16
(b) Reserves and Surplus	69.45	49.26	38.60	35.42	33.02
Total Shareholder's Funds (A)	160.61	140.42	129.76	126.58	124.18
(2) Share application money pending (B)	0.00	0.00	0.00	0.00	0.00
(3) Non-Current Liabilities					
(a) Long-term borrowings	1.16	5.58	9.66	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
Total Non-Current Liabilities (C)	1.16	5.58	9.66	0.00	0.00
(4) Current Liabilities					
(a) Short-term borrowings	334.40	304.70	247.07	169.15	98.05
(b) Trade payables	0.00	0.00	0.00	0.00	0.00
(c) Other current liabilities	2.55	17.53	3.16	0.98	3.03
(d) Short-term provisions	15.20	18.29	15.26	10.64	9.09
Total Current Liabilities (D)	352.15	340.52	265.49	180.77	110.17
Total (A+B+C+D)	513.92	486.52	404.91	307.35	234.35
II. ASSETS					
(1) Non-current assets					
(a) <i>Fixed assets</i>					
(i) Tangible assets	12.30	9.96	13.23	3.07	2.29
(b) Non-current investments	0.01	0.01	0.01	0.01	0.01
(c) Deferred tax assets (net)	1.36	1.17	0.83	0.30	0.23
(d) Long term loans and advances	0.02	0.02	0.02	0.02	0.02
(e) Other non-current assets	15.00	15.00	15.00	15.00	15.00
Total Non-Current Assets (A)	28.69	26.16	29.09	18.40	17.55
(2) Current assets					
(b) Inventories	0.00	0.00	0.00	0.00	0.00
(c) Trade receivables	454.24	444.50	354.90	284.26	208.23
(d) Cash and cash equivalents	23.66	11.58	17.57	0.98	4.57
(e) Short-term loans and advances	0.00	0.00	0.00	0.00	0.00
(f) Other current assets	7.33	4.28	3.35	3.71	4.00
Total Current Assets (B)	485.23	460.36	375.82	288.95	216.80
Total (A+B)	513.92	486.52	404.91	307.35	234.35

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in Lacs)

Particulars	March 31,				
	2013	2012	2011	2010	2009
Income					
Revenue from operations- Interest on Advances	107.52	82.61	62.50	43.23	46.20
Other Income	0.47	0.00	0.00	0.00	0.00
Total Income	107.99	82.61	62.50	43.23	46.20
Expenditure					
Employee benefit expense	19.75	15.85	18.82	16.45	19.48
Financial costs	49.30	42.02	24.46	16.10	14.43
Depreciation and amortization expense	2.88	3.47	4.57	1.05	0.73
Other expenses	13.68	4.48	5.33	3.35	4.25
Total Expenses	85.61	65.82	53.18	36.95	38.89
Profit before exceptional and extraordinary items and tax	22.38	16.79	9.32	6.28	7.31
Less: Exceptional Items	0.00	0.00	0.00	0.00	0.00
Profit before extraordinary items and tax	22.38	16.79	9.32	6.28	7.31
Less: Extraordinary Items	0.00	0.00	0.00	0.00	0.00
Profit before tax	22.38	16.79	9.32	6.28	7.31
Tax expense:					
Current tax	7.11	5.52	3.42	2.06	2.39
Deferred tax	0.00	0.00	0.00	0.00	0.00
Profit(Loss) from the period from continuing operations	15.27	11.27	5.90	4.22	4.92
Profit/(Loss) from discontinuing operations	0.00	0.00	0.00	0.00	0.00
Tax expense of discounting operations	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) from Discontinuing operations	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) for the period	15.27	11.27	5.90	4.22	4.92

SUMMARY OF CASH FLOW STATEMENT, AS RESTATED

(₹ in Lacs)

Particulars	March 31,				
	2013	2012	2011	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before tax as restated	22.38	16.79	9.32	6.28	7.31
Adjustment for :					
Depreciation	2.88	3.47	4.57	1.05	0.73
(Profit)/ Loss on Sale of Fixed Assets	(0.47)	0.00	0.00	0.06	0.00
(Profit)/ Loss on Sale of Investments	0.00	0.00	0.00	0.00	0.00
Operating Profit before Working Capital Changes	24.79	20.26	13.89	7.39	8.04
Adjustment for :-					
(Increase) / Decrease in Trade Receivables	(9.74)	(89.60)	(70.64)	(76.03)	1.18
(Increase) / Decrease in Loan and Advances	(3.05)	(0.93)	0.36	0.29	(0.53)
Increase / (Decrease) in Trade Payables	0.00	0.00	0.00	0.00	0.00
Increase / (Decrease) in Other Current Liabilities	(14.98)	14.37	2.18	(2.05)	0.98
Cash Generated from Operations	(27.77)	(76.16)	(68.10)	(77.79)	1.63
Direct Taxes Paid	(5.52)	(3.42)	(2.06)	(2.39)	(2.66)
Net cash from / (used in) operating activities (A)	(8.50)	(59.32)	(56.27)	(72.79)	7.01
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase Of fixed Assets	(6.40)	(0.21)	(14.71)	(2.91)	(0.40)
Sale Of Fixed Assets	1.69	0.00	0.00	1.01	1.70
Purchase Of Investment	0.00	0.00	0.00	0.00	0.00
Other non Current Assets	0.00	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)	(4.71)	(0.21)	(14.71)	(1.90)	1.30
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds From issue of share capital + Premium	0.00	0.00	0.00	0.00	0.00
Increase in Secure and Unsecured loans	25.28	53.55	87.58	71.10	(13.44)
Dividends paid	0.00	0.00	0.00	0.00	0.00
Net cash from/ (used in) financing activities (C)	25.28	53.55	87.58	71.10	(13.44)
Net (Decrease)/Increase in cash and Cash Equivalents (A+B+C)	12.07	-5.98	16.60	-3.59	-5.13
Cash and cash equivalents at beginnings of year	11.58	17.57	0.98	4.57	9.70
Cash and cash equivalents at end of year	23.65	11.59	17.58	0.98	4.57

THE ISSUE

PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

Equity Shares Offered: Present Issue of Equity Shares by our Company	25,08,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 20 per share aggregating ₹ 501.60 lacs
<i>Of which:</i>	
Issue Reserved for Promoters Contribution	3,90,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 20 per share aggregating ₹ 78.00 lacs
Issue Reserved for the Market Makers	1,38,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 20 per share aggregating ₹ 27.60 lacs
Net Issue to the Public	19,80,000 Equity Shares of ₹10 each for cash at a price of ₹ 20 per share aggregating ₹ 396.00 lacs
Equity Shares outstanding prior to the Issue	13,67,400 Equity Shares
Equity Shares outstanding after the Issue	38,75,400 Equity Shares
Objects of the Issue	Please see the chapter titled “ <i>Objects of the Issue</i> ” on page 47 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 163 of this Draft Prospectus.

GENERAL INFORMATION

Our Company was incorporated as S R G SECURITIES FINANCE LIMITED on March 06, 1995 under the Companies Act, 1956 bearing the Registration Number 009631 having registered office in Udaipur, Rajasthan. Our company obtained the Certificate for Commencement of Business on April 17, 1995.

Brief Company and Issue Information

Registered & Corporate Office	322, S. M. Lodha Complex, Near Shastri Circle, Udaipur - 313001, Rajasthan; Tel No.: 0294 – 2561882 / 2412609; Fax No.: 0294 – 5100098 Email: srgsecurities@gmail.com Website: www.srgfin.com
Date of Incorporation	March 06, 1995
Company Registration No.	009631
Company Identification No.	U67120RJ1995PLC009631
Address of Registrar of Companies	Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur – 302001, Rajasthan Phone: 0141 – 2222465 / 2222466; Fax: 0141 – 2222464
Issue Programme	Issue Opens on: [●] Issue Closes on: [●]
Designated Stock Exchange	SME Platform of BSE Limited
Company Secretary & Compliance Officer	Mr. Hitesh Soni 322, SM Lodha Complex, Near Shastri Circle, Udaipur - 313001, Rajasthan; Tel No.: 0294 – 2561882 / 2412609; Fax No.: 0294 – 5100098 Email: cssrgsfl@gmail.com

Board of Directors of the Company

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

Name	Designation	DIN No.
Mr. Vinod Kumar Jain	Managing Director	00248843
Mrs. Seema Jain	Whole Time Director	00248706
Mr. Rajesh Jain	Executive Director	00212393
Mr. Arjun Lal Jain	Non Executive Independent Director	00147912
Mr. Nishant Badala	Non Executive Independent Director	06611795
Mr. Bhupesh Kumar Jain	Non Executive Independent Director	06611787

For further details pertaining to the educational qualification and experience of our Directors, please see the Chapter titled “Our Management” on beginning on page 86 of this Draft Prospectus.

Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicants.

DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

LEAD MANAGER OF THE ISSUE



ARYAMAN FINANCIAL SERVICES LIMITED

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

REGISTRAR TO THE ISSUE



Sharex Dynamic (I) Private Limited

Unit No 1, Luthra Ind. Premises,
1st Floor, 44 – E, M. Vasanji Marg,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai – 400 072
Tel. No.: +91 – 22 – 28515606
Fax No.: +91 – 22 – 28512885
Website: www.sharexindia.com
E- Mail: sharexindia@vsnl.com
Contact Person: Mr. Ajit Kumar
SEBI Registration No. INR000002102

LEGAL ADVISOR TO THE ISSUE

Bharat Kumar Joshi & Associates

329, 2nd 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 (PEER REVIEW CERTIFIED)

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 – 2413482
Fax No.: +91 – 294 – 2414213
Email: valawat@yahoo.co.in
Contact Person: Mr. Jinendra Jain

BANKER(S) TO OUR COMPANY



Bank of Baroda

NH – 8 Highway, Nathdwara Road,
Sukher, Udaipur - 313004
Tel No.: +9 – 294 – 2440510
Fax No.: +91 – 294 – 2442453
Email: indsuk@bankofbaroda.com
Contact person: Mr. Rajiv Chopra
Website: www.bankofbaroda.com

Bankers to the Issue / Escrow Collection Banks

[●] (to be appointed later)

Refund Banker to the Issue

[●] (to be appointed later)

Self Certified Syndicate Banks

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

Statement of Inter-se Allocation of Responsibilities

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

Monitoring Agency

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

IPO Grading

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

Trustees

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

Details of the Appraising Authority

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

Credit Rating

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

Expert Opinion

Except the report of the Statutory Auditor of our Company on the financial statements and Statement of Tax Benefits included in this Draft Prospectus, Our Company has not obtained any other expert opinion.

Underwriting

This Issue shall be 100% Underwritten. The Underwriting agreement shall be entered into between the Company and the Underwriters for the Equity Shares proposed to be offered through the Issue. Pursuant to the terms of the Underwriting Agreement the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of Shares Underwritten	Amount Underwritten (₹ in lacs)	% of the Total Issue Size Underwritten
[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]
Total	[•]	[•]	[•]

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

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

Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager, Aryaman Financial Services Limited have entered into an agreement dated July 26, 2013 with ISJ Securities Private Limited, a Market Maker registered with the SME Platform of BSE in order to fulfil the obligations of Market Making. The details of the Market Maker are as under:

Name: ISJ Securities Private Limited

Address: 401-D, Natwar Chambers, 94, Nagindas Master Road, Fort, Mumbai – 400 001

Tel No.: +91 – 22 – 43222666

Fax No.: +91 – 22 – 22625488

Email: info@isjsec.com

Contact Person: Mr. Hardik I. Jain

SEBI Reg. No.: INB011044931

Market Maker Reg. No.: SMEMM0079904062012

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

3. The Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and BSE SME Platform from time to time.
4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
5. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
6. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
7. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
9. The Market Maker shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

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

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

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

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

12. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 25000 lacs, the applicable price bands for the first day shall be:

- a. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
- b. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
- c. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

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

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

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

CAPITAL STRUCTURE

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

(in lacs, except share data)

Sr. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
A	Authorised Share Capital		
	50,00,000 Equity Shares of face value of ₹ 10 each	500.00	-
B	Issued, Subscribed and Paid-up Share Capital before the Issue		
	13,67,400 Equity Shares of face value of ₹ 10 each	136.74	-
C	Present Issue in terms of this Draft Prospectus*		
	Issue of 25,08,000 Equity Shares of ₹ 10 each at a price of ₹ 20 per Equity Share	250.80	501.60
	<i>Which comprises:</i>		
	3,90,000 Equity Shares of ₹ 10 each at a price of ₹ 20 per Equity Share reserved as Promoters Contribution	39.00	78.00
	1,38,000 Equity Shares of ₹ 10 each at a price of ₹ 20 per Equity Share reserved as Market Maker Portion	13.80	27.60
	Net Issue to Public of 19,80,000 Equity Shares of ₹ 10 each at a price of ₹ 20 per Equity Share to the Public	198.00	396.00
	<i>Of which:</i>		
	9,90,000 Equity Shares of ₹ 10 each at a price of ₹ 20 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lacs	99.00	198.00
	9,90,000 Equity Shares of ₹ 10 each at a price of ₹ 20 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lacs	99.00	198.00
D	Equity Share Capital after the Issue		
	38,75,400 Equity Shares of ₹ 10 each	387.54	
E	Securities Premium Account		
	Before the Issue	7.65	
	After the Issue	258.45	

*The present Issue has been authorized pursuant to a resolution of our Board dated May 30, 2013 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 June 24, 2013.

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

Classes of Shares

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

Authorized Share Capital

Sr. No.	Date and Types of Shareholders Meeting approving the change	Nature of Change	Increase (No. of Shares)	Cumulative No. Of Equity Shares	Face Value (₹)	Cumulative Authorized Share Capital (₹)
1	On Incorporation	-	-	10,000	10	1,00,000
2	EGM held on May 22, 1995	Increase	2,40,000	2,50,000	10	25,00,000
3	EGM held on May 07, 1999	Increase	50,000	3,00,000	10	30,00,000
4	EGM held on August 12, 2000	Increase	1,00,000	4,00,000	10	40,00,000
5	EGM held on December 08, 2001	Increase	1,00,000	5,00,000	10	50,00,000
6	EGM held on March 20, 2003	Increase	5,00,000	10,00,000	10	1,00,00,000
7	EGM held on May 27, 2013	Increase	40,00,000	50,00,000	10	5,00,00,000

Notes to the Capital Structure

1. Share Capital History of our Company:

a) Equity Share Capital

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

Date of Allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature / Reason of Allotment	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
March 06, 1995	700	10	10	Subscription to MOA	Cash	700	7,000	-
August 01, 1995	36,700	10	10	Further Allotment	Cash	37,400	3,74,000	-
May 22, 1999	2,35,500	10	10	Further Allotment	Cash	2,72,900	27,29,000	-
September 11, 2000	1,07,100	10	10	Further Allotment	Cash	3,80,000	38,00,000	-
August 13, 2001	20,000	10	10	Further Allotment	Cash	4,00,000	40,00,000	-
December 15, 2001	1,00,000	10	10	Further Allotment	Cash	5,00,000	50,00,000	-
March 31, 2003	2,55,100	10	10	Further Allotment	Cash	7,55,100	75,51,000	-
March 31, 2005	8,500	10	100	Further Allotment	Cash	7,63,600	76,36,000	7,65,000
March 31, 2006	1,48,000	10	10	Further Allotment	Cash	9,11,600	91,16,000	7,65,000
June 24, 2013	4,55,800	10	-	Bonus Allotment	Bonus	13,67,400	1,36,74,000	-

b) Shares allotted for consideration other than cash-

Date of Allotment of fully Paid – up Shares	No. Of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment (Reasons for Issue / Benefits to the Issuer)	Nature of Consideration	Allotted person
June 24, 2013	4,55,800	10	-	Bonus Issue in the ratio 1:2	Bonus	Allotted to all the Shareholders of the Company

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

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

e) No shares have been issued at a price lower than the Issue Price within the last one year from the date of this Draft Prospectus except as mentioned below:

Date of Allotment of fully Paid – up Shares	No. Of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment (Reasons for Issue / Benefits to the Issuer)	Nature of Consideration	Allotted person
June 24, 2013	4,55,800	10	-	Bonus Issue in the ratio 1:2	Bonus	Allotted to all the Shareholders of the Company

f) Shareholding of our Promoters

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

Date of Allotment of fully paid up Equity Shares / Transfer	Allotment / Transfer	Consideration	No. of Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
Mr. Vinod Jain								
May 22, 1999	Allotment	Cash	49,500	10	10	49,500	3.62	[●]
September 11, 2000	Allotment	Cash	300	10	10	49,800	3.64	[●]
December 15, 2001	Allotment	Cash	30,000	10	10	79,800	5.84	[●]
March 31, 2003	Allotment	Cash	45,000	10	10	1,24,800	9.13	[●]
August 5, 2011	Transfer	Cash	65,000	10	1	1,89,800	13.88	[●]
June 24, 2013	Allotment of Bonus Shares	-	94,900	10	0	2,84,700	20.82	[●]
Total (A)						2,84,700	20.82	[●]
Mr. Rajesh Jain								
May 22, 1999	Allotment	Cash	40,500	10	10	40,500	2.96	[●]
December 15, 2001	Allotment	Cash	10,000	10	10	50,500	3.69	[●]
March 15, 2002	Transfer	Cash	17,500	10	10	68,000	4.97	[●]
March 31, 2003	Allotment	Cash	45,000	10	10	1,13,000	8.26	[●]
December 31, 2007	Transfer	Cash	37,800	10	1	1,50,800	11.03	[●]
June 24, 2013	Allotment of Bonus Shares	-	75,400	10	0	2,26,200	16.54	[●]

Date of Allotment of fully paid up Equity Shares / Transfer	Allotment / Transfer	Consideration	No. of Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
Total (B)						2,26,200	16.54	[●]
Mrs. Seema Jain								
May 22, 1999	Transfer	Cash	600	10	10	600	0.04	[●]
May 22, 1999	Allotment	Cash	45,000	10	10	45,600	3.33	[●]
December 15, 2001	Allotment	Cash	10,000	10	10	55,600	4.07	[●]
December 31, 2007	Transfer	Cash	5,000	10	1	60,600	4.43	[●]
June 24, 2013	Allotment of Bonus Shares	-	30,300	10	0	90,900	6.65	[●]
Total (C)						90,900	6.65	[●]
Total (A+B+C)						6,01,800	44.01	[●]

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 per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of "Capital Structure" on page 37 of this Draft Prospectus.

g) None of the members of the Promoter 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.

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

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

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

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

Name of Promoter	No. of Shares locked in	As a % of Post Issue Share Capital
Mr. Vinod Jain	2,64,820*	6.83%
Mr. Rajesh Jain	2,64,820*	6.83%
Mrs. Seema Jain	2,64,820*	6.83%
Grand Total	7,94,460	20.50%

*Includes the promoters contribution in the Issue which 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.

For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired, please see Note 1(f) under "Notes to Capital Structure" on page 37 of this Draft Prospectus.

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.
- 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.

We also confirm that the Equity Shares held by the Promoters and offered for minimum 20% Promoters' Contribution are not subject to any pledge.

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

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

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

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

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

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

- Pursuant to Regulation 37 of the SEBI (ICDR) Regulations, in addition to the Promoters' Contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of Allotment in this Issue.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst our

Promoters/ Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters, which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

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

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

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	Promoters				
1	Mr. Vinod K. Jain	2,84,700	20.82	[●]	[●]
2	Mr. Rajesh Jain	2,26,200	16.54	[●]	[●]
3	Mrs. Seema Jain	90,900	6.65	[●]	[●]
	Total (A)	6,01,800	44.01	[●]	[●]
B	Promoter Group & Relatives				
1	Mrs. Pushpa Jain	1,03,500	7.57	[●]	[●]
2	Mr. Genda Lal Jain	1,30,200	9.52	[●]	[●]
3	M/s. Genda Lal Jain HUF	86,250	6.31	[●]	[●]
4	Mrs. Aarti Jain	1,27,500	9.32	[●]	[●]
5	Mrs. Sulochana Devi Jain	37,500	2.74	[●]	[●]
6	M/s. Vinod Jain HUF	1,56,750	11.46	[●]	[●]
7	Miss Jikisha Jain	37,650	2.75	[●]	[●]
	Total (B)	6,79,350	49.68	[●]	[●]
Grand Total (A+B)		12,81,150	93.69	[●]	[●]

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

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

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Mr. Vinod Jain	2,84,700	20.82
2	Mr. Rajesh Jain	2,26,200	16.54
3	M/s. Vinod Jain HUF	1,56,750	11.46
4	Mr. Genda Lal Jain	1,30,200	9.52
5	Mrs. Aarti Jain	1,27,500	9.32
6	Mrs. Pushpa Jain	1,03,500	7.57
7	Mrs. Seema Jain	90,900	6.65
8	M/s. Genda Lal Jain HUF	86,250	6.31
9	Miss Jikisha Jain	37,650	2.75
10	Mrs. Sulochana Devi Jain	37,500	2.74
Total		12,81,150	93.69

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

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Mr. Vinod Jain	2,84,700	20.82
2	Mr. Rajesh Jain	2,26,200	16.54
3	M/s. Vinod Jain HUF	1,56,750	11.46
4	Mr. Genda Lal Jain	1,30,200	9.52
5	Mrs. Aarti Jain	1,27,500	9.32
6	Mrs. Pushpa Jain	1,03,500	7.57
7	Mrs. Seema Jain	90,900	6.65
8	M/s. Genda Lal Jain HUF	86,250	6.31
9	Miss Jikisha Jain	37,650	2.75
10	Mrs. Lalit Kumar Jain	37,500	2.74
		12,81,150	93.69

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

Sr. No.	Particulars	No. of Shares	% of Shares Pre-Issue Share Capital
1	Mr. Vinod Jain	1,89,800	20.82
2	Mr. Rajesh Jain	1,50,800	16.54
3	M/s. Vinod Jain HUF	1,04,500	11.46
4	Mr. Genda Lal Jain	86,800	9.52
5	Mr. M. L. Nagada	70,000	7.68
6	Mrs. Pushpa Jain	69,000	7.57
7	Mrs. Seema Jain	60,600	6.65
8	M/s. Genda Lal Jain HUF	57,500	6.31
9	Mr. Lalit Kumar Jain	25,000	2.74
10	Mrs. Aarti Jain	15,000	1.65
		8,29,000	90.94

- Neither the Company, nor its Promoters, Directors and the Lead Manager have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
- None of our Directors or Key Managerial Personnel holds Equity Shares in the Company, except as stated in the Chapter titled “*Our Management*” on page 86 of this Draft Prospectus.
- There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of six months preceding the date on which the Draft Prospectus filed with the Designated Stock Exchange except as stated below:

Date of Transaction	Name of Transferor	Name of Transferee	No. of Equity Shares	Issue Price (₹)	Nature of Transaction	Nature of Consideration
July 23, 2013	Lalit Kumar Jain	Sulochana Devi Jain	37,500	Nil	Gift Deed	Non - Cash

- Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in “*Issue Procedure - Basis of Allotment*” on page 188 of this Draft Prospectus.
- An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
11. 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
12. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
13. As on date of filing of this Draft Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
14. On the date of filing the Draft Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
15. 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.
16. 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.
17. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.
18. 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.
19. 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.
20. 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.
21. The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.
22. Our Company has fifteen (15) shareholders, as on the date of filing of this Draft Prospectus.
23. Our Company has not revalued its assets since incorporation.
24. Our Company has not made any public issue or rights issue since its incorporation.

25. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Prospectus with BSE until the Equity Shares to be issued pursuant to the Issue have been listed.

26. Shareholding Pattern of the Company

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

Category Code	Category of shareholder	Pre-Issue					Shares Pledged or otherwise encumbered	
		No. of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a % of total number of shares		No. of equity shares	As a %
					As a % of (A+B)	As a % of (A+B+C)		
(A)	Promoter and Promoter Group							
-1	Indian							
(a)	Individuals/ Hindu Undivided Family	10	12,81,150	-	93.69	93.69	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	<i>Sub-Total (A)(1)</i>	<i>10</i>	<i>12,81,150</i>	<i>-</i>	<i>93.69</i>	<i>93.69</i>	<i>-</i>	<i>-</i>
-2	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	<i>Sub-Total (A)(2)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	10	12,81,150		93.69	93.69	-	-
(B)	Public shareholding							
-1	Institutions							
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-

Category Code	Category of shareholder	Pre-Issue					Shares Pledged or otherwise encumbered	
		No. of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a % of total number of shares		No. of equity shares	As a %
					As a % of (A+B)	As a % of (A+B+C)		
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Nominated investors (as defined in Chapter XB of SEBI (ICDR) Regulations)	-	-	-	-	-	-	-
(i)	Market Makers	-	-	-	-	-	-	-
(j)	Any Other (specify)	-	-	-	-	-	-	-
	<i>Sub-Total (B)(1)</i>	-	-	-	-	-	-	-
-2	Non-institutions							
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals –	0	-	-	-	-	-	-
	i. Individual shareholders holding nominal share capital up to ₹ 1 lac						-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lac	5	86,250	-	6.31	6.31	-	-
(c)	Any Other (specify)						-	-
	<i>Sub-Total (B)(2)</i>						-	-
	Total Public Shareholding (B)= (B)(1)+ (B)(2)	5	86,250	-	6.31	6.31	-	-
	TOTAL (A)+(B)	15	13,67,400	-	100.00	100.00	-	-
(C)	<i>Shares held by Custodians and against which Depository Receipts have been issued</i>	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	15	13,67,400	-		100.00	-	-

OBJECTS OF THE ISSUE

The Object of the Issue is to raise funds for:

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

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

The Main Objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Present Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

Issue Proceeds & Net Proceeds

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

Particulars	Amount (₹ in Lacs)
Gross Proceeds from the Issue	501.60
Issue related Expenses	51.60
Net Proceeds from the Issue	450.00

Fund Requirements

The funds raised from the Issue are to be utilized as shown below:

Sr. No.	Particulars	Amount (₹ in Lacs)
1	To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	450.00
TOTAL		450.00

Means of Finance

The above mentioned fund requirements are to be financed as shown below:

Sr. No.	Particulars	Amount (₹ in Lacs)
1	Proceeds from the IPO	501.60
TOTAL		501.60

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

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

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Issue Proceeds.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required and general corporate purposes.

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

For further details on the risks involved in our expansion plans and executing our business strategies, please see the section titled “*Risk Factors*” beginning on page 11 of this Draft Prospectus

DETAILS OF THE FUND REQUIREMENTS

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

We are a RBI Registered NBFC involved in the business of in financing of Construction and Mining equipments, Heavy Earth Moving machinery, all types of Vehicles and Business Loans. As on March 31, 2013, our outstanding loan book stood at ₹ 454.24 Lacs. We propose to augment our capital base by ₹ 450.00 Lacs through this Issue and utilize the funds raised from the same to further increase our operational scale of our NBFC activities and assets.

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

		(₹ in Lacs)
Sr. No.	Particulars	Amount
a.	Providing finance for activities included in our Product Portfolio. (For details regarding the type of loans we would be giving, please see the chapter titled “ <i>Business Overview</i> ” beginning on page 69 of this Draft Prospectus)	450.00
	Total	450.00

ISSUE RELATED EXPENSES

The total estimated Issue Expenses are ₹ 51.60 lacs, which is 10.28% of the Issue Size. The details of the Issue Expenses are tabulated below:

		(₹ in lacs)
Sr. No.	Particulars	Amount
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	40.00
2	Printing & Stationery, Distribution, Postage, etc.	4.00
3	Advertisement and Marketing Expenses	3.60
4	Regulatory and other Expenses	4.00
	Total	51.60

The amount set aside towards Issue related Expenses shall be utilized in FY 2013-14.

Year wise Deployment of Funds / Schedule of Implementation

The entire Issue Proceeds are to be deployed in the FY 2013-14, itself.

Appraisal

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

Monitoring of Utilisation of Funds

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

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

Interim Use of Funds

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

BASIC TERMS OF ISSUE

Terms of the 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.

Authority for the Issue:

The present issue has been authorized pursuant to a resolution of our Board dated May 30, 2013 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 June 24, 2013.

Other Details

Face Value	The Equity Shares having a face value of ₹ 10/- each are being offered in terms of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.
Issue Price	The Equity Shares pursuant to this Draft Prospectus are 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	Applications should be for a minimum of 6,000 equity shares and 6,000 equity shares thereafter. The entire price of the equity shares of ₹ 20 per share (₹ 10/- face value + ₹ 10 premium) is payable on application. In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari-passu</i> in all respects including dividends with the existing Equity Shares of the Company. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Minimum Subscription

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

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 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 2.0 times of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Our Business” beginning on pages 11, 116 and 69 respectively, of this Draft Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative Factors

Some of the qualitative factors that help differentiate us from our competitors and enable us to compete successfully in our industry are:

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

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see “Our Business – Our Strengths” on page 69 of this Draft Prospectus.

Quantitative Factors

Information presented in this chapter is derived from our Restated Financial Statements prepared in accordance with Indian GAAP.

1) Earnings per Share

Year ended March 31	Basic EPS (in ₹)	Weight
2013	1.67	3
2012	1.24	2
2011	0.65	1
Weighted Average	1.36	

Notes:

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

2) Price Earnings Ratio (P/E) in relation to the Issue price of ₹20 per share of ₹10 each

Particulars	P/E Ratios
P/E ratio based on Basic EPS as at March 31, 2013	11.98
P/E ratio based on Weighted Average EPS	14.71
Industry P/E*	13.10

*Source: Capital Market Volume XXVIII/11, July 22 to Aug 04, 2013; Sector – Finance and Investments

3) Return on Net worth (RoNW)

Year ended March 31	RoNW (%)	Weight
2013	9.51	3
2012	8.03	2
2011	4.55	1
Weighted Average	8.19	

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

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

Minimum Return on Net Worth after Issue needed to maintain the Pre-Issue Basic EPS for the FY 2012-13 (based on Restated Financials) at the Issue Price of ₹ 20 is 9.17%.

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

Financial Year	NAV (in ₹)
NAV as at March 31, 2013*	17.62
NAV after Issue	17.08
Issue Price	20.00

*Source: Auditors report

Note: Net Asset Value has been calculated as per the following formula:

Net worth excluding revaluation reserve / Number of Equity shares outstanding at the end of the year.

5) Comparison with Industry peers*

Particulars	Face Value (₹)	EPS (₹)	P/E Ratio [@]	RONW (%)	NAV (₹)
Magma Fincorp Limited	2.00	5.60	16.00	9.90	61.80
Sundaram Finance Limited	10.00	35.80	15.30	21.20	187.80
IKF Finance Limited	10.00	2.40	4.70	10.60	17.20
<i>(Source: Capital Market Volume XXVIII/11, July 22 to Aug 04, 2013; Sector – Finance and Investments)</i>					
S R G Securities Finance Limited	10.00	1.67	11.98 [#]	9.51	17.62

* All comparisons are as per the Standalone Financials of the Issuer for the year ended March 31, 2013

[@] Trailing Twelve Months (TTM)

[#] Issue price as per this Draft prospectus / EPS

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 Financial Statements included in the Draft Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Issue Price is 2.0 times of the face value i.e. ₹ 20 per share.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
S R G Securities Finance Ltd.
Udaipur

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to S R G Securities Finance Limited (the “Company”) and to the Equity Shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its Equity Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Equity Shareholders to derive tax benefits is dependent upon fulfilling such conditions.

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. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offer of Equity Shares of the Company particularly in view of ever changing tax laws in India.

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

- a) The Company or its Equity Shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been / would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income- Tax Act, 1961 and Wealth Tax Act, 1957 as of date.

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

For **Valawat Jha Pamecha & Co.,**
Chartered Accountants

Jinendra Jain
Partner
Firm Registration No. 008265 C
Membership No. 72995

Place: Udaipur
Date: July 22, 2013

STATEMENT OF TAX BENEFITS

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

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

SPECIAL TAX BENEFITS TO THE COMPANY

Nil

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

1. In accordance with section 10(34), dividend income (referred to in section 115-O) will be exempt from tax.
2. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
3. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
5. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
6. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I.T.Act.
7. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 - 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
 - 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.

8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
9. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
10. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal installments for each of the succeeding previous years subject to conditions specified in that section.
11. In accordance with section 35, the company is eligible for –
 - Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.
 - As per section 35(2AA) a deduction of 200% shall be allowed as a deduction of the sum paid by the company, to a National Laboratory or a University or an Indian Institute of Technology or a specified person as specified in this section with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.
12. In accordance with section 80-IA, the company can claim, subject to fulfillment of certain conditions, deduction of an amount equal to hundred percent of the profits and gains derived from the business of, development of Infrastructure facilities including construction of roads, bridges, rail systems, highways, irrigation projects, ports etc, for Ten consecutive assessment years out of Twenty years beginning from the year in which the company develops such facility.
13. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after April 1, 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.

Section 115O

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

Tax Rates

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

SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

Nil

GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

I. Under the Income-Tax Act

A. Resident

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax.
2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
4. As per the provision of section 71, if there is a loss under the head "Capital Gain", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against any long term capital gain. But Long Term Capital Loss cannot be set-off against short term capital gain.
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of :
 - a. 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
 - b. 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹ 50 lacs.

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

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

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

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

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

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

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

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

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

B. Non-Residents

- a. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- c. In accordance with section 48, capital gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
- d. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and additional surcharge called as "Education Cess").
- e. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

- f. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹ 50 lacs.

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

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

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

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

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

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

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

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

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

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

C. Non-Resident Indians

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

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset of the company shall be taxable at the rate of 20% (plus applicable surcharge

and "Education Cess"). In case of income by way of long term capital gains in respect of a specified asset, shall be chargeable at 10% plus applicable surcharge and "Education Cess")

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

D. Foreign institutional investors (FIIs)

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

E. Mutual Funds

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

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

F. Under the Wealth Tax

"Asset" as defined under-section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, these are not liable to wealth-tax.

SECTION IV – ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

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

Overview of the Global and Indian Economy

Global Scenario:

The world economy in the fourth quarter of 2012 witnessed severe headwinds as major advanced economies recorded contraction. The recovery process continues at modest pace with remarkable divergence across countries. Japan, the United States and the United Kingdom recorded growth during the first quarter of this year while the Eurozone remained mired in recession. On the other hand, growth has slowed down in major emerging nations during Q1 of 2013. Amongst the BRIC nations, India has seen steep depreciation of its currency. India, Russia, and China have seen growth rate falling during the first quarter of this year compared to previous quarter.

(Source: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1372418345819.pdf)

The global economy has yet to shake off the fallout from the crisis of 2008-2009. Global growth dropped to almost 3 percent in 2012, which indicates that about a half a percentage point has been shaved off the long-term trend since the crisis emerged. This slowing trend will likely continue. Mature economies are still healing the scars of the 2008-2009 crisis. But unlike in 2010 and 2011, emerging markets did not pick up the slack in 2012, and won't do so in 2013. Uncertainty across the regions – from the post-election 'fiscal debate' question in the U.S. to the Chinese leadership transition and reforms in the Euro Area – will continue to have global impacts in sluggish trade and tepid foreign direct investment.

Global Growth:

Across the advanced economies, the Outlook predicts 1.2 percent growth in 2013, compared to 1.1 percent in 2012. The slight uptick is largely due to Europe, which is expected to return to very slow growth of 0.3 percent after the -0.2 percent contraction in 2012. U.S. growth is expected to fall from 2.2 percent in 2012 to 1.6 percent in 2013.

In the medium-term, the outlook expects the U.S. and other advanced economies to go some ways toward closing large output gaps – that is, the difference between current output and the level of output an economy can produce in a noninflationary way, given the size of its labor force and its potential to invest in and create technological progress. The current output gap is a result of weak demand due to the 2008-2009 crisis. This development should allow the U.S. to average 2.3 percent annual growth during 2013-2018 before falling to 2.0 percent in 2019-2025. In the same two periods, Japan is expected to grow at 0.9 percent per annum.

A more significant slowdown is expected for less mature economies over the next year – and beyond. Overall, growth in developing and emerging economies is projected to drop from 5.5 percent in 2012 to 5.0 percent in 2013, with growth falling in China from 7.8 to 7.5 percent and in India from 5.5 to 4.7 percent. From 2019-2025 emerging and developing countries are projected to grow at 3.3 percent.

The long-term global slowdown we project to 2025 will be driven largely by structural transformations in the emerging economies. As China, India, Brazil, and others mature from rapid, investment-intensive 'catch-up' growth

to a more balanced model, the structural ‘speed limits’ of their economies are likely to decline, bringing down global growth despite the recovery we expect in advanced economies after 2013.

(Source: <http://www.conference-board.org/data/globaloutlook.cfm>)

Indian Scenario:

The Indian economy further decelerated in the first half (H1) of 2012-13, with moderation in all three sectors of the economy. The weak monsoon dented agricultural performance. Policy constraints, supply and infrastructure bottlenecks and lack of sufficient demand continued to keep industrial growth below trend. Subdued growth in other sectors and weak external demand pulled down the growth of services as well. Though a modest recovery may set in from Q4 of 2012-13 as reforms get implemented, sustaining recovery through 2013-14 would require all-round efforts in removing impediments to business activity.

Demand weakened in H1 of 2012-13. There was significant moderation in consumption as private consumption decelerated even as government expenditure accelerated. On the fiscal side, near-term risks have diminished due to the government’s repeated avowal of commitment to the revised fiscal deficit target of 5.3 per cent of gross domestic product (GDP) for the year. However, sustainable fiscal consolidation would require bringing current spending, especially on subsidies, under control and protecting, if not enhancing capital expenditure. Going forward, the key to demand revival lies in improving the investment climate as well as investor sentiments through sustained reforms

The current account deficit (CAD) to GDP ratio reached a historically high level of 5.4 per cent in Q2 of 2012-13. Low growth and uncertainty in AEs as well as EMDEs continued to adversely impact exports in Q3 of 2012-13. This, combined with continuing large imports of oil and gold, resulted in a deterioration of the trade balance. For the time being, strong capital flows have enabled financing of CAD without a significant drawdown of foreign exchange reserves. However, the possibility of volatility in these flows, which may put further pressure on the external sector, cannot be ruled out. A two-pronged approach, of lowering CAD in the medium term while ensuring prudent financing of CAD in the interim, is necessary from the policy perspective.

Monetary policy in India has sought to balance the growth-inflation dynamics that included a frontloaded policy rate cut of 50 basis points (bps) in April 2012 and several liquidity enhancing measures. These included lowering of the cash reserve ratio (CRR) by 50 bps on top of a 125 bps reduction in Q4 of 2011-12 and the statutory liquidity ratio (SLR) by 100 bps in a bid to improve credit flows. The Reserve Bank also infused liquidity of over ₹ 1.3 trillion through outright open market operation (OMO) purchases during 2012-13 so far. However, growth in monetary aggregates remains below the indicative trajectory.

Financial Markets:

Improved global sentiments along with recent policy reforms by the government beginning September 2012, and market expectations of a cut in the policy rate in the face of moderation in inflation, aided FII flows into the domestic market. The equity markets showed significant turnaround, while the rupee remained range-bound. In addition, revival is witnessed in the IPO segment. Although Indian financial market sentiments improved significantly in Q3 of 2012-13, some macroeconomic concerns persist, as witnessed in the inverted yield curve. Sustained commitment to curtail twin deficits and nurture growth without fuelling inflation is critical to support investor confidence.

(Source: RBI: <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14923>)

Indian Financial Services Sector:

India’s services sector has been the most dynamic part of its economy, leading GDP growth for past two decades. India serves as an example as to how services sector can play an important role in a country’s economic growth. India is doing reasonably well in retail sector and the financial sector including insurance. India is now eager to open up the pensions sector also to foreign investors. The way these sectors have been developed with a robust regulatory and policy framework also holds important lessons for other countries. India’s financial services sector has been one

of the fastest growing sectors in the economy. The economy has witnessed increased private sector activity including an explosion of foreign banks, insurance companies, mutual funds, venture capital and investment institutions. Although significant steps have been taken in reforming the financial sector, some areas require greater focus like the ability of the financial services sector in its present structure to make available investible resources to the potential investors in coming years, such as equity and long term, medium and short-term debt and the inability of banks to quickly enforce security and access to collateral, and the capital constraints in recognizing large loan losses.

Volatility in global commodity prices has had a major impact on Indian companies. This has led to non-performing loans and provisioning for credit losses becoming a key area of concern for the Indian financial system.

(Source: <http://blog.ficci.com/financial-sector-india/2776/>)

Significance of NBFCs in India:

According to the Economic Survey 2010-11, it has been reported that NBFCs as a whole account for 11.2 per cent of assets of the total financial system. With the growing importance assigned to financial inclusion, NBFCs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors.

In the multi-tier financial system of India, importance of NBFCs in the Indian financial system is much discussed by various committees appointed by RBI in the past and RBI has been modifying its regulatory and supervising policies from time to time to keep pace with the changes in the system.

NBFCs have turned out to be engines of growth and are integral part of the Indian financial system, enhancing competition and diversification in the financial sector, spreading risks specifically at times of financial distress and have been increasingly recognized as complementary of banking system at competitive prices. The Banking sector has always been highly regulated, however simplified sanction procedures, flexibility and timeliness in meeting the credit needs and low cost operations resulted in the NBFCs getting an edge over banks in providing funding. Since the 90s crisis the market has seen explosive growth, as per the Fitch Report (Non-Bank Financial Institutions in India: Performance Trends and Outlook, Fitch Friday Presentation, Ananda Bhoulmik & Arshad Khan, December, 2008 Report) the compounded annual growth rate of NBFCs was 40% in comparison to the CAGR of banks being 22% only. NBFCs have been pioneering at retail asset backed lending, lending against securities, microfinance etc and have been extending credit to retail customers in under-served areas and to unbanked customers.

Although banks dominate the Indian financial spectrum, NBFCs play an important role in financial markets. With their unique strengths, the stronger NBFCs could complement banks as innovators and partners. The core strength of NBFCs lies in their strong customer relationships, good understanding of regional dynamics, service orientation and ability to reach out to customers who would otherwise be ignored by banks, which makes such entities effective conduits of financial inclusion.

The disaggregated data on sectoral deployment of gross bank credit available upto September, 2012 indicate that except for agriculture, there has been a reduction in the rate of growth of credit flow to other sectors. Though credit growth significantly recovered in first half of 2011-12 and 2012-13, it continued to remain below the overall non-food credit growth.

(Source: *Mid-year Analysis 2010 - 2013, Ministry of finance*)

Performance of the NBFC Sector

Funding source of NBFCs comprises debentures, borrowings from banks and FIs, public deposits, commercial papers, and inter-corporate loans. In FY12, borrowings from banks and FIs, followed by debentures, constituted an important source of funds for NBFCs-D. Borrowings from banks and FIs accounted for 50% and debentures accounted for 29% of the total borrowings of NBFCs-D in FY12. Debentures form an important source of funds for NBFCs-ND-SI. In FY12, debentures accounted for 46% and borrowings from banks and FIs accounted for 32% of the total borrowings of NBFCs-ND-SI.

As at the end of FY12 balance sheet size of NBFC-D stood at ₹ 1,169 bn registering an increase of around 11% y-o-y. As of March 2012, more than two-thirds of NBFCs-D sector's total assets were held by AFCs. Component wise, the advances accounted for a predominant share of the total assets, followed by investments. Borrowings, a major source of funding, grew 15.9% and public deposits which are subjected to credit rating, continued to show an increasing trend, with 43.8% growth. However, total Investments registered a 24.8% decline due to 0.7% and 67.6% decline in SLR and Non-SLR investments. The ratio of public deposit to owned funds improved marginally and stood at 29.99% as at end-March 2012, as against 23.89% in 2011.

The balance sheet size of NBFCs-ND-SI as at end-FY12 stood at ₹ 9,213 bn, as against ₹ 7,613 bn, indicating 21% growth. This rise is mainly due to a sharp increase in borrowings from banks and FIs, and debentures. Secured borrowing constitutes a major source of borrowings and grew 29.3% during FY12. The leverage ratio of the entire NBFCs-ND-SI sector remains unchanged at 2.83% during FY12. On the deployment side, loans and advances continue to constitute the largest share, followed by Investments and hire purchase assets. During FY12, loans and advances grew 25.3% on account of 31.7% growth in secured loans and advances, hire purchase assets grew 26.5%, and investments grew by 5.9% y-o-y.

The financial performance of NBFC-D demonstrated an upsurge, with 19.1% TI growth and 11.6% operating profit growth, majorly due to 19.2% growth in fund-based income, which accounted for 99.3% of the total income of NBFCs-D. Net profit of NBFCs-D also increased marginally by 13.8% to Rs 33 bn in FY12 compared with ₹ 29 bn in FY11. Expenditure as a percentage to average total assets increased marginally during FY12 following the same trend as income as a percentage to average total assets. Total income of NBFCs-ND-SI registered 26% increase to ₹ 948 bn, but this TI growth did not help net profit grow. Net profit of NBFCs-ND-SI declined 13% to ₹ 139 bn in FY12. RoA for the same period also declined to 1.5% from 2.1% in FY11.

Over the years, the NBFC sector has undergone a fair degree of consolidation leading to the emergence of companies having larger asset size. Capital adequacy norms that were mandatory for NBFCs-D were made applicable to NBFCs-ND-SI too in 2007, considering their growing importance in the segment and to ensure their sound development. As of March 2012, 187 of 190 reporting NDFCs-D had CRAR of more than 15%, whereas in March 2011, 199 of 204 NDFCs-D had CRAR of more than 15%. In case of NBFCs-ND-SI, 329 out of 365 companies had CRAR of more than 15%, indicating an availability of capital for further expansion. Only 10% of reporting NBFCs-ND-SI reported CRAR of less than 15%.

(Source: *Trend and Progress of Banking in India 2012* – RBI – http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/6CH_TPA021112L.pdf; *Dun & Bradstreet Research Report* - <http://www.dnb.co.in/BFSI2012/PDF/NBFCs.pdf>)

Importance of MSME in India

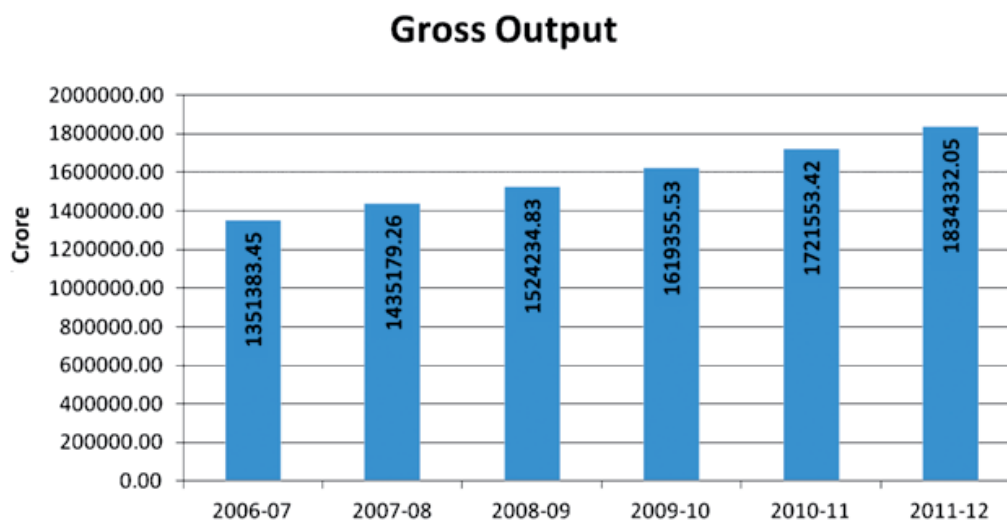
The Micro, Small and Medium Enterprises (MSMEs) including Khadi and Village/Rural Enterprises, constitute an important segment of the Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of entrepreneurship base. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. Advances extended to the SME sector are treated as priority sector advances and as per RBI guidelines banks are required to extend at least 60% of their advances to the micro enterprises. The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements the efforts of the State Governments through different initiatives. The schemes/programmes undertaken by the Ministry and its organizations seek to facilitate/provide:

- i) adequate flow of credit from financial institutional/banks;
- ii) support for technology upgradation and modernization;
- iii) integrated infrastructural facilities;
- iv) modern testing facilities and quality certification;
- v) access to modern management practices;

- vi) entrepreneurship development and skill upgradation through appropriate training facilities;
- vii) support for product development, design intervention and packaging;
- viii) welfare of artisans and workers;
- ix) assistance for better access to domestic and export markets and;
- x) cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.

The Government launched the Credit Guarantee Fund Scheme for Small Industries (now renamed as Credit Guarantee Fund Scheme for Micro and Small Enterprises) in August, 2000 with the objective of making available credit to SSI units, particularly tiny units, for loans up to ₹ 100 lakh without collateral/third party guarantees. The scheme covers collateral free credit facility (term loan and / or working capital) extended by eligible lending institutions to new and existing micro and small enterprises up to ₹ 100 lakh per borrowing unit. The scheme is being operated by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) set up jointly by the Government of India and SIDBI. The corpus of CGTMSE is contributed by the Government of India and SIDBI in the ratio of 4:1. As announced in the 'Package for Promotion of Micro and Small Enterprises', the corpus fund will be raised to ₹ 2,500 crore during the XI Plan. Wherein, SIDBI is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector. The Bank also co-ordinates the functions of the institutions engaged in similar activities.

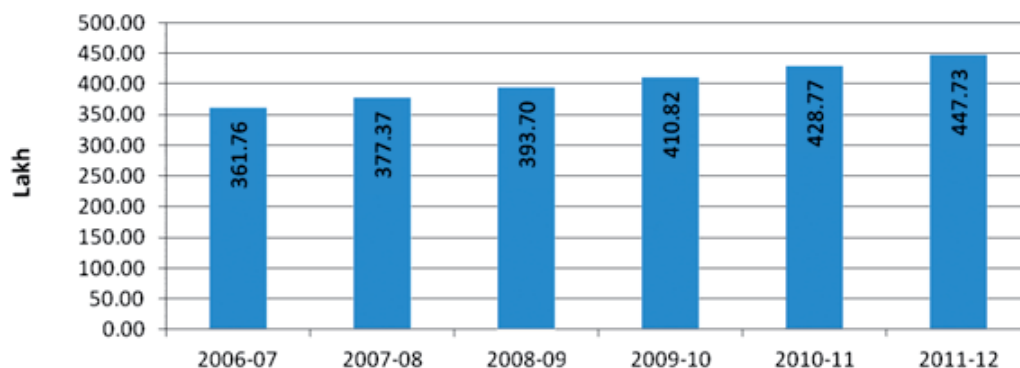
The MSME sector has shown a steady growth over the years which is indicated by the below graph:



(Source: Annual report 2012-13, Ministry of MSME)

As per the Forth Census published in 2012, the size of the registered MSME sector is provisionally estimated to be ₹ 15.64 lakhs and of unregistered MSME to be ₹ 198.74 lakhs. The total working enterprises in the MSME sector were 361.76 lakhs with total employment of 805.24 lakhs.

Working Enterprise

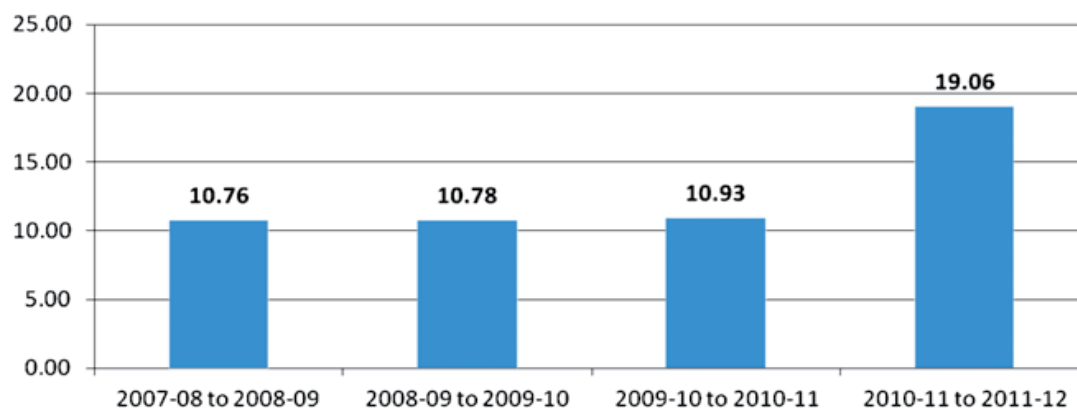


(Source: Annual report 2012-13, Ministry of MSME)

This comprises of 67.10% manufacturing enterprises and 32.90% services enterprises in registered category and 30.20% manufacturing enterprises and 69.80% services enterprises in unregistered category. Of the total working enterprises in the registered MSME sector, 54.77% (8.57 lakhs) are located in Urban areas and 45.23% (7.07 lakhs) are located in the Rural areas, whereas the same for unregistered MSME are 44.21% (153 lakhs) and 55.79% (193.12 lakhs) respectively. 55.34% (200.19 lakhs) of the total working units were located in rural areas and 44.66% (161.57 lakhs) enterprises were located in rural areas.

Further, this sector has consistently registered a higher growth rate than the rest of industrial sector. MSMEs has shown constant growth rate of more than 10% every year till 2010-11, whereas in year 2011-12 growth rate was 19%, approximately twice of the growth rate recorded for previous years.

All India Growth Rate (%)



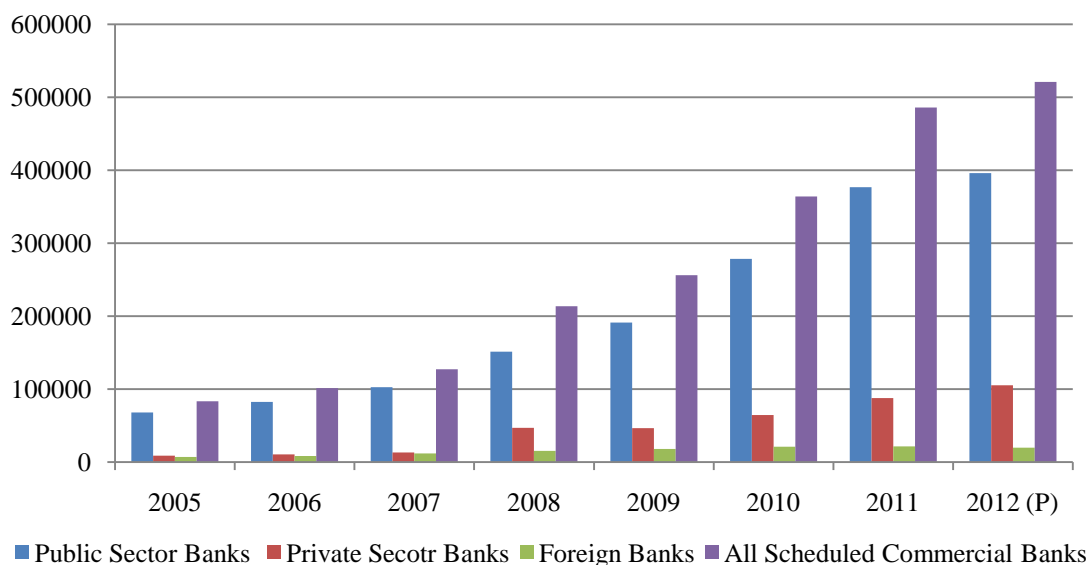
(Source: Annual report 2012-13, Ministry of MSME)

There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. It is well known that the MSME sector provides the maximum opportunities for both self-employment and jobs after agriculture sector. 42.96% of the enterprises in MSME sector were engaged in manufacturing/assembling/processing, whereas 7.35% of the units were engaged in repair and maintenance and other ancillary activities. The remaining 49.69% of the enterprises were in the services and retail activities.

(Source: Annual report 2010 - 2013, Ministry of MSME)

Outstanding Bank Credit to Micro and Small Enterprises

The share of micro- and small industry in gross outstanding credit is only about 12 per cent although this sector accounts for a far larger share of overall manufacturing and exports. Disaggregated data suggest that credit growth to all major sectors such as agriculture, industry, services and personal loans had begun to improve from November 2009 onwards.



(Source: Annual report 2012-13, Ministry of MSME)

The above graph indicates that Banks, particularly Private sector & Foreign banks, shows reluctance to extend credit to small enterprises. This can be broadly attributed to the following reasons:

- High administrative costs of small-scale lending
- Asymmetric information
- High risk perception and
- Lack of collateral.

Credit guarantee schemes diminish the risk incurred by lenders and are mainly a reaction to small firms' lack of collateral. Such schemes do have the potential to reduce the costs of small-scale lending and to improve the information available on borrowers. They enable small firms to access formal credit and also improve the terms of a loan. Such schemes assist small enterprises to obtain finance for working capital, investment and/or leasing purposes at reasonable conditions. This enables SMEs to improve their competitiveness and to extend their economic activity. Weaknesses of credit guarantee schemes can be avoided through proper design and private sector involvement.

Innovative business models for MSME financing

Globally, commercial banks are the main source of financing for MSMEs. However, considering the nature & characteristic of the industry, access to finance remain a key concern area. This has resulted in the ever-increasing financing gap for MSMEs, leading to a potential loss to the national economy. The traditional approach to MSME financing that was based on rigid credit assessment frameworks. Limited delivery channels and hierarchical structure for decisions making needs to be replaced with new flexible models for MSME financing, to ensure agility & achieve cost efficiencies.

New-age banks are moving to a more flatter, horizontal and functional structure, to lead to faster, time-bound and objective decision making processes, while financing MSMEs. This should be further complemented by leveraging technology to make the application, appraisal and sanctioning process faster for the MSMEs. The rigid risk assessment models need to issue high cost of acquisition and servicing of MSMEs can be addressed through innovative products that be replaced by new techniques to distinguish between high-risk and low-risk MSME borrowers. The plain-vanilla standardized products are being replaced by structured products, such as receivable

financing, cash flow based-lending, asset securitization, guarantees, cash management services and advisory services, to provide a comprehensive solution to MSMEs.

Appreciating concerns of the MSMEs, the government has taken a number of progressive steps to develop a conducive environment for development of MSMEs. As the economy tides over financial crisis, a healthy business ecosystem should be created for MSMEs, based on market principles. Also, suitable policy frameworks should be devised to align investors from public, private, PE funds and other institutions that approach MSMEs for financing with diverse offerings and expectations. A positive initiative towards improving the existing policy, legal and regulatory framework is the World Bank-led multi-agency project on financing and development of MSMEs being implemented by SIDBI.

Factors Affecting MSMEs

Some of the key constraints that are being faced by the Indian MSMEs are:

- Accessing adequate and timely financing on competitive terms, particularly longer tenure loans.
- Accessing credit on easy terms has become difficult in the backdrop of current global financial crisis and the resultant liquidity constraints in the Indian financial sector, which has held back the growth of SMEs and impeded overall growth and development.
- The financing constraints faced by Indian SMEs are attributable to a combination of factors that include policy, legal/regulatory framework (in terms of recovery, bankruptcy and contract enforcement), institutional weaknesses (absence of good credit appraisal and risk management/ monitoring tools), and lack of reliable credit information on SMEs.
- It has become difficult for lenders to be able to assess risk premiums properly, creating differences in the perceived versus real risk profiles of SMEs.
- Access to skilled manpower, R&D facilities and marketing channels is limited.
- Availability of finance at cheaper rates, skills about decision-making and good management and accounting practices, and access to modern technology.

Financial Advisors in Service Sector

The financial advisors are the conduit/business facilitator who bridges the gap between the fund raising and fund investing entities. They play a key role in assisting the business units to achieve their growth & goals.

The advisors are required to equip themselves with adequate infrastructure and facilities so as to ensure that they can provide necessary assistance to the units to start and achieve their goals. This assistance may be required at any point of time of business subject to the need of the prospective fund raising entity and the purpose for which the funds is raised.

In order to cater the need of Micro, Small and Medium Enterprises (MSME) these financial advisors plays an active role whereas in case of large sized units the equity and debt capital support is met by merchant bankers & dedicated divisions of lenders. MSME units generally look forward to Chartered Accountants and financial advisors to assist them in arranging funds for them who may not be fully equipped to assess the needs properly and the various options available. In view of their own limitations and also of the intermediaries in the unorganized sector, these units some time suffer for want of timely and adequate funds at a reasonable cost.

The absence of adequate agencies who can understand and meet the needs of SME sector, leaves a wide scope of business opportunities for such financial advisors who can cater to the needs of this sector.

Future prospects of NBFC sector

NBFCs have been playing a very important role both from the macroeconomic perspective and the structure of the Indian financial system. NBFCs are the perfect or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. They offer quick and efficient services without making one to go through the complex rigmarole of conventional banking formalities. However to survive and to constantly

grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavour to search for new products and services in order to survive in this ever competitive financial market.

Since NBFCs have been kept outside the purview of SARFAESI Act, a reform in this area is quite urgently needed. A suitable legislative amendment extending the operation of the said Act to NBFCs too would go a long way in fortifying the faith of the investors and which in turn would greatly contribute to the growth of this Sector. The coming years will be very crucial for NBFCs and only those who will be able to face the challenge and prove themselves by standing the test of time will survive in the long run.

OUR BUSINESS

Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP set forth elsewhere in this Draft Prospectus. In this section only, any reference to “we”, “us” or “our” refers to S R G Securities Finance Limited.

OVERVIEW

Our Company was incorporated as S R G Securities Finance Limited on March 06, 1995 under the Companies Act, 1956 bearing the Registration Number 009631 having registered office in Udaipur, Rajasthan. Our company obtained the Certificate for Commencement of Business on April 17, 1995. The Company's Corporate Identity Number is U67120RJ1995PLC009631 and its Registered Office is situated at 322, SM Lodha Complex, Udaipur, Rajasthan - 313001, India.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45(1A) of the Reserve Bank of India Act, 1934 bearing Registration no. 10.00097 dated August 18, 1999.

Our company was originally incorporated by Mr. Bajrang Lal Gupta, Mr. Ramesh Kumar Gupta and Mr. Vinod Kumar Gupta in the year 1995. In the year 1999 the control of our Company was taken over by Mr. Vinod Jain and Mrs. Seema Jain. *For details regarding the history of our company please see the chapter titled “History and Certain Corporate Matters” beginning on page 83 of this Draft Prospectus.*

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of Asset Financing by offering:

- i. Business Loans
- ii. Equipment and Machinery Loan / Loan against Equipment and Machinery.
- iii. Vehicle Loans / Loans against Vehicle

In the past four (3) years our revenues have increased from ₹ 62.50 lacs in F. Y. 2010-2011 to ₹ 82.61 lacs in F. Y. 2011-12 and further to ₹ 107.99 lacs in F. Y. 2012-2013, showing an increase of 32.18% and 30.72% respectively. Our Net Profit before tax for the above mentioned periods are ₹ 9.32 lacs, ₹ 16.79 lacs and ₹ 22.38 lacs. Our Loan book size has increased from ₹ 208.23 lacs in 2008-09 to ₹ 454.24 lacs in 2012-13. We propose to further increase our operating efficiencies and scale and plan to become a notable player in the Asset Finance field in India.

Our company is the NBFC Arm promoted by the Jain Family in order to carry out their NBFC activities and in order to bring in the benefits of synergies from their housing finance, Insurance broking and other businesses.

OUR COMPETITIVE STRENGTHS

1. Well Qualified and Experienced Promoters:

Our management team is backed by promoters who have requisite qualification and experience in financial markets and lending industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and Promoters please see the chapter titled “Our Management” and “Our Promoters & Promoter Group” beginning on pages 86 and 98 of this Draft Prospectus respectively.

2. Long Standing Track-record and Established relationships

Our company received its NBFC Registration in 1999. Hence, this company has been in the business of providing equipment loan, machinery loan and business loans for over a decade. Our promoters – Mr. Vinod Jain and Rajesh Jain along with our other directors have stressed on customer satisfaction and thus established long standing relations with existing clients. Further, they also propose to utilise the readily available databases of clients as well as their established relationships with Capital Market Players to ensure effective utilisation of our assets and improve the overall operational and financial efficiencies of the company.

3. Continuous Business Possibilities due to synergies with Group Companies

We have various group companies which deal in Housing Finance and Insurance broking. The group has interests in the Financial Markets and Lending Segment. This has led to deep relationships with the participants in the financial markets and provides us with many opportunities to tap these relationships for lending funds and earn higher returns. With the growing real estate and infrastructure in the state of Rajasthan and surrounding areas, there exist synergies for regular business opportunities for our Company. With the further deepening and growth of the Financial Markets, the requirement of Lending Opportunities is expected to grow and flourish.

4. Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of the Company's loan book. In the last five (5) years, there has been a loan write-off only once in the F. Y. 2012-13 amounting to ₹ 8.31 which is 1.83% of the total loan book size of that year. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

DETAILS OF OUR BUSINESS

LOCATION

We operate wholly from our registered office which is situated at 322, SM Lodha Complex, Udaipur, Rajasthan - 313001, India. There are no branch offices of our company currently.

OUR PRODUCTS AND SERVICES

We are mainly involved in Financing of Construction and Mining equipments, Heavy Earth Moving machinery, all types of Vehicles, Business Loans etc. Our loan products are customized to the requirements of our borrowers, broadly classified as:

- a) Equipment Finance
- b) Vehicle Finance
- c) Business Loan

Our secured loans are backed by a first lien on the respective underlying properties. Our loan amounts range from ₹ 0.50 Lacs to ₹ 100 Lacs. We provide financial Assistance for purchase of infrastructure, mining and construction Equipments and Machinery, Heavy and other Transport Vehicles, Business Loans and other loan products to various companies, firms and even to Individual business owners engaged in mining, construction and transportation, and big & small businessmen. A brief description of the various loan products offered by our Company as detailed below:

a) Equipment Finance Scheme – (EFS)

Presently we are more involved in the business of Equipment and Vehicle finance under our EFS. The Equipment finance scheme is offered to Individuals and Corporate Bodies who wish to seek this facility either for mining & construction equipments or for transportation vehicles. We also provide finance for the purchase of new equipments for road, mining as well as construction projects. We provide finance for excavators, dumpers, tippers, compressors, heavy transport vehicles, mining equipments etc. even to the small operators with affordable finance charges.

b) Vehicle Finance

We provide wide range of vehicles finance including loans for purchase of cars, jeeps and Heavy vehicles like trucks, tractors etc. Our attractive schemes for vehicle finance are customized to suit the individual client needs.

Some of the salient features of our Vehicle Loan are:

- Transparent dealings and flexible repayment option
- Speedy processing and sanctioning of loan within 48 hours
- Loan eligibility for the widest range of customer profiles
- Choice of different Loan Plans to suit individual needs
- Competitive Interest rates for all loan products
- Hassle-free documentation process offering you maximum flexibility
- Loans for the entire range of vehicles from Small Commercial vehicles to Trailers, excavators, JCBs etc.

c) Business Loans:

We provide finance for every unique requirement of businessmen, Micro, Small and Medium Enterprises (MSME) and promising entrepreneurs as well as Individual Personal Loans.

Our vision is to provide entrepreneurs and budding businesses including MSME with access to finance right at the grassroots level, serving rural and semi-urban as well as in urban areas by providing various financial products & services to assist them.

LOAN BOOK PROFILE AND COMPOSITION

Our Company has been able to grow its outstanding loan book at a CAGR of 13.13% from March 31, 2011 to March 31, 2013. The following table provides a break-up of the loans sanctioned, disbursed and outstanding during Fiscals 2013, 2012 and 2011:

(₹ in lakhs)

Sr. No.	Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011
1	Loans Sanctioned during the year	145.00	268.90	146.60
2	Loans Disbursed during the year	145.00	268.90	146.60
3	Outstanding Loans as at March	454.24	444.50	354.90

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 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 requirement of finance to expand their business needs 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 Vehicle finance which we believe to be a highly competitive market segment. The Company has since inception taken a balanced approach towards Vehicle Finance and other finance like Equipment and Business related finance and tailored a personal evaluation processes towards credit appraisal for the Equipment and Business related finance class. As a result, the Equipment Finance and Business loans are the largest customer segment for our Company and constituted 97.18% of our outstanding loan book as at March 31, 2013. 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 2013	Fiscal 2012	Fiscal 2011
1	Loans outstanding against Vehicle Finance	15.72	19.92	18.32
2	Loans outstanding against Equipment	175.10	211.04	211.95
3	Outstanding Business Loan	263.42	213.54	124.63
4	Loans outstanding against equipment and business loan as a % of our total loans outstanding	96.54%	95.52%	94.84%

CREDIT APPRAISAL PROCESS

STEP I – APPRAISAL	
Personal Interview	All the prospective borrowers are interviewed personally by the Manager. He is then explained the complete procedure for availing loan & all the necessary documents are called for.
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/ CIBIL 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 documents submitted by the proposed borrowers was done by loan department.
Verification / Scrutiny	For prospective borrowers, our personnel visit the business premises and examine and 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 the asset to be financed. While the valuers provide an independent assessment of the current market value, our personnel generally adopt a conservative approach in valuing the asset.
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 instalment 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 head office officials.
Approval / Sanction of the Proposed Loan	If the proposal meets with the required criteria, then the loan is approved by the sanctioning authority.
Preparation of Loan sanction letter	Pursuant to sanction of the loan by the head office, a loan sanction letter with the terms of the sanction is communicated to the borrower and at this point the borrower is required to submit original documents in relation to the security.
Guarantor's credit worthiness	A guarantor, who should be a creditworthy person either a businessmen or a government employee, is also asked to be a party to the contract & liable to the company in case of any default in repayment of loan instalment by the borrower.
STEP IV – LOAN DISBURSEMENT	
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 agreement is signed. Prior to loan disbursement, our Company also completes other formalities such as collection of post dated cheques from borrowers in respect of the monthly instalments, etc.

ONGOING MONITORING OF OPERATIONS

Our Company has both formal and informal mechanisms for ongoing monitoring of the 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.
- **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.

In addition to the above, RBI Officials carries out inspections whereby it inspects our corporate office on a random basis to check processes, documentation and assess compliance with the RBI 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 instalments 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.

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

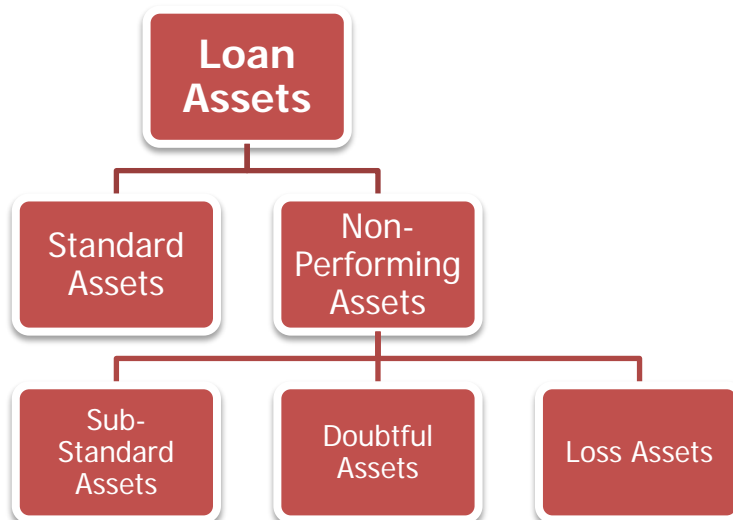
The key recovery and collection processes of our Company are listed below:

- Instalments 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 honour 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 business 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 RBI Direction. In accordance with the RBI Directions, 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 six months

- **Sub-standard Assets:**

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

- **Doubtful Assets:**

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

- **Loss Assets:**

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

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

- Sub standard assets: A general provision of 10% 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 50% of the secured portion is required as follows:

Period for which the asset has been considered as doubtful	Provision required (%)
Up to one year	20.00%
One to three years	30.00%
More than three years	50.00%

- 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	0.25%
Sub-standard Assets	10.00%
Doubtful Assets (irrespective of period)	50.00%
Loss Assets	100.00%

The following table sets out the gross NPAs and net NPAs and the provisions for NPAs as at March 31, 2013, 2012 and 2011:

(₹ in Lakhs except percentages)

Particulars	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Gross NPA	19.14	19.89	16.87
Gross NPA (%)	4.21	4.47	4.75
Net NPA	12.14	7.12	5.02
Net NPA (%)	2.71	1.65	1.46
Provisions for NPAs	7.00	12.77	11.85

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, Hypothecation of Property, 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.

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 made as per RBI Directions.

OUR CLIENTELE BASE

Our Company provides loans to customers ranging to various industries viz. Infrastructure, Mining, Construction, etc. The percentage of income derived from top 5 and top 10 customers in the last financial year is given below:

(₹ in Lakhs)

Sr. No.	Particular	FY ended March 2013		FY ended March 2012	
		Revenue	%age	Revenue	%age
1	Income from Top 5 Customers (%)	46.41	42.97%	27.47	33.26%
2	Income from Top 10 Customers (%)	67.89	62.86%	43.86	53.09%

COLLABORATION/JOINT VENTURES

The company has no collaborations/joint venture agreement.

CAPACITY AND CAPACITY UTILIZATION

Since we operate in the service industry, installed capacity and capacity utilization is not applicable to us.

INFRASTRUCTURAL FACILITIES AND UTILITIES:

Our registered office at Udaipur is equipped with computer systems, internet connectivity, other communication equipments, security and other facilities, which are required for our business operations to function smoothly.

COMPETITION

The finance industry in India is highly competitive. Depending on the region in which we operate, our competitors include scheduled commercial banks, Co Operative societies and other NBFCs. In financial services the Company competes with NBFCs as well as large commercial banks. NBFCs dominated India's retail credit market during the 1990s. However, during the past five years, large commercial banks have invested significant amounts to develop the infrastructure to offer financial services. As a result of these efforts, large commercial banks now dominate this market. Following the entry of commercial banks, there is significant competition in the Indian financial services market.

BUSINESS STRATEGY

1. Adherence to a disciplined internal processes

Our Company will continue to finance construction and mining equipments, small business loans, vehicle finance and other avenues consistent with its lending process as approved by the management from time to time. Our Company in accordance with its lending process will aim to finance in diversified businesses, dealing with small companies and young entrepreneurs who are expected to show robust business growth. Our Company believes that such financing provides a sustainable competitive advantage to our Company and would contribute to its income streams. We also propose to further improve our internal systems and methodologies. For details regarding our proposed Processes please see “*Credit Appraisal Processes*” and “*Internal Policies*” beginning on pages 72 and 75 of this Draft Prospectus respectively.

2. Maintain and expand long term Relationship with Clients

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

3. Focus on other key cities to increase our market share

Our Company, backed by its strong clientele and relationship, intends to extend its financing services in other nearby cities. Many small scale infrastructure and construction companies have been established in Udaipur and nearby cities which are a potential clientele for us. Our Company believes that this will help us capitalise on fast growing MSME sector.

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 branches / satellite centres of our group companies once in every 2-3 months within a 20-25 km radius of the satellite centres/ branches. The loan camps will be conducted by the satellite centres and supported by personnel from our 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.

EXISTING CAPACITY & CAPACITY UTILIZATION

Capacity and Capacity Utilization is not applicable to our Company.

HUMAN RESOURCES

As on July 01, 2013, we have Eleven (11) employees at our Head Office. We do not have any contract labourers.

Category	Company Pay Roll	Contract Labor	Total
Directors	3	0	3
Senior Managerial	4	0	4
Managers / Officers / Executive	3	0	3
Semi Skilled Staff	1	0	1
Total	11	0	11

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 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.

INSURANCE

The following is the details of the Insurance taken by the Company.

Sr. No.	Policy Details	Name of the insuring Company	Period Covered		Total Amount / Premium Amount	Vehicle Details
			From	To		
1.	Auto Secure Private Car Package Policy Policy no. 0151307131 02	TATA AIG Insurance	May 31, 2013	May 30, 2014	₹ 8,74,402 Premium: ₹ 21,446	Chevrolet Cruze Reg: RJ27CB9369

INTELLECTUAL PROPERTY RIGHTS

The logo “” and the name S R G is currently being registered in the name of the Company i.e. S R G Securities Finance Limited. Company has filed an application dated April 26, 2013 before the Trade Mark Registry for registration of its name and logo under Class 36. The application is pending for registration. The company shall use the logo once the same is registered.

LAND AND PROPERTY

Registered Office

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

Schedule of the property and use	Consideration	Nature of Interest	Date and/or term of lease	Seller/Lessor
322, S.M Lodha Complex near Shastri Circle Udaipur-313001, Rajasthan	15000/-p. m	Leased	Upto March 31, 2016	Shri Gendalal Jain

KEY INDUSTRY REGULATIONS AND POLICIES

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

I. NBFC REGULATIONS

The Reserve bank of India Act, 1934

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

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

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

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

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

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

Maintenance of Liquid Assets

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

Prudential Norms

The RBI has issued the non banking financial (non-deposit accepting or holding) companies prudential norms (Reserve Bank) directions, 2007 as amended from time to time. The prudential norms directions inter alia prescribe guidelines regarding income recognition, assets classification, provisioning requirements, constitution of audit committee, capital adequacy requirements etc. The said prudential norms directions are applicable to all NBFC'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 RBI.

Exposure Norms

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

Capital Adequacy Norms & Asset Liability Management

The company is able to maintain the minimum capital ratio consisting of capital of not less than 15% of its aggregated risk weighted assets on balance sheet and of risk adjusted value of off – balance sheet is required to be maintained. The company's assets are financial assets and hence the ALM guidelines requiring the NBFC to manage the asset liability is implemented by reviewing its functioning periodically and overseeing. The ALM guidelines mainly address liquidity and interest rate risks. There is no mis-match of the asset liability ratio as the interest rates have been reasonable and the same has been honoured by the domestic customers / borrowers. There have been no investments or advances subjected to overseas investors / customers and therefore, there has been no risk as to interest rate sensitivity.

Guidelines on Fair Practices Code

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

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

There have been no grievances whatsoever pending for redressal.

KYC Guidelines

The RBI has extended the KYC guidelines to NBFC's and advised all NBFC's to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and Anti-Money Laundering measures is put in place. The KYC policies are required to have the following key

elements, namely, customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence of KYC guidelines by the persons authorized by NBFC's including brokers/agents, due diligence of persons authorized by NBFC's including brokers/agents, customer service in terms of identifiable contact with persons authorized by NBFC's including brokers/agents.

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

Prevention of Money Laundering Act, 2002

The RBI has issued a Master Circular dated July 1, 2009 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than Rupees 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below Rupees 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds Rupees 1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

II. LAWS RELATING TO EMPLOYMENT

Shops and Establishment Act

The provisions of Rajasthan Shops and Establishments Act as applicable regulate the conditions of the work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. The company is in compliance with the provisions of the said Rajasthan Shops and Establishments Act.

Miscellaneous 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.

III. LAWS RELATING TO INTELLECTUAL PROPERTY

The Trademarks Act, 1999 ("Trademarks Act")

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

The Copyright Act, 1957 ("Copyright Act")

The Copyright Act, grants protection to the authors of literary, artistic, dramatic, musical, photographic, cinematographic or sound recording works from unauthorized uses. Various rights including ownership and economic rights are conferred on the author. These include the right to reproduce the work in any form, issue copies to the public, perform it, and offer for sale and hire. The penalty for general infringement of copyright is imprisonment of maximum three years and a fine of up to ₹ 200,000.

IV. GENERAL LAWS

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

The Indian Contract Act, 1872

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

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. Every Company assessable to income tax under this Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax etc. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as S R G Securities Finance Limited on March 06, 1995 under the Companies Act, 1956 bearing the Registration Number 009631 having registered office in Udaipur, Rajasthan. Our company obtained the Certificate for Commencement of Business on April 17, 1995.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45(1A) of the Reserve Bank of India Act, 1934 bearing Registration no. 10.00097 dated August 18, 1999.

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of Asset Financing by offering:

- i. Business loans
- ii. Loan against Equipment and Machinery
- iii. Vehicle Loan

For further details regarding our business operations and corporate profile, please see the Chapter titled “*Our Business*” beginning on page 69 of this Draft Prospectus.

Our Company has 15 (Fifteen) shareholders, as on the date of filing of this Draft Prospectus.

Major events in the history of Our Company:

Year	Major Event
1995	Incorporation of our Company
1999	Change in Management – Company acquired by current Promoters
1999	Company obtained the NBFC License from Reserve Bank of India (RBI) to function as a NBFC – ND – NSI
1999	Our Company approved and disbursed its first vehicle loan
2000	Introduction of new loan products – Construction and Equipment Financing
2009	Introduction of new loan products – Business Loan

Main Objects of our Company:

The main object of our Company as contained in the Memorandum includes:

1. *Subject to the compliance of the provisions of Securities And Exchange board of India Act, 1992 and the rules and regulations framed thereunder as may be applicable to invest in, acquire, hold, buy, sell or otherwise dispose of or deal in kind of shares, debentures, debentures stock, bonds, units, obligations and securities issued or guaranteed by any Government, State Municipal or Civil body, Financial Institutions, Commercial papers, negotiable instruments and papers, all types of instrument and to carry on the business of stock broking and its allied matters viz acting as underwriters, brokers to the issue of securities, dealer in securities, merchant bankers in all its aspects, issue house managers, registrar to the issue of securities, share transfer agents, investment business, public issue subscription, portfolio management, investment consulting, fixed deposit broker, inter corporate investment convassers, finance and discount brokers, advisers, promoters, advertisement consultants to issue of securities of all kinds and types in all their aspect in or outside India.*
2. *Subject to the Section 58 A of the Companies Act, 1956 and the rules framed thereunder and the directions issued by Reserve Bank of India as may be applicable, to receive money on deposits on interest or otherwise and to lend, invest, subscribe money and negotiate with or without security to such companies, firm or persons upon such conditions as may seem expedient and to guarantee the performance of contracts by any person, companies or firms provided that the company shall not carry on the business of banking within the meaning of Banking Regulation Act, 1949.*

3. To apply for and become a corporate member of any stock exchanges or over the counter exchanges (OTCEI) in India, if permissible by law.
4. To carry on the business of investment and to investment and to invest in acquire, underwrite, subscribe for and hold shares, bonds, stocks, securities, debenture stocks issued or guaranteed by any company constituted and carry on business in India or elsewhere, any government state, dominions, sovereign, central or provincial, commissioners, port trust, public body or authority supreme, municipal local or otherwise whether in India or elsewhere and also act as underwriters and brokers of stock, share, debentures, government bonds, units of Unit Trust of India, National Savings Certificate and fixed deposits.
5. To lend or to acquire and give on lease on let out on hire, such let mortgage, pledge hypothecate and hire purchase, purchase selling and to assist in machineries, plants, accessories, equipments computers, motor vehicles, spare parts, tools, instruments, excavators, agriculture equipments, cranes, other capital, goods to industrial undertakings, agriculture traders, mine holders, and to receive each rentals lease money instruments thereof in any part of India or abroad.
6. To apply for and obtain license for money changer business from the government of India (RBI or statutory authorities and to carry on the business of money changers and to transact and do all matters and things incidental thereto or which may at any time hereafter, at any place where the company shall carry on business, be usual in the connection of money changers or dealing currency on local and foreign and dealing in exchanges in currency of permitted countries

Changes in Registered Office of our Company

Date of Change of Registered Office	Old Address	New Address	Reason for Change
05-05-1999	LL – 38, First Floor, Amber Road, SC Road, Jaipur – 302 001	322, S. M. Lodha Complex, near Shastri Circle, Udaipur, Rajasthan – 313001.	Change in Management of our Company

Amendments to the Memorandum of Association

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

Date	Nature of Amendment
22.05.1995	Increase in Authorised Capital from ₹ 1,00,000 divided into 10,000 shares of ₹ 10/- each to ₹ 25,00,000 divided into 2,50,000 shares of ₹ 10/-
07.05.1999	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/-
11.06.1999	Insertion of Clause III.A(5) in the Main Objects Clause of the Memorandum Of Association: “To lend or to acquire and give on lease on let out on hire, such let mortgage, pledge hypothecate and hire purchase, purchasing selling and to assist in machineries, plants, accessories, equipments computers, motor vehicles, spare parts, tools, instruments, excavators, agriculture equipments, cranes, other capital, goods to industrial undertakings, agriculture traders, mine holders, and to receive each rentals lease money instruments thereof in any part of India or abroad.”
12.08.2000	Increase in Authorised Capital from ₹ 30,00,000 divided into 3,00,000 shares of ₹ 10/- each to ₹ 40,00,000 divided into 4,00,000 shares of ₹ 10/-
08.12.2001	Increase in Authorised Capital from 40,00,000 divided into 4,00,000 shares of ₹ 10/- each to 50,00,000 divided into 5,00,000 shares of ₹ 10/-
20.03.2003	Increase in Authorised Capital from ₹ 50,00,000 divided into 5,00,000 shares of ₹ 10/- each to ₹ 1,00,00,000 divided into 10,00,000 shares of ₹ 10/-

15.11.2011	<p>Insertion of Clause III.A(6) in the Main Objects Clause of the Memorandum Of Association:</p> <p><i>“To apply for and obtain license for money changer business from the government of India (RBI or statutory authorities and to carry on the business of money changers and to transact and do all matters and things incidental thereto or which may at any time hereafter, at any place where the company shall carryon business, he usual in the connection of money changers or dealing currency on local and foreign and dealing in exchanges in currency of permitted countries.”</i></p>
27.05.2013	<p>Increase in Authorised Capital from R.1,00,00,000 divided into 10,00,000 shares of ₹ 10/- each to ₹ 5,00,00,000 divided into 50,00,000 shares of ₹ 10/-</p>

Shareholders' Agreement

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

Technology arrangements

There exists the technology arrangements by our company, brief details of the same are as follow.

S R G Securities Finance Limited has entered into the agreement dated October 02, 2010 with Equifax Credit Information Services Private Limited for the period of 3 years. This agreement has been made to avail credit information of its client.

Acquisition of business/ undertakings

We have not acquired any business/ undertakings till date.

Other Agreements

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

Financial Partners

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

Injunctions or restraining orders

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

Strategic Partners

We do not have any strategic partners as on the date 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 Kumar Jain S/o Shri Genda Lal Jain 18, Sarv Ritu Vilas, Udaipur- 313001, Rajasthan, India	43	Managing Director Term: 1 year w.e.f June 24, 2013	Business Qualification: Higher Secondary DIN: 00248843	<ul style="list-style-type: none"> • SRG Housing Finance Limited • SRG Global Builders Pvt. Ltd. • Hriday Fincorp Pvt. Ltd. • Shri Nakoda Infotech Pvt. Ltd. • Hriday Insurance Consultant Pvt. Ltd.
2.	Mr. Rajesh Jain S/o Shri Genda Lal Jain 18, Sarv Ritu Vilas, Udaipur- 313001, Rajasthan, India	35	Executive Director Term: Appointed w.e.f July 20, 2013 & Liable to retire by rotation	Business Qualification: B.Com, M.Com, LLB, MBA ,AIII & ADMAS DIN: 00212393	<ul style="list-style-type: none"> • SRG Housing Finance Ltd. • S R G Insurance Brokers Pvt. Ltd. • Hriday Fincorp Pvt. Ltd. • Eco Sol Energy Pvt. Ltd.
3.	Mrs. Seema Jain W/o. Mr. Vinod K. Jain 18, Sarv Ritu Vilas, Udaipur- 313001, Rajasthan, India	38	Whole Time Director Term: 2 Years w.e.f July 20, 2013	Business Qualification: Matriculate DIN: 00248706	<ul style="list-style-type: none"> • SRG Housing Finance Ltd. • SRG Insurance Brokers Pvt. Ltd. • SRG Global Builders Pvt. Ltd.
4.	Mr. Arjun Lal Jain S/o Late Shri Sukhlal Jain 65, Sarv Ritu Vilas, Udaipur -313001 Rajasthan, India	53	Independent Director Term: Appointed on June 24,2013	Business Qualification: B.Com DIN: 00147912	<ul style="list-style-type: none"> • Aravali Polyart Pvt. Ltd. • Aravali Village Resorts Pvt. Ltd. • Ankur Minchem Pvt. Ltd. • Ankur Minmine Products Pvt. Ltd.
5.	Mr. Nishant Badala S/o of Chatar Sing Badala 46, New Mahaveer Nagar, Kumbha Nagar Road, H.M Sec – 4, Udaipur – 313001 Rajasthan, India	24	Independent Director Term: Appointed on June 24,2013 & Liable to retire by rotation	Practicing CA Qualification: ACA, B.Com DIN: 06611795	NIL

Sr. No.	Name, Father's Name & Address,	Age	Designation & Term	Occupation, Qualification, & DIN	Other Directorships
6	Mr. Bhupesh Kumar Jain S/o of Shri Padam Kumar Jain Shathadia Bazar Near Jain Temple, Bhinder Vallabhnagar, Udaipur – 313603, Rajasthan, India	23	Independent Director Term: Appointed on June 24, 2013 & Liable to retire by rotation	Qualification: MBA(Finance & Marketing), B.Com DIN: 06611787	NIL

Brief Profile of Our Directors

Mr. Vinod K. Jain, aged 43 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 acquired this Company 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 acquisition (1999) and is responsible for strategic planning and administration of our Company.

Mr. Rajesh Jain, aged 35 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.

Mrs. Seema Jain aged 38 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 acquisition. She is on our Board since acquisition and is responsible for Human Resource, Strategic Planning and Administration of our Company.

Mr. Arjun Lal Jain aged 53 Years, is the Independent Director of our Company w.e.f. June 24, 2013. He has completed his Bachelors in Commerce from University of Udaipur in the year 1981. After graduation he engaged in the business of manufacturing and mining of Soap Stone, Dolomite and Other minerals and is actively involved in the operational activities of those businesses. He has over 2 decades of Industrial and Business experience.

Mr. Nishant Badala aged 24 Years, is the Independent Director of our Company w.e.f. June 24, 2013. He has completed his Bachelors in Commerce from University of Udaipur. He is a Chartered Accountant by profession. He is a Young and Dynamic person and is an associated member of ICAI. Further, he is proficient in the field of accounting, legal and taxation. Considering his proficiency in the field of legal, taxation, finance, audit and accounts, he has also been appointed as Chairman of Audit committee.

Mr. Bhupesh Kumar Jain aged 23 Years, is the Independent Director of our Company w.e.f. June 24, 2013. He has completed his Bachelors in Commerce from University of Udaipur and MBA in Finance & Marketing from Pacific Academy of Higher Education & Research University, Udaipur. He has attended various workshops related to Financials, Currency Market and Trading.

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 wilful 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 June 24, 2013, 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 paid to Directors for the last completed financial year (i.e. Year ended March 31, 2013)

Sr. No.	Name of Executive Director	Remuneration (₹)	Sitting Fees (₹)	Other Fees (₹)	Total Fees Paid (₹)
1	Mr. Vinod K. Jain	NIL	NIL	NIL	NIL
2	Mr. Rajesh Jain	NIL	NIL	NIL	NIL
3	Mrs. Seema Jain	7,20,000	NIL	NIL	7,20,000
4	Mr. Arjun Lal Jain	NIL	NIL	NIL	NIL
5	Mr. Nishant Badala	NIL	NIL	NIL	NIL
6	Mr. Bhupesh Kumar Jain	NIL	NIL	NIL	NIL

Remuneration of Directors

The remuneration of our Executive Directors is as per the terms of appointment contained below:

- **Mr. Vinod Jain, Managing Director**

The compensation package payable to him as resolved in the Board meeting held on May 30, 2013 is stated hereunder:

Salary, allowances and Perquisites: Mr. Vinod Jain has been appointed as Managing Director of the Company without any Remuneration.

Bonus: Nil

Commission: Nil

- **Mr. Rajesh Jain, Executive Director**

The compensation package payable to him as resolved in the Board meeting held on June 20, 2013 is stated hereunder:

Salary, allowances and Perquisites: Mr. Rajesh Jain has been appointed as Executive Director of the Company without any Remuneration.

Bonus: Nil

Commission: Subject to overall limit laid down in Section 198 and 309 of the Companies Act, 1956, 1% percentage of the net profit of the company or ₹ 20,000/- per financial year whichever is lower for a period of 2 financial years i.e. from April 01, 2013 to March 31, 2015.

- **Mrs. Seema Jain, Whole Time Director**

The compensation package payable to her as resolved in the Board meeting held on June 20, 2013 is stated hereunder:

Salary, allowances and Perquisites: The Whole time Director will be paid salary of ₹ 1,00,000 per month (inclusive of all perquisites as per Company rules & regulations) in the range of ₹ 1,00,000 to ₹ 2,50,000 per month.

Bonus: Nil

Commission: Nil

Compensation of Non-Executive Directors

Pursuant to a resolution passed at the meeting of the Board of the Company on June 28, 2013 the Independent Directors have decided not to take any sitting fee for Board / Committee meetings. However, if any Director is called upon to advise the Company as an expert or is called upon to perform certain services, the Board is entitled to pay the director such remuneration as it thinks fit. Save as provided in this section, except for the sitting fees and any remuneration payable for advising the Company as an expert or for performing certain services, our non-executive directors are not entitled to any other remuneration from the Company.

No remuneration was paid to the Non-Executive Independent Directors in the preceding fiscal year.

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	2,84,700	20.82
Mr. Rajesh Jain	2,26,200	16.54
Mrs. Seema Jain	90,900	6.65
TOTAL	6,01,800	44.01

Changes in the Board of Directors in the last 3 years

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

Sr. No.	Name of Director	Date Of Appointment	Date Of Cessation	Reason for change
1	Mr. Gendalal Jain	-	16/12/2011	Resignation
2	Mr. Arjun Lal Jain	24/06/2013	-	Appointment
3	Mr. Nishant Badala	24/06/2013	-	Appointment
4	Mr. Bhupesh Kumar Jain	24/06/2013	-	Appointment

Corporate Governance

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

Board Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on date, the Board is comprised of total 6 directors, which includes 1 Managing Director, 1 Whole Time Director, 1 Executive Director and 3 Non Executive Independent Directors. The Company complies with the revised norms for Independent Directors.

Sr. No	Name of Director	Nature of Directorship
1	Mr. Vinod K. Jain	Managing Director

2	Mr. Rajesh Jain	Executive Director
3	Mrs. Seema Jain	Whole Time Director
4	Mr. Arjun Lal Jain	Non Executive Independent Director
5	Mr. Nishant Badala	Non Executive Independent Director
6	Mr. Bhupesh Kumar Jain	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 June 28, 2013 pursuant to section 292A of the Companies Act. The Audit Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr.Nishant Badala	Non- Executive Independent Director	Chairman
Mr.Bhupesh Kumar Jain	Non- Executive Independent Director	Member
Mr.Vinod Kumar Jain	Managing Director	Member

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

1. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

The Audit Committee enjoys following powers:

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

The Audit Committee shall mandatorily review the following information:

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

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

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

Meeting of Audit Committee

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

2. Shareholder and Investor Grievance Committee

The Shareholder and Investor Grievance Committee of our Board were reconstituted by our Directors by a board resolution dated June 28, 2013. The Shareholder and Investor Grievance Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Bhupesh Kumar Jain	Non- Executive Independent Director	Chairman
Mr. Rajesh Jain	Executive Director	Member
Mr. Arjun Lal Jain	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 June 28, 2013. The Remuneration Committee currently comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Arjun Lal Jain	Non- Executive Independent Director	Chairman

Mr. Bhupesh Kumar Jain	Non- Executive Independent Director	Member
Mr. Nishant Badala	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.

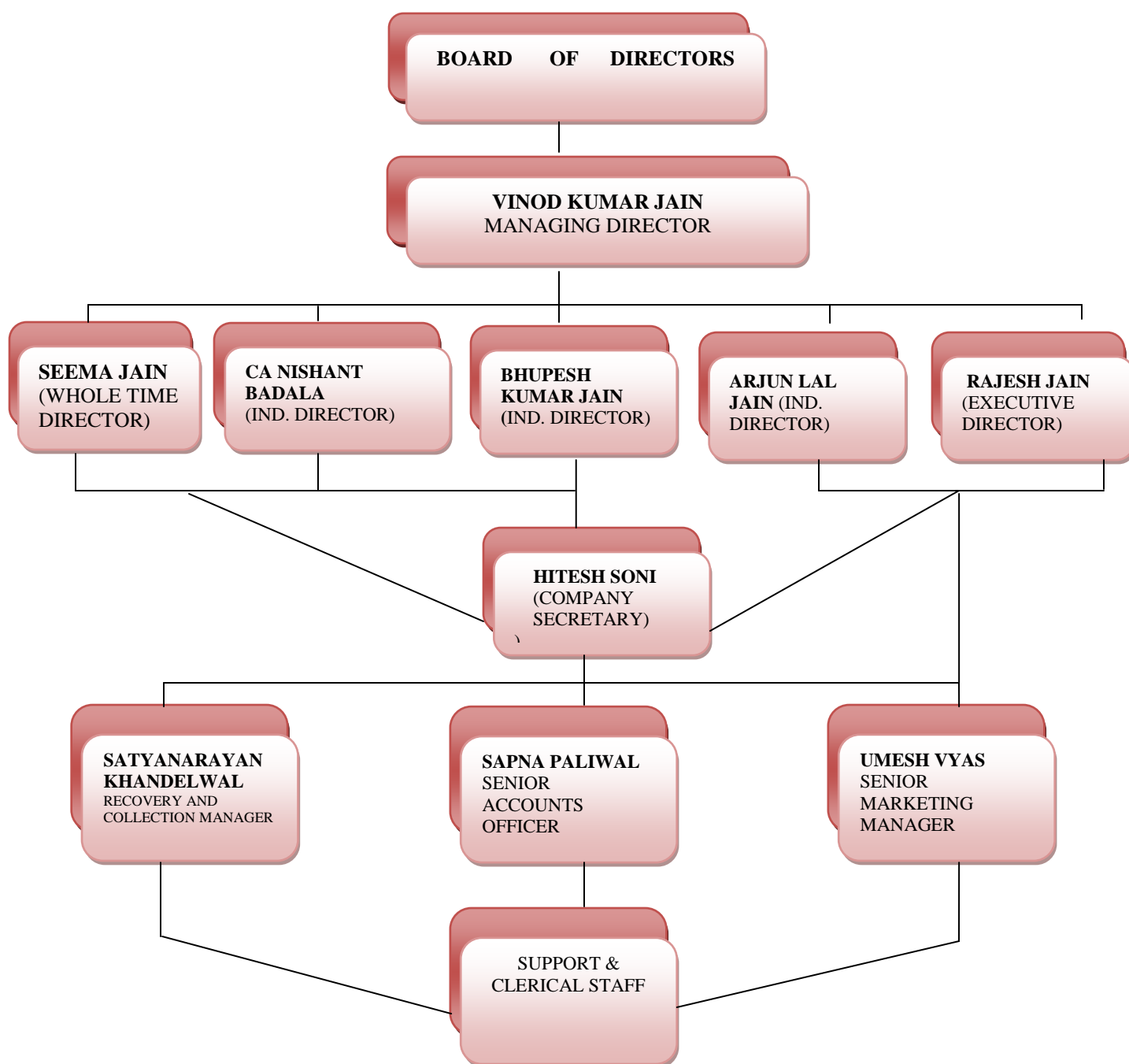
The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, 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.

ORGANISATIONAL CHART OF THE COMPANY



KEY MANAGERIAL PERSONNEL

The following table sets forth the Key Managerial Personnel and their significant details:

Name of Employee	Designation & Functional Area	Date of Joining	Current C. T. C. (₹ in lacs)	Perks & Requisites	Qualification	Name of Previous Employer(s)	Total years of Experience
Mr. Hitesh Soni	Finance and Legal Planning	08-04-2013	2.00	NIL	Company Secretary	15 Months Internship training at R. K. Jain Associates, Bhilwara	1 Year
Mr. Satya Narayan Khandelwal	Recovery and Collection Manager	01-04-2009	1.50	NIL	B.Com	SRG Group	7 Year
Mr. Umesh Vyas	Senior Marketing Manager	03-06-2013	1.50	NIL	Bachelor of Arts	Axis Capital	4Year
Miss Sapna Paliwal	Senior Accounts Officer	01-04-2011	1.50	NIL	B.Com, M.B.A	NIL	2 Year

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

They are not related parties as per the Accounting Standard 18.

Relationship amongst the Key Managerial Personnel

None of the aforementioned KMPs are related to each other.

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

Shareholding of Key Managerial Personnel

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

Interest of Key Managerial Personnel

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

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

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

Loans taken by Key Management Personnel

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

Employee Share Purchase and Employee Stock Option Scheme

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

Payment or Benefit to our Officers

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

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




Name	Designation	Date of Joining	Date of Leaving	Reason
Neelam	Accountant	-	31-03-2010	Resignation
Sapna Paliwal	Senior Accounts Officer	01-04-2011	-	
Mukesh	Sales Officer	-	31-03-2013	Resignation
Umesh Vyas	Senior Marketing Manager	03-06-2013	-	-
Hitesh Soni	Company Secretary & Compliance Officer	08-04-2013	-	-

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

1. Mr. Vinod Jain
2. Mr. Rajesh Jain
3. Mrs. Seema Jain

The details of our Promoters who are individuals are as follows:

	Identification	Details
	Mr. Vinod Kumar Jain	
	PAN	AAWPJ9008R
	Passport No.	K5833056 (Earlier E2646946)
	Driving License Number	97341
	Voter's ID	RJ /18 /143/244009
	Bank Account Number	693301416405
	Name of Bank & Branch	ICICI Bank , Bapu Bazar, Udaipur
	<i>Mr. Vinod Jain, aged 43 years is on our Board. For further details, please see chapter titled "Our Management" beginning on page 86 of this Draft Prospectus.</i>	
	Identification	Details
	Mr. Rajesh Jain	
	PAN	ABAPJ3902B
	Passport No.	J9570653
	Driving License Number	RJ – 27/ DLC/99/936
	Voter's ID	HBX/1917293
	Bank Account Number	693301416382
	Name of Bank & Branch	ICICI Bank, Bapu Bazar, Udaipur
	<i>Mr. Rajesh Jain, aged 35 years is on our Board. For further details, please see chapter titled "Our Management" beginning on page 86 of this Draft Prospectus.</i>	
	Identification	Details
	Mrs. Seema Jain	
	PAN	AAWPJ9012H
	Passport No.	K5832032 (Earlier E2884400)
	Driving License Number	N.A.
	Voter's ID	RJ /18 /143/243929
	Bank Account Number	693301416344
	Name of Bank & Branch	ICIC Bank, Bapu Bazar, Udaipur
	<i>Mrs. Seema Jain, aged 38 years is on our Board. For further details, please see chapter titled "Our Management" beginning on page 86 of this Draft Prospectus.</i>	

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 86 of this Draft Prospectus.

For details of the build-up of our Promoters' shareholding in our Company, please see the chapter titled "Capital Structure –Notes to Capital Structure" beginning on page 37 of this Draft Prospectus.

Other undertakings and confirmations

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

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

No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters, Promoter Groups or Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of our Promoters are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Outstanding Litigation

There is no outstanding litigation against our Promoters except as disclosed in the sections titled “Risk Factors” and “Outstanding Litigation” beginning on pages 11 and 143 respectively of this Draft Prospectus.

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

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

Mr. Vinod Jain

Mr. Vinod Jain has disassociated from the following Entities during the preceding three years:

Mr. Vinod Jain was appointed as the Director in **SRG Global Solution Pvt. Ltd.** on 24.01.2007 and he resigned from the company on 31.03.2012 due to pre-occupation. The effective date of disassociation of Mr. Vinod Jain from the company is September 16, 2012

Experience of Our Promoters in the business of Our Company

Our Promoters Mr. Vinod Jain, Mr. Rajesh Jain and Mrs. Seema Jain have an experience of over 10 years each, in the finance and lending industry. Further, our Promoters are assisted by a team of qualified professionals to manage the operations of our Company.

Interests of Promoters

The Promoters are interested in the Company to the extent that they have promoted the Company and that they along with their relatives and other members of the Promoter Group hold Equity Shares in the Company. For details on the shareholding of the Promoters and Promoters Group in the Company, please see the Chapter titled “*Capital Structure*” beginning on page 37 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 86 of this Draft Prospectus.

Payment of benefits to the Promoters

Except as stated in “*Annexure XIX -Related Party Transactions*” of the “*Auditor’s Report*” beginning on page 116 of this Draft Prospectus, there has been no payment of benefits to the Promoters during the two years preceding the date of this Draft Prospectus.

Common Pursuits of Promoters

None of our Promoters and Group Companies is currently engaged in business 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:

- Hriday Fincorp Private Limited
- SRG Housing Finance Limited

Our Company has not adopted any measures for mitigating such conflict situations. For further details on the related party transactions, to the extent of which our Company is involved, please see “*Annexure XIX - Related Party Transactions*” beginning on page 116 of this Draft Prospectus.

Interest of Promoters in the Promotion of our Company

Our Company is currently promoted by Mr. Vinod Jain, Mr. Rajesh Jain and Mrs. Seema Jain in order to carry on its present business. Our Promoters are interested in our Company as mentioned above under “Our Promoters and Promoter Group – Common Pursuits of our Promoters” and to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

Interest of Promoters in the Property of our Company

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus, other than as mentioned in the chapter titled “*Business Overview*” and “*Objects of the Issue*” beginning on pages 69 and 47 respectively of this Draft Prospectus.

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

Payment of Amounts or Benefits to our Promoters or Promoter Group during the last two years

For details, please see “*Annexure XIX - Related Party Transactions*” beginning on page 116 of this Draft Prospectus.

Interest of Promoters in our Company other than as Promoters

Other than as promoters, our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company. For details please see chapters titled “Our Management” and “Capital Structure” beginning on pages 86 and 37 respectively of this Draft Prospectus.

Except as mentioned in this section and the Chapters titled “Business Overview”, “Objects of the Issue”, “History and Certain Corporate matters” and “Financial Information-Related Party Transactions” beginning on pages 69 , 47 , 83 and 129 respectively, our Promoters do not have any interest in our Company other than as promoters.

Related Party Transactions

Except as stated in “Financial Information *Annexure XIX - Related Party Transactions*” beginning on page 116, our Company has not entered into related party transactions with our Promoters or our Group Companies.

Shareholding of the Promoter Group in our Company

For details of shareholding of members of our Promoter Group as on the date of this Draft Prospectus please see chapter titled “Capital Structure – Notes to Capital Structure” beginning on page 37 of this Draft Prospectus.

Other confirmations

Our Company has neither made any payments in cash or otherwise to the Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company otherwise than as stated in the section “Financial Information Annexure XIX - Related Party Transactions” beginning on page 116 of this Draft Prospectus.

OUR PROMOTER GROUP

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

1. Natural Persons who are Part of the Promoter Group

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 Jain	Mr. Genda Lal Jain	Father
	Mrs. Pushpa Jain	Mother
	Mrs. Seema Jain	Wife
	Mr. Rajesh Jain	Brother(s)
	Mrs. Meenakshi Jain	Sister(s)
	Mr. Archis Jain, Mr. Hriday Jain	Son(s)
	Ms. 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)
Mr. Rajesh Jain	Mr. Genda Lal Jain	Father
	Mrs. Pushpa Jain	Mother
	Mrs. Aarti Jain	Wife
	Mr. Vinod Jain.	Brother(s)
	Mrs. Meenakshi Jain	Sister(s)
	Mr. Hitansh Jain, Mr. Kanav Jain	Son(s)
	Mr. Prakash 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)
Mrs. Seema Jain	Mr. Paras Mal Valawat	Father
	Mrs. Pushpa Valawat	Mother
	Mr. Vinod Jain	Husband
	Mr. Ravi Jain, Mr. Vishal Jain	Brother(s)
	Ms. Neelam Jain	Sister(s)
	Mr. Archis Jain, Mr. Hriday Jain	Son(s)
	Ms. 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)

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”:

Sr. No.	Name of Promoter Group Entity	No. of shares held
1	Sulochana Devi Jain	37,500

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

As per Regulation 2(1) (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 percent 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"> • Hriday Fincorp Private Limited • SRG Global Builders Private Limited • Hriday Insurance Consultant Private Limited • Shri Nakoda Infotech Private Limited • SRG Insurance Brokers Private Limited • SRG Housing Finance Limited
(B)	Anybody corporate in which a body corporate as provided in (A) above holds ten percent 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 percent of the total;	<ul style="list-style-type: none"> • Vinod Jain HUF • Genda Lal Jain HUF • Rajesh Jain HUF

OUR GROUP ENTITIES

The following company is promoted by our Promoter (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) and thus are our Group Companies as defined under Schedule VIII of the SEBI Regulations.

Listed Group Company(s):

- SRG Housing Finance Limited

Unlisted Group Companies

- SRG Insurance Brokers Private Limited
- Hriday Fincorp Private Limited
- Shri Nakoda Infotech Private Limited
- Hriday Insurance Consultant Private Limited
- SRG Global Builders Private Limited

HUF's:

- Vinod Jain HUF
- Gendalal Jain HUF
- Rajesh Jain HUF

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 is unlisted except for one and that company has made 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 financial information and other relevant details of Group Companies, Listed and Unlisted, are given below:

1. SRG HOUSING FINANCE LIMITED (“SHFL”)

The Company was originally incorporated as Vitalise Finlease Pvt. Ltd. under the Companies Act on March 10, 1999 in the state of Rajasthan. Pursuant to a shareholders resolution the company was changed to S.R.G. Housing Finance Pvt. Ltd. and a fresh certificate of incorporation dated December 04, 2000 was issued by Registrar of Companies, Jaipur. The company was converted to public limited company and name was changed to S.R.G. Housing Finance Ltd. vide a fresh certificate of incorporation dated February 10, 2004. The name of the Company was further changed to SRG Housing Finance Limited and a fresh certificate of incorporation was issued on June 18, 2012 by Registrar of Companies, Jaipur. The CIN of the Company is L65922RJ1999PLC015440.

Its registered office is situated at 321, S. M. Lodha Complex, Opp. Shastri Circle, Udaipur – 313001, Rajasthan, India.

The company is registered with NHB (Registration No. 02.0056.04) and is primarily engaged in the business of Home Loans in the State of Rajasthan and Maharashtra.

The equity shares of SHFL are presently listed on BSE (SME segment) since 2012 with Scrip Code – 534680 and Scrip ID – SRGHFL.

Details of Public Offerings in last 3 Years

SHFL had come out with its IPO in the BSE SME segment in August / September 2012 by issuing 35,04,000 Equity shares of ₹ 10 each for cash at a price of ₹ 20 per share aggregating to ₹ 700.80 lacs.

Date of Opening of Issue – August 22, 2012

Date of Closing of Issue – August 24, 2012

Date of Allotment – September 04, 2012

Date of Listing – September 11, 2012

Board of Directors

Sr. No.	Name	Designation
1	Mr. Vinod Kumar Jain	Chairman & Managing Director
2	Mr. Rajesh Jain	Executive Director
3	Mrs. Seema Jain	Whole Time Director
4	Mr. Ashok Kabra	Independent Director
5	Mr. Vikas Gupta	Independent Director
6	Mr. Chirag Dharmawat	Independent Director

Shareholding Pattern

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized 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)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	13	30,60,750	30,60,750	37.88	37.88	-	-
Bodies Corporate	2	4,12,500	4,12,500	5.10	5.10	-	-
Sub Total	15	34,73,250	34,73,250	42.98	42.98	-	-
(2) Foreign	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	15	34,73,250	34,73,250	42.98	42.98	-	-
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
(2) Non-Institutions							
Bodies Corporate	8	12,48,200	12,48,200	15.45	15.45	-	-
Nominated Investors	-	-	-	-	-	-	-
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lakh	70	4,23,000	4,23,000	5.23	5.23	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	64	25,64,050	25,64,050	31.73	31.73	-	-
Any Others (Specify)	1	3,72,000	3,72,000	4.60	4.60	-	-
Market Maker	1	3,72,000	3,72,000	4.60	4.60	-	-

Clearing Members	-	-	-	-	-	-	-
HUFs	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-
Sub Total	143	46,07,250	46,07,250	57.02	57.02	-	-
Total Public shareholding (B)	143	46,07,250	46,07,250	57.02	57.02	-	-
Total (A)+(B)	158	80,80,500	80,80,500	-	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
Total (A)+(B)+(C)	158	80,80,500	80,80,500	-	100.00	-	-

Financial Performance

The summary audited financial information of SHFL is as follows:

(Amt in ₹ lakhs)

Sr. No.	Particulars	As at March 31		
		2013	2012	2011
1.	Equity Capital	808.05	305.10	225.10
2.	Reserves (excluding revaluation reserve) and Surplus	443.05	186.23	80.55
3.	Income including other income	234.52	126.71	90.67
4.	Profit/ (Loss) after tax	63.62	25.67	16.17
5.	Earnings per share (face value of ₹ 10 each)	0.98	1.14	0.81
6.	Net asset value per share	15.48	16.10	13.58

SRG Housing Finance Limited is listed on the BSE (SME segment) and 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.

The Stock Market data of SHFL at BSE

Month	High (₹)	Low (₹)	No. of Shares Traded	Total Turnover (₹ in Lacs)
January 2013	21.75	21.00	18,000	3.84
February 2013	21.00	20.95	12,000	2.52
March 2013	22.50	21.00	36,000	7.74
April 2013	42.00	25.40	1,26,000	42.30
May 2013	46.50	39.50	78,000	32.42
June 2013	59.00	48.00	1,32,000	70.56

(Source: www.bseindia.com)

Past Penalties and Listing Compliances

As on date of this Draft Prospectus, the Company has not paid any penalties and has not received any notice from any regulatory authority.

As on date of this Draft Prospectus, the Company has fully complied with Listing Agreement of the BSE SME Exchange.

Mechanism for redressal of Investor Grievance

SHFL has obtained their SCORES ID and all Investor complaints are accessible by the Company Secretary & Compliance Officer. The Company has also designated an investor grievances email id cgrcell@srghousing.com on which the client or investor can make a complaint. An Investor / client can also make a written complaint through letter also.

The Company maintains investor grievance register in which full detail of every complaint shall entered. The Company has decided to keep a standing policy to resolve the investor complaint within seven days of the receipt of the same (expect in complicated cases).

Besides, the Board has constituted the Shareholders'/Investor Grievance Committee as per the guidelines set out in listing agreement that inter alia includes redressing investors' complaints regarding transfer of shares, non-receipt of any correspondence from the Company, etc. The Committee also oversees the resolution of SCORES / email complaints and recommends measures for the overall improvement of the quality of the investor services.

We have not received any Investor Complaints since the date of listing of our shares on the BSE.

Performance vis-à-vis Object

SHFL had come out with its IPO in August / September 2012 by issuing 35,04,000 Equity shares of ₹ 10 each for cash at a price of ₹ 20 per share aggregating to ₹ 700.80 Lacs to augment their capital base and provide for their fund requirements for increasing their operational scale with respect to their disbursement of housing and related loans activities.

Details of utilization of Public Issue proceeds of ₹ 700.80 lakhs towards ongoing project as on March 31, 2013 are as follows:

Particulars	Amount to be utilized as per Prospectus (₹ in lakhs)	Actual Amount utilized (₹ in lakhs)
Granting of Loans	635.00	639.21
To meet the Issue Expenses	65.80	61.59
Total	700.80	700.80

As on the date of this Draft Prospectus, the entire amount raised by SHFL through the above mentioned IPO has been utilized.

2. SRG INSURANCE BROKERS PRIVATE LIMITED (“SIBPL”)

The Company was originally incorporated as SRG Prudence Consultant Private Limited under the Companies Act on June 06, 2002 in the state of Rajasthan. The name of the Company was changed to SRG Insurance Brokers Private Limited on March 24, 2004. The CIN of the Company is U74140RJ2002PTC017656. It is engaged 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 – 313001, Rajasthan, India

Board of Directors

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

Shareholding Pattern

The shareholding Pattern of SIBPL 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.	Rajesh Jain	1,00,000	18.50
3.	Vinod K Jain(HUF)	62,500	11.56
4.	Gendalal Jain (HUF)	50,000	9.25
5.	Meenakshi Jain	40,000	7.40
6.	Pushpa Jain	20,000	3.70
	Total (A)	3,77,500	69.84
B.	Others (B)	1,63,000	30.16
	TOTAL (A+B)	5,40,500	100.00

Financial Performance

The summary audited financial information of SRG Insurance Brokers Private Limited is as follows:

(Amt in ₹ lakhs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1.	Equity Capital	54.05	54.05	54.05
2.	Reserves (excluding revaluation reserve) and Surplus	40.75	28.11	26.09
3.	Income including other income	357.54	208.47	168.09
4.	Profit/ (Loss) after tax	12.60	1.91	4.29
5.	Earnings per share (face value of ₹ 10 each)	2.33	0.35	0.79
6.	Net asset value per share	17.54	15.20	14.83

SRG Insurance Brokers Private Limited is an unlisted company and it has not made any public issue (including any right 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 FINCORP PRIVATE LIMITED (“HFPL”)

The Company was originally incorporated as Satkar Finance Private Limited under the Companies Act on June 30, 1994 in the state of Rajasthan. The name of the Company was changed to Hriday Fincorp Private Limited on October 19, 2012. The CIN of the Company is U67120RJ1994PTC008517. It is engaged in the business of Financiers, Loan services including Hire purchase, leasing of movable and immovable properties, machineries and commodities of all kinds either by the 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 Kumar Jain

Shareholding Pattern

The shareholding Pattern of HFPL 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.	Pushpa Jain	54,500	18.03
3.	Gendalal Jain	36,500	12.07
4.	Seema Jain	35,000	11.58
5.	Rajesh Jain	24,500	8.10
6.	Gendalal Jain (HUF)	13,000	4.30
7.	Meenakshi Jain	5,000	1.65
8.	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 Pvt. Ltd.	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 HFPL is as follows:

(Amt in ₹ lakhs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1.	Equity Capital	30.23	30.23	30.19
2.	Reserves (excluding revaluation reserve) and Surplus	17.69	14.56	14.12
3.	Income including other income	13.98	21.61	7.94
4.	Profit/ (Loss) after tax	1.34	0.46	1.15
5.	Earnings per share (face value of ₹ 10 each)	0.44	0.15	0.38
6.	Net asset value per share	15.85	14.82	14.68

Hriday Fincorp Private Limited is an unlisted company and it has not made any public issue (including any right 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 (“SNIPL”)

SNIPL was incorporated under the Companies Act on September 29, 2000 in the state of Rajasthan. The CIN of the Company is U72200RJ2000PTC016665. It is involved in the business of providing internet services, E – commerce facility, telecommunication services and other Information Technology services.

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

Board of Directors

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

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
	Total (A)	81,020	28.83
B.	Others (B)	2,00,000	71.17
	TOTAL (A+B)	2,81,020	100.00

Financial Performance

The summary audited financial information of SNIPL is as follows:

(Amt in ₹ lakhs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1.	Equity Capital	28.10	1.00	1.00
2.	Reserves (excluding revaluation reserve) and Surplus	0.43	-0.52	-1.30
3.	Income including other income	10.12	6.67	5.12
4.	Profit/ (Loss) after tax	0.95	0.78	0.01
5.	Earnings per share (face value of ₹ 10 each)	0.34	7.85	0.13
6.	Net asset value per share	10.15	4.85	-3.00

Shri Nakoda Infotech Private Limited is an unlisted company and it has not made any public issue (including any right 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. HRIDAY INSURANCE CONSULTANT PRIVATE LIMITED (“HICPL”)

HICPL was incorporated under the Companies Act on October 18, 2005 in the state of Rajasthan. The CIN of the Company is U74140RJ2005PTC021482. 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 Nursing Road, Udaipur - 313001, Rajasthan, India.

Board of Directors

- Mr. Avnish Tiwari
- Mr. Vinod K. Jain

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 (%)
A.	Promoters		
1.	Vinod K. Jain	5,000	50.00
	Total (A)	5,000	50.00
B.	Others (B)	5,000	50.00
	TOTAL (A+B)	10,000	100.00

Financial Performance

The summary audited financial information of HICPL is as follows:

(Amt in ₹ lakhs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1.	Equity Capital	1.00	1.00	1.00
2.	Reserves (excluding revaluation reserve) and Surplus	4.26	3.70	3.56
3.	Income including other income	9.39	10.80	13.13
4.	Profit/ (Loss) after tax	0.49	0.04	0.36
5.	Earnings per share (face value of ₹ 10 each)	4.85	0.40	3.60
6.	Net asset value per share	52.63	46.98	45.64

Hriday Insurance Consultant Private Limited is an unlisted company and it has not made any public issue (including any right 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 BUILDERS PRIVATE LIMITED (“SGBPL”)

SRG Global Builders Private Limited was incorporated under the Companies Act on March 08, 2007 in the state of Maharashtra. The CIN of the Company is U45200MH2007PTC168488. It is engaged in the business of carrying out activities of developers, builders, masonry and general construction and real estate agents.

Its registered office is situated at 702, Rehman House, 18/ A, Nadier Shah Sukhai Strret, Fort, Mumbai Maharashtra – 400001, India

Board of Directors

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

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 (%)
A.	Promoters		
1.	Vinod K. Jain	5,000	3.70
2.	Seema Jain	5,000	3.70
	Total (A)	10,000	7.41
B.	Others (B)	1,25,000	92.59
	TOTAL (A+B)	1,35,000	100.00

Financial Performance

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

(Amt in ₹ lakhs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1.	Equity Capital	13.50	1.00	1.00
2.	Reserves (excluding revaluation reserve) and Surplus	23.15	0.62	0.35
3.	Income including other income	2.90	3.62	37.11
4.	Profit/ (Loss) after tax	0.03	0.27	0.35
5.	Earnings per share (face value of ₹ 10 each)	0.02	2.67	3.55
6.	Net asset value per share	27.15	8.24	2.90

SRG Global Builders Private Limited is an unlisted company and it has not made any public issue (including any right 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.

HUF:

7. Vinod Jain HUF

Vinod Jain HUF is a Hindu Undivided family, formed on April 25, 2000. Mr. Vinod Kumar Jain is the Karta of the HUF

Financial Performance

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	38.52	35.81	29.87
2	Total Income	7.31	6.24	3.93

8. Genda Lal Jain HUF

Genda Lal Jain HUF is a Hindu Undivided family, formed on May 17, 2000. Mr. Genda Lal Jain is the Karta of the HUF

Financial Performance

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	49.12	44.54	40.51
2	Total Income	5.49	5.08	5.31

9. Rajesh Jain HUF

Rajesh Jain HUF is a Hindu Undivided family, formed on February 27, 2006. Mr. Rajesh Jain is the Karta of the HUF

Financial Performance

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	3.34	2.99	2.68
2	Total Income	0.34	0.31	0.11

Defunct Group Companies

There are no Group Companies, which had remained defunct or for which application was made to the registrar of companies for striking off its name, during the five years preceding the date of this Draft Prospectus.

Other Confirmations

None of the Group Companies have been declared as a sick company under the Sick Industrial Companies Act, 1985. There are no winding-up proceedings against any of the Group Companies.

Interest of our Promoters in our Group Companies

None of the Group Companies have any interest in any venture that is involved in activities similar to those conducted by our Company.

Outstanding Litigation

There are no outstanding litigation against our Promoters and Group Companies, except as disclosed in the sections “ Risk Factors” and “Outstanding Litigation and Material Developments” beginning on pages 11 and 143 respectively of this Draft Prospectus.

Common Pursuits of our Group Companies

There is no common pursuit among our Company and our Group Companies.

Related Business Transactions

For details, Please see the section titled Financial Information- “*Annexure XIX -Related Party Transactions*” beginning on page 116 of this Draft Prospectus.

Sale/Purchase exceeding 10% in aggregate of the total sales or purchases of our Company

For details, Please see except as stated in “*Financial Information “Annexure XIX - Related Party Transactions*” beginning on page 116 of this Draft Prospectus.

Interest of Group Companies in promotion of our 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 37, of this Draft Prospectus.

Interest of our Group Companies in the property of our Company

None of our Group Companies have any interest in any property acquired by our Company since its incorporation preceding the date of this Draft Prospectus or proposed to be acquired by our Company.

Payment of amount or benefits to our Group Companies during the last two years

Except as disclosed in the section “Financial Information – Related Party Transactions” beginning on page 129, of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies since the incorporation of our Company.

Interest of Group Companies in any transaction by our Company

Except as disclosed in the section “Financial Information – Related Party Transactions” beginning on page 129, of this Draft Prospectus, none of our Group Companies were interested in any transaction by our Company involving acquisition of land, construction of building or supply of any machinery.

Business interests of our Group Companies in our Company

Except as disclosed in the section “Financial Information – Related Party Transactions” beginning on page 129, of this Draft Prospectus, there are no business interests of our Group Companies in our Company.

Shareholding of our Group Companies in our Company

Except as stated in the chapter “Capital Structure” beginning on page 37, of this Draft Prospectus, none of our Group Companies hold any Equity Shares in our Company.

CURRENCY OF PRESENTATION

In this Draft Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten lakhs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million” and the word “trillion” means “One thousand billion”. Throughout this Draft Prospectus, all the figures have been expressed in lakhs of Rupees, except when stated otherwise.

In this Draft Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” and “₹” are to the legal currency of the Republic of India; all references to “U.S. Dollars” and “US\$” are to legal currency of the United States.

In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding - off.

DIVIDEND POLICY

Under the Companies Act, 1956, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

REPORT OF THE AUDITORS ON FINANCIAL STATEMENTS

**The Board of Directors,
S R G Securities Finance Limited**
322 , SM Lodha Complex,
Shastri Circle
Udaipur – 313001

Dear Sirs,

Re: Proposed Public Issue of Equity Shares of S R G Securities Finance Limited (SRG SFL)

1. We have examined the attached **Restated Financial Information** of S R G Securities Finance Limited , as at 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009 and **Restated Profit & Loss and Cash Flow Statements** for the period ended 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009 for (Collectively the “**Restated Financial Statements**”), as approved by the Board of Directors of SRG SFL prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the “Act”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended to date (the “SEBI Regulations”) in connection with the Company’s Proposed Initial Public Offer (IPO) of equity shares at ₹ 10/- each at a premium of ₹ 10/- each (referred to as the “**Issue**”) under the Fixed Price Issue Method.
2. The Restated Financial Information have been extracted by the management from the financial statements for the Period / Financial Years ended 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009 .
3. Information of the Company are for the Financial Year ended 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009 have been audited by us and books of account underlying those financial statements and other records of the Company, to the extent considered necessary by us, for the presentation of the Restated Summary Statements under the requirements of Revised Schedule VI of the Act, in relation to the years ended 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009.
4. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956, the SEBI Regulations; Revised Guidance Note on Reports in Company Prospectus (as amended from time to time) issued by the Institute of Chartered Accountants of India (the “ICAI”) and the term of our engagement agreed with you, we further report that:
 - i. The Restated Statement of Assets and Liabilities of the Company as at 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009 as set out in “**Annexure I**” to this report read with the Significant Accounting Policies and related Notes in Annexure IV & V are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate and more fully described in Schedules to the Restated Summary Statements.
 - ii. The Restated Profit & Loss Statement of the Company for the Period / Financial Year ended 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009 as set out in “**Annexure II**” to this report read with the significant accounting policies and related Notes in Annexure IV & V are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relates and more fully described in Schedules to the Restated Summary Statements.
 - iii. We have also examined the following financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the Period /

Financial year ended 31st March 2013 , 31st March 2012, 31st March 2011, 31st March 2010 and 31st March 2009.

Annexure I	Restated Statement of Assets and Liabilities
Annexure II	Restated Statement of Profit and Loss
Annexure III	Restated Statement of Cash Flows
Annexure IV	Significant Accounting Policies
Annexure V	Major Notes to Accounts
Annexure VI	Restated Statement of Fixed Assets
Annexure VII	Restated Statement of Investments
Annexure VIII	Restated Statement of Non-Current Assets
Annexure IX	Restated Trade Receivables
Annexure X	Restated Statement of Cash and Cash Equivalents
Annexure XI	Restated Statement of Long Term Borrowings
Annexure XII	Restated Statement of Short Term Borrowings
Annexure XIII	Restated Statement of Other Income
Annexure XIV	Restated Dividend Declared
Annexure XV	Restated Accounting Ratios
Annexure XVI	Restated Statement of Capitalization
Annexure XVII	Restated Statement of Tax Shelters
Annexure XVIII	Restated Contingent Liabilities
Annexure XIX	Restated Statement of Related Parties Transaction

In our Opinion, the above financial information contained in Annexure I to XIX of this report read along with the Restated Statement of Significant Accounting Policies, and related Notes (refer Annexure IV & V) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Part II of Schedule II of the Act, the SEBI Regulations and the Guidance Notes on the Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you.

Our report is intended solely for the use of management and for inclusion in the Draft Offer Document / Offer Document in connection with the proposed issue of equity shares of the Company and our Report should not to be used, referred to or distributed for any other purpose without our written consent.

For Valawat Jha Pamecha & Co.
Chartered Accountants
(Firm Registration No. 008265C)

Jinendra Jain
Partner
Membership No.: 072995

Place: Udaipur
Date: July 22, 2013

Annexure I
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lacs)

Particulars	March 31,				
	2013	2012	2011	2010	2009
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	91.16	91.16	91.16	91.16	91.16
(b) Reserves and Surplus	69.45	49.26	38.60	35.42	33.02
Total Shareholder's Funds (A)	160.61	140.42	129.76	126.58	124.18
(2) Share application money pending allotment (B)	0.00	0.00	0.00	0.00	0.00
(3) Non-Current Liabilities					
(a) Long-term borrowings	1.16	5.58	9.66	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
Total Non-Current Liabilities (C)	1.16	5.58	9.66	0.00	0.00
(4) Current Liabilities					
(a) Short-term borrowings	334.40	304.70	247.07	169.15	98.05
(b) Trade payables	0.00	0.00	0.00	0.00	0.00
(c) Other current liabilities	2.55	17.53	3.16	0.98	3.03
(d) Short-term provisions	15.20	18.29	15.26	10.64	9.09
Total Current Liabilities (D)	352.15	340.52	265.49	180.77	110.17
Total (A+B+C+D)	513.92	486.52	404.91	307.35	234.35
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	12.30	9.96	13.23	3.07	2.29
(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	0.01	0.01	0.01	0.01	0.01
(c) Deferred tax assets (net)	1.36	1.17	0.83	0.30	0.23
(d) Long term loans and advances	0.02	0.02	0.02	0.02	0.02
(e) Other non-current assets	15.00	15.00	15.00	15.00	15.00
Total Non-Current Assets (A)	28.69	26.16	29.09	18.40	17.55
(2) Current assets					
(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	454.24	444.50	354.90	284.26	208.23
(d) Cash and cash equivalents	23.66	11.58	17.57	0.98	4.57
(e) Short-term loans and advances	0.00	0.00	0.00	0.00	0.00
(f) Other current assets	7.33	4.28	3.35	3.71	4.00
Total Current Assets (B)	485.23	460.36	375.82	288.95	216.80
Total (A+B)	513.92	486.52	404.91	307.35	234.35

Annexure II
STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in Lacs)

Particulars	March 31,				
	2013	2012	2011	2010	2009
Income					
Revenue from operations- Interest on Advances	107.52	82.61	62.50	43.23	46.20
Other Income	0.47	0.00	0.00	0.00	0.00
Total Income	107.99	82.61	62.50	43.23	46.20
Expenditure					
Employee benefit expense	19.75	15.85	18.82	16.45	19.48
Financial costs	49.30	42.02	24.46	16.10	14.43
Depreciation and amortization expense	2.88	3.47	4.57	1.05	0.73
Other expenses	13.68	4.48	5.33	3.35	4.25
Total Expenses	85.61	65.82	53.18	36.95	38.89
Profit before exceptional and extraordinary items and tax	22.38	16.79	9.32	6.28	7.31
Less: Exceptional Items	0.00	0.00	0.00	0.00	0.00
Profit before extraordinary items and tax	22.38	16.79	9.32	6.28	7.31
Less: Extraordinary Items	0.00	0.00	0.00	0.00	0.00
Profit before tax	22.38	16.79	9.32	6.28	7.31
Tax expense:					
Current tax	7.11	5.52	3.42	2.06	2.39
Deferred tax	0.00	0.00	0.00	0.00	0.00
Profit(Loss) from the period from continuing operations	15.27	11.27	5.90	4.22	4.92
Profit/(Loss) from discontinuing operations	0.00	0.00	0.00	0.00	0.00
Tax expense of discounting operations	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) from Discontinuing operations	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) for the period	15.27	11.27	5.90	4.22	4.92

Annexure III
CASH FLOW STATEMENT, AS RESTATED

(₹ in Lacs)

Particulars	March 31,				
	2013	2012	2011	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before tax as restated	22.38	16.79	9.32	6.28	7.31
Adjustment for :					
Depreciation	2.88	3.47	4.57	1.05	0.73
(Profit)/ Loss on Sale of Fixed Assets	(0.47)	0.00	0.00	0.06	0.00
Operating Profit before Working Capital Changes	24.79	20.26	13.89	7.39	8.04
Adjustment for :-					
(Increase) / Decrease in Trade Receivables	(9.74)	(89.60)	(70.64)	(76.03)	1.18
(Increase) / Decrease in Loan and Advances	(3.05)	(0.93)	0.36	0.29	(0.53)
Increase / (Decrease) in Trade Payables	0.00	0.00	0.00	0.00	0.00
Increase / (Decrease) in Other Current Liabilities	(14.98)	14.37	2.18	(2.05)	0.98
Cash Generated from Operations	(27.77)	(76.16)	(68.10)	(77.79)	1.63
Direct Taxes Paid	(5.52)	(3.42)	(2.06)	(2.39)	(2.66)
Net cash from/(used in) operating activities (A)	(8.50)	(59.32)	(56.27)	(72.79)	7.01
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase Of fixed Assets	(6.40)	(0.21)	(14.71)	(2.91)	(0.40)
Sale Of Fixed Assets	1.69	0.00	0.00	1.01	1.70
Purchase Of Investment	0.00	0.00	0.00	0.00	0.00
Other non Current Assets	0.00	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)	(4.71)	(0.21)	(14.71)	(1.90)	1.30
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds From issue of share capital + Premium	0.00	0.00	0.00	0.00	0.00
Increase in Secure and Unsecured loans	25.28	53.55	87.58	71.10	-13.44
Dividends paid	0.00	0.00	0.00	0.00	0.00
Net cash from/(used in) financing activities (C)	25.28	53.55	87.58	71.10	-13.44
Net (Decrease)/Increase in cash and Cash Equivalents (A+B+C)	12.07	-5.98	16.60	-3.59	-5.13
Cash and cash equivalents at beginnings of year	11.58	17.57	0.98	4.57	9.70
Cash and cash equivalents at end of year	23.65	11.59	17.58	0.98	4.57

Annexure IV

SIGNIFICANT ACCOUNTING POLICIES

1. Basic 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 Reserve Bank of India for NBFC Companies.

2. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles. It requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known / materialized.

3. Income Recognition

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

4. Interest on Loans & Advances

Repayment of the Loans & Advances is by way of equated monthly instalments (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 instalment interest (PEMI) is payable every month. In some cases the loan is given / disbursed on the basis of debit of interest and principal is repayable on demand.

5. 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.

6. Impairment

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal and external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and the value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

7. 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 RBI . Provisions for non-performing assets are made in the accordance with the said guidelines.

8. Investments

The Company has Investments of ₹ 1000.00 only and same has been accounted for at cost.

9. 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 : as per labour laws

10. Segment Reporting

The Company is engaged in only one segment of business which is NBFC activities. The company operates in only one geographical segment viz. India.

11. Related Party Disclosure

Disclosure of related parties as required by the accounting standard is furnished as part of Annexure.

12. 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.

13. Earnings Per Share

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

Annexure V MAJOR NOTES TO ACCOUNTS

1. Managerial Remuneration

(₹ in lakhs)

Particulars	For the Year Ended March 31,				
	2013	2012	2011	2010	2009
<i>Whole Time Directors Remuneration</i>					
Salaries and Allowances	7.20	4.80	4.20	3.60	7.20
<i>Non Whole Time Directors Remuneration</i>					
Sitting Fees	0.00	0.00	0.00	0.00	0.00

2. Remuneration to Statutory Auditors:

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Audit Fees	0.18	0.18	0.13	0.13	0.13
Taxation Matters	0.05	0.05	0.02	0.02	0.02
ROC Matters	0.05	0.05	0.03	0.03	0.03
Total	0.28	0.28	0.18	0.18	0.18

- In the opinion of Board of Directors, the value of realization of current assets, loans and advances in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.
- Balances of Loans & Advances and Sundry creditors for expenses and others are subject to confirmation.
- The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.

6. Accounting for taxes on income

Provision for current tax is made based on the tax payable under the current provisions of the tax laws applicable in the jurisdiction where the income is assessable.

7. Contingent Liability

There are no Contingent Liabilities in the Company as on March 31, 2013

8. Earnings Per share

Basic & Diluted Earnings per Share is calculated on Weighted Average number of Equity shares during the year.

- Previous year figures have been re-grouped and reclassified wherever necessary to confirm to the current year classification.
- Information regarding Foreign Exchange earnings and expenditure:
Earning in Foreign Exchange: NIL
Expenditure in Foreign Exchange: NIL

ADJUSTMENTS MADE OF RESTATED FINANCIAL STATEMENTS DUE TO REPRESENTATION UNDER NEW FORMAT OF SCHEDULE VI OF THE COMPANIES ACT, 1956:

Reconciliation of Loans

(₹ in lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
As per Audited Balance Sheet	NA	NA			
Secured Loan			256.73	169.15	98.05
Unsecured Loan			0.00	0.00	0.00
Total			256.73	169.15	98.05
Restated as follows:					
Short Term Borrowings			247.07	169.15	98.05
Long Term Borrowings			9.66	0.00	0.00
Total			256.73	169.15	98.05

Reconciliation of Assets and Loans & Advances

(₹ in lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
As per Audited Balance Sheet	NA	NA			
Sundry Debtors			0.00	0.00	0.00
Cash & Bank Balances			17.57	0.98	4.57
Loans & Advances			354.90	284.26	223.23
Advance Tax & TDS			3.35	3.71	4.00
Other Advances & Deposits			15.02	15.02	0.02
Total			390.84	303.97	231.82
Restated as follows:					
Trade Receivables			354.90	284.26	208.23
Cash and Cash Equivalents			17.57	0.98	4.57
Short Term Loans and Advances			0.00	0.00	0.00
Long Term Loans and Advances			0.02	0.02	0.02
Other Non - Current Assets			15.00	15.00	15.00
Other Current Assets			3.35	3.71	4.00
Total			390.84	303.97	231.82

Note: Accrued Interest in Audited Balance sheet was in Loans & Advances (assets) in Restated it has shown in Cash & Cash Equivalents

Reconciliation of Liabilities & Provisions

(₹ in lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
As per Audited Balance Sheet	NA	NA			
Sundry Creditors			0.00	0.00	0.00
Provision for Income Tax			3.41	2.06	2.39
Provision for NPA			11.85	8.58	6.70
Sundry Creditors for Expenses			2.96	0.91	2.82
Other Current Liabilities			0.20	0.07	0.21
Total			18.42	11.62	12.12
Restated as follows					
Trade Payables			0.00	0.00	0.00
Short Term Provisions			15.26	10.64	9.09
Other Current Liabilities			3.16	0.98	3.03
Total			18.42	11.62	12.12

Other Adjustments Made in Restated Financial Statements

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
As per Audited Balance Sheet	NA	NA			
Administrative Expenses			24.15	19.80	23.73
Financial Charges			24.46	16.10	14.43
Total			48.61	35.90	38.16
Restated as Follows					
Employee benefits Expenses			18.82	16.45	19.48
Finance Costs			24.46	16.10	14.43
Other Expenses			5.33	3.35	4.25
Total			48.64	35.90	38.16

Note: The above adjustments do not have any effect on profit/loss of any financial year or period.

NOTES FOR MATERIAL RE – GROUPING

In the F. Y. 2008-09, 2009-10 and 2010-11, the Provision for NPA was deducted in the Profit & Loss statement. However, the same is appropriated from Reserves and Surplus in the Balance Sheet. Though the balance of Reserves and Surplus is unchanged, the change in profit & loss for the F.Y. 2008-09, 2009-10 and 2010-11 is shown as below:

(₹ in lakhs)

Particulars	For the year ended For the year ended March 31,				
	2013	2012	2011	2010	2009
PAT as per Audited Financials	NA	NA	2.63	2.34	2.85
Provision for NPA			3.27	1.88	2.07
PAT as per Restated Financials			5.90	4.22	4.92

Annexure VI

STATEMENT OF FIXED ASSETS, AS RESTATED

(₹ in lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Computers	1.88	1.88	1.67	1.67	1.67
Less: Accumulated Depreciation	1.79	1.73	1.63	1.61	1.56
Net Block	0.09	0.15	0.04	0.06	0.11
Furniture & Fixtures	2.63	2.63	2.63	2.63	2.63
Less: Accumulated Depreciation	2.39	2.34	2.28	2.20	2.11
Net Block	0.24	0.29	0.35	0.43	0.52
Car	21.12	17.63	17.63	2.91	2.00
Less: Accumulated Depreciation	9.35	8.36	5.12	0.75	0.93
Net Block	11.77	9.27	12.51	2.16	1.07
Scooter	0.80	0.80	0.80	0.80	0.80
Less: Accumulated Depreciation	0.71	0.68	0.64	0.58	0.46
Net Block	0.09	0.12	0.16	0.22	0.34
Office Equipments	0.40	0.40	0.40	0.40	0.40
Less: Accumulated Depreciation	0.29	0.27	0.23	0.19	0.15
Net Block	0.11	0.13	0.17	0.21	0.25
Total	12.30	9.96	13.23	3.08	2.29

Annexure VII
STATEMENT OF INVESTMENTS, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
A) Long Term Investments					
Equity Instruments	-	-	-	-	-
-Quoted	-	-	-	-	-
-Unquoted	0.01	0.01	0.01	0.01	0.01
Total	0.01	0.01	0.01	0.01	0.01
B) Short Term Investments	-	-	-	-	-
C) Provision for diminution in value of Investments	-	-	-	-	-
Total (A+B+C)	0.01	0.01	0.01	0.01	0.01
Quoted Investments					
-Book Value	-	-	-	-	-
-Market Value	-	-	-	-	-
Total	0.01	0.01	0.01	0.01	0.01

Annexure VIII
STATEMENT OF OTHER NON – CURRENT ASSETS, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Deferred tax assets	1.36	1.17	0.83	0.30	0.23
Advance for Office Booking	15.00	15.00	15.00	15.00	15.00
Deposits for Telephone	0.02	0.02	0.02	0.02	0.02
Total	16.38	16.19	15.85	15.32	15.25

Annexure IX
STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2012	2011	2010	2009	2008
Debt outstanding exceeding six months:					
Considered Good					
Receivable from Promoter / Promoter Group Co.+	0.00	0.00	0.00	0.00	0.00
Others	454.24	444.50	354.90	284.26	208.23
Less: Provision	0.00	0.00	0.00	0.00	0.00
Sub - Total (A)	454.24	444.50	354.90	284.26	208.23
Debt outstanding not exceeding six months:					
Considered Good					
Receivable from Promoter / Promoter Group Co.	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00
Less: Provision	0.00	0.00	0.00	0.00	0.00
Sub - Total (B)	0.00	0.00	0.00	0.00	0.00
Total (A+B)	454.24	444.50	354.90	284.26	208.23

Annexure X
STATEMENT OF CASH AND CASH EQUIVALENTS, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Cash in hand	15.55	6.02	1.60	0.87	4.57
Bank Balances	8.11	5.56	15.97	0.11	0.00
Total	23.66	11.58	17.57	0.98	4.57

Annexure XI
STATEMENT OF LONG TERM BORROWINGS, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
From HDFC Bank - Term Loan for car	1.16	5.58	9.66	0.00	0.00
Total	1.16	5.58	9.66	0.00	0.00

Annexure XII
STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Working Capital Facilities (FB)					
From Banks	334.40	304.70	247.07	169.15	98.05
Total	334.40	304.70	247.07	169.15	98.05

Annexure XIII
STATEMENT OF OTHER INCOME, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Net Profit Before Tax and Extraordinary Items	22.38	16.79	9.32	6.28	7.31
20% of Net Profit Before Tax	4.48	3.59	1.86	1.26	1.46
Other Income Details					
Profit from sale of Asset	0.47	0.00	0.00	0.00	0.00
Total	0.47	0.00	0.00	0.00	0.00

Annexure XIV
STATEMENT OF DIVIDEND DECLARED, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
On Equity Shares					
Fully Paid up Share Capital	91.16	91.16	91.16	91.16	91.16
Face Value (₹)	10/-	10/-	10/-	10/-	10/-
Paid up Value per Share (₹)	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	0.00%	0.00%	0.00%	0.00%	0.00%
Total Dividend	0.00	0.00	0.00	0.00	0.00
Corporate dividend tax on above	0.00	0.00	0.00	0.00	0.00

Annexure XV
STATEMENT ACCOUNTING RATIOS, AS RESTATED

Particulars	For the year ended March 31				
	2013	2012	2011	2010	2009
Face Value per Equity share	10/-	10/-	10/-	10/-	10/-
Number of Outstanding Equity Shares	911600	911600	911600	911600	911600
Profit/(Loss) after Tax as per Profit and Loss Account (₹ in lacs)	15.27	11.27	5.90	4.22	4.93
Earnings / (Losses) per share					
Basic earnings per share	1.67	1.24	0.65	0.46	0.55
Diluted earnings /(loss) per share	1.67	1.24	0.65	0.46	0.55
Return On Net worth (%)	9.59	8.09	4.58	3.34	3.98
Net Assets Value per Equity Share (₹)	17.62	15.40	14.23	13.88	13.62
Weighted average numbers of equity shares used in calculating Basic Earnings per Share	911600	911600	911600	911600	911600
Weighted average numbers of equity shares used in calculating Diluted Earnings per Share	911600	911600	911600	911600	911600

Annexure XVI
CAPITALISATION STATEMENT

(₹ in Lacs)

Particulars	Pre-Issue as on March 31, 2013	Post Issue*
Short Term Debt	334.40	334.40
Long Term Debt	1.16	0.00
Total Debt	335.56	334.40
Equity Share Capital	91.16	591.16
Reserves and Surplus	69.45	23.87
Total Shareholder's Fund	160.61	615.03
Long Term Debt to Total Shareholder's Fund	0.01	-
Short Term Debt to Total Shareholder's Fund	2.08	0.54
Total Debt to Total Shareholder's Fund	2.09	0.54

Annexure XVII:
STATEMENT OF TAX SHELTERS

(₹ in Lacs)

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Profit /(Loss) before taxation as restated	22.38	16.79	9.32	6.28	7.31
Tax Rate on Business Income (%)	30.90	30.90	30.90	30.90	30.90
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	30.90	30.90	30.90	30.90	30.90
A. Permanent Differences:					
Fees Paid towards increase in authorized capital	-	-	-	-	-
Profit / Loss on sale of Assets	-0.47	-	-	0.06	-
Profit / Loss on sale of Investments	-	-	-	-	-
Long term Capital gain (STT Paid)	-	-	-	-	-
Dividend Income Exempt Under 10(34)	-	-	-	-	-
Deductions Under 36(1) (viii)	-	-	-	-	-

Other Adjustments	-	-	-	0.02	-
TOTAL (A)	-0.47	-	-	0.08	-
B. Timing Differences:					
Preliminary Expenses written off	-	-	-	-	-
Differences between Book depreciation and tax depreciation	0.56	0.95	1.74	0.31	0.23
Disallowance under section 43 B etc.	-	-	-	-	-
TOTAL (B)	0.56	0.95	1.74	0.31	0.23
TOTAL (A+B)	0.09	0.95	1.74	0.39	0.23
Tax Savings Thereon	-	-	-	-	-
Actual tax paid / Tax Provision	6.94	5.48	3.42	2.06	2.33

Annexure XVIII
STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(₹ in Lacs)

Particulars	For the year ended March 31				
	2013	2012	2011	2010	2009
Claims against the company not acknowledged as debts	-	-	-	-	-

Annexure XIX
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

For the year ended March 31,				
2009	2010	2011	2012	2013
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	-	-

(ii) Relatives of Key Managerial Personnel

For the year ended March 31,				
2009	2010	2011	2012	2013
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

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

For the year ended March 31,				
2009	2010	2011	2012	2013
Satkar Finance Private Limited	Satkar Finance Private Limited	Satkar Finance Private Limited	Satkar Finance Private Limited	Hriday Fincorp. Private Limited
SRG Global	SRG Global	SRG Global	SRG Global	SRG Global

Builders Private Limited	Builders Private Limited	Builders Private Limited	Builders Private Limited	Builders Private 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
SRG Housing Finance Limited	SRG Housing Finance Limited	SRG Housing Finance Limited	SRG Housing Finance Limited	SRG Housing 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	For the year ended March 31,				
	2013	2012	2011	2010	2009
1) Remuneration Paid Directors:					
Mr. Vinod Jain	-	-	-	-	7.20
Mrs. Seema Jain	7.20	4.80	4.20	3.60	-
2) Short Term Loans taken from KMP and repaid during the year (Including interest payments, if any).					
Mr. Vinod Jain	36.00	-	15.50	1.00	-
3) Short Term Loans given to KMP and returned back during the year (including interest receipts, if any)	-	-	-	-	-
4) Rent paid:					
Mr. Gendalal Jain	-	-	-	1.20	1.14
Total	43.20	4.80	19.70	5.80	8.34

Relatives of KMP

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Rent Paid to relative of KMP:					
Gendalal Jain HUF	1.51	1.44	1.20	-	-
Salaries Paid to :					
Aarti Jain	4.80	4.20	3.00	3.00	2.70
Meenakshi Jain	1.80	1.80	1.80	1.80	1.50
Loan Given to relative of KMP:	-	-	-	-	-
Total	8.11	7.44	6.00	4.80	4.20

Associate Companies

Particulars	For the year ended March 31,				
	2013	2012	2011	2010	2009
Short Term Loans taken from Associate and repaid during the year (including interest payments, if any).					
Hriday Fincorp Pvt. Ltd (Formally Satkar Finance Pvt. Ltd.)	16.93	-	-	1.20	-
SRG Housing Finance Limited	-	5.00	-	25.29	6.64
Short Term Loans given to Associate and returned back during the year (including interest receipts, if any)					
Hriday Fincorp Pvt. Ltd (Formally Satkar Finance Pvt. Ltd.)	-	-	-	-	2.25
SRG Housing Finance Limited	-	-	5.00	-	-
SRG Global Solutions Pvt. Ltd.	-	10.00	-	7.01	-
SRG Insurance Brokers Pvt. Ltd.	-	10.00	3.89	-	-
Total	16.93	25.00	8.89	33.50	8.89

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There has been no change in the Accounting Policies in the last three (3) years.

CHANGE IN ACCOUNTING PERIOD

There has been no change in the accounting period of the Company.

SALE OR PURCHASE BETWEEN OUR COMPANY AND GROUP COMPANIES

There are no Sales or Purchases between our Company and our Group Companies.

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

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

Business Overview

Our Company was incorporated as S R G Securities Finance Limited on March 06, 1995 under the Companies Act, 1956 bearing the Registration Number 009631 having registered office in Udaipur, Rajasthan. Our company obtained the Certificate for Commencement of Business on April 17, 1995. The Company's Corporate Identity Number is U67120RJ1995PLC009631 and its Registered Office is situated at 322, S M Lodha Complex, Udaipur, Rajasthan - 313001, India.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45(1A) of the Reserve Bank of India Act, 1934 bearing Registration no. 10.00097 dated August 18, 1999.

Our company was originally incorporated by Mr. Bajrang Lal Gupta, Mr. Ramesh Kumar Gupta and Mr. Vinod Kumar Gupta. In the year 1999 the control of our Company was taken over by Mr. Vinod Jain and Mrs. Seema Jain. *For details regarding the history of our company please see the chapter titled "History and Certain Corporate Matters" beginning on page 83 of this Draft Prospectus.*

We are a Non Deposit taking Non-systemically Important Non Banking Finance Company (NBFC-ND-NSI) engaged primarily in the business of Asset Financing by offering:

- i. Business Loans
- ii. Equipment and Machinery Loan / Loan against Equipment and Machinery.
- iii. Vehicle Loans / Loans against Vehicle

Our company is the NBFC Arm promoted by the Jain Family in order to carry out their NBFC activities and in order to bring in the benefits of synergies from their housing finance, Insurance broking and other businesses.

Our Products and Services

We are mainly involved in Financing of Construction and Mining equipments, Heavy Earth Moving machinery, all types of Vehicles, Business Loans etc. Our loan products are customized to the requirements of our borrowers, broadly classified as:

- a) Equipment Finance
- b) Vehicle Finance
- c) Business Loan

Our secured loans are backed by a first lien on the respective underlying properties. Our loan amounts range from ₹ 0.50 Lacs to ₹ 100 Lacs. We provide financial Assistance for purchase of infrastructure, mining and construction Equipments and Machinery, Heavy and other Transport Vehicles, Business Loans and other loan products to various companies, firms and even to Individual business owners engaged in mining, construction and transportation, and

big & small businessmen. A brief description of the various loan products offered by our Company as detailed below:

a) Equipment Finance Scheme – (EFS)

Presently we are more involved in the business of Equipment and Vehicle finance under our EFS. The Equipment finance scheme is offered to Individuals and Corporate Bodies who wish to seek this facility either for mining & construction equipments or for transportation vehicles. We also provide finance for the purchase of new equipments for road, mining as well as construction projects. We provide finance for excavators, dumpers, tippers, compressors, heavy transport vehicles, mining equipments etc. even to the small operators with affordable finance charges.

b) Vehicle Finance

We provide wide range of vehicles finance including loans for purchase of cars, jeeps and Heavy vehicles like trucks, tractors etc. Our attractive schemes for vehicle finance are customized to suit the individual client needs.

Some of the salient features of our Vehicle Loan are:

- Transparent dealings and flexible repayment option
- Speedy processing and sanctioning of loan within 48 hours
- Loan eligibility for the widest range of customer profiles
- Choice of different Loan Plans to suit individual needs
- Competitive Interest rates for all loan products
- Hassle-free documentation process offering you maximum flexibility
- Loans for the entire range of vehicles from Small Commercial vehicles to Trailers, excavators, JCBs etc.

c) Business Loans:

We provide finance for every unique requirement of businessmen, Micro, Small and Medium Enterprises (MSME) and promising entrepreneurs as well as Individual Personal Loans.

Our vision is to provide entrepreneurs and budding businesses including MSME with access to finance right at the grassroots level, serving rural and semi-urban as well as in urban areas by providing various financial products & services to assist them.

Significant Developments after March 31, 2013 that may affect our Future Results of Operations

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Draft Prospectus which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months.

Factors affecting our Result of Operation

Except as otherwise stated in this Draft Prospectus and the Risk Factors given in the Draft Prospectus, the following important factors could cause actual results to differ materially from the expectations include, among others:

Revenue Generation

We earn majority of our revenue from interest on the loans given to various MSME and Individuals. Regular income is the only source to create a healthy working of our Company. Our Interest rates are fixed upon entering into an agreement with the borrower. Our revenue growth is impacted by total loan amount disbursed and the size of the loan disbursed. Interest revenues are principally driven by interest rates, financial standing of the borrower, term of the loan and size of the loan portfolio.

We use various marketing techniques to attract new clients for disbursing loans & also to retain customers. Our Company is undertaking various local 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.

Size and composition of our loan portfolio

The size, tenure and composition of our loan portfolio have a significant impact on our financial condition and results of operations. Our ability to show an increased loan portfolio year on year depends upon the availability of capital with us for disbursing loans. In addition, our research and credit appraisal of the borrower also plays a significant role in determining our loan disbursement. As of the date of filing this Draft Prospectus, our loan book size is 512.____ lacs. We intend to use the Proceeds of the Issue to expand our capital base so that we can enhance our loan portfolio.

Our Financial Expenses

Our profitability is significantly impacted by our Financial costs. We source our capital from short-term loans from Bank of Baroda which is based on floating rate of interest. Any major change in economic conditions resulting in steep increase in interest rates, will have an adverse impact on our results of operation. For the fiscal 2013, 2012, 2011, 2010 and 2009, our financial expenses were ₹ 49.30 lacs, ₹ 42.02 lacs, ₹ 24.46 lacs, ₹ 16.10 lacs and ₹ 14.43 lacs, respectively, or 45.65%, 50.86%, 39.13%, 37.24% and 31.23%, respectively, of our total income.

Our ability to successfully implement its strategy and its growth and expansion plans

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact our Company's roll out schedules and cause cost and time over runs.

Increasing competition in the industry

Our Company faces competition from Banks & other local lenders. Our Company operates in competitive environment which may force us to reduce the interest rates of the loans disbursed and it may have an effect on our margins.

General economic and business conditions

As a Company with its complete operations in India, we are affected by general economic conditions in the country and in particular economic factors that affect financial market in India. India's gross domestic product, or GDP, has been and will continue to be of importance in determining our operating results and future growth.

Any adverse outcome in the legal proceedings in which we are involved

We are involved in certain legal proceedings. In the event that all of the cases are decided against us, they could have a material adverse effect on our results of operations.

Results of our Operations

Particulars	As at March 31					
	2013	% of Total Income	2012	% of Total Income	2011	% of Total Income
Income						
Revenue from operation	107.52	99.56	82.61	100.00	62.50	100.00
Other Income	0.47	0.44	0.00	0.00	0.00	0.00
Total Revenue	107.99	100.00	82.61	100.00	62.50	100.00

Expenditure						
Cost of materials consumed	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of Stock-in-Trade	0.00	0.00	0.00	0.00	0.00	0.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	0.00	0.00	0.00	0.00	0.00	0.00
Employee benefit expense	19.75	18.29	15.85	19.19	18.82	30.11
Financial costs	49.30	45.65	42.02	50.87	24.46	39.14
Depreciation and amortization expense	2.88	2.67	3.47	4.20	4.57	7.31
Other expenses	13.68	12.67	4.48	5.42	5.33	8.53
Total Expenditure	85.61	79.28	65.82	79.68	53.18	85.09
Profit before exceptional and extraordinary items and tax	22.38	20.72	16.79	20.32	9.32	14.91
Less: Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00
Less: Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Profit before tax	22.38	20.72	16.79	20.32	9.32	14.91
Tax expense:						
Current tax	7.11	6.58	5.52	6.68	3.42	5.47
Deferred tax	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit(Loss) for the period	15.27	14.14	11.27	13.64	5.90	9.44

Main Components of our Profit and Loss Account

Income

Our total income comprises of revenue from operations, Interest Income and other income.

Revenue from Operations

Our revenue from operations (i.e. our interest income and business activity revenue) as a percentage of total income was 99.56%, 100.00% and 100.00% in fiscals 2013, 2012 and 2011 respectively.

Other Income

Our other income primarily includes Profit from Sale of Assets. Other income, as a percentage of total income was 0.44% in fiscal 2013. There were no other incomes in fiscals 2012 and 2011 respectively.

Expenditure

Our total expenditure primarily consists of Employee Benefit Expenses, Financial Cost, Depreciation and Amortization Expenses and Other Administrative expenses.

Employee Benefit Expenses

Expenses in relation to employees' remuneration and benefits include salary, bonus and allowances, workmen and staff welfare costs, Director's remuneration etc. It represents one of our significant expenses.

Other Administrative Expenses

Administrative and Other expenses primarily include Rent, Advertisement expenses, Legal & Professional fees, Office expenses, etc.

Financial Cost

Financial Cost primarily consists of interest expenses and Bank Charges.

Depreciation and Amortization Expenses

Depreciation and Amortization Expenses primarily consist of depreciation/amortization on the fixed assets and Intangible Assets of our Company which primarily includes Vehicles, Furniture and fixtures, Computers and Office Equipments.

Provision for Tax

Income taxes are accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (“AS-22”), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax, as applicable.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to our Company under the provisions of the I. T. Act.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax asset / liability on such timing differences subject to prudent considerations in respect of deferred tax assets.

Fiscal 2013 compared with fiscal 2012

Income

In fiscal 2013, we recorded a total income of ₹ 107.99 Lacs, which was 30.72%, higher than income of ₹ 82.61 Lacs in fiscal 2012. The Major factor for this increase was better management of recovery and disbursement of loans. Other income, which was Nil in previous fiscal, amounted to ₹ 0.47 lacs on account of Profit on sale of Asset.

Employee Benefit Expenses

Our staff costs increased by ₹ 3.90 Lacs, or 24.61%, from ₹ 15.85 Lacs in fiscal 2012 to ₹ 19.75 Lacs in fiscal 2013. This increase in our staff costs was due to increase in Director’s remuneration of ₹ 2.40 Lacs and normal increment to the staff of the Company.

Other Expenses

Other Expenses increased to ₹ 13.68 Lacs in fiscal 2013 from ₹ 4.48 Lacs in fiscal 2012, showing an increase of 205.36%. During 2013, the other expenses were 12.67% of total income in fiscal 2013 as against 5.42% during fiscal 2012. The cause of increase in these expenses was majorly due to writing off of Bad debts in the year 2013.

Financial Cost

Financial expenses increased from ₹ 42.02 Lacs in fiscal 2012 to ₹ 49.30 Lacs in fiscal 2013, showing an increase of 17.33%. During 2013, our Company recorded financial charges of 45.65% of the total income as against 50.87% during 2012. The increase in absolute amount of Financial Cost was due to full utilization of CC limit while the percentage decrease in the same as compared to total income was primarily due to higher income in the year 2013.

Depreciation and Amortization Expenses

Depreciation expenses decreased by ₹ 0.59 Lacs, from ₹ 3.47 Lacs in fiscal 2012 to ₹ 2.88 Lacs in fiscal 2013. This decrease was due to sale of Asset during the fiscal 2013 and reduction in the written down value of the Assets.

Profit before Tax

Due to a better profit margin and operational efficiency, our PBT increased by ₹ 5.59 Lacs from ₹ 16.79 Lacs in fiscal 2012 to ₹ 22.38 Lacs in fiscal 2013.

Profit after Tax

Our profit after tax increased by ₹ 4.00 Lacs from ₹ 11.27 Lacs in fiscal 2012 to ₹ 15.27 Lacs in fiscal 2013.

Trade Receivables

Our Trade Receivables were ₹ 454.24 lacs for the fiscal 2013. Trade Receivables represents significant portion of our Assets. Since our business is of equipment\ financing, corporate financing and vehicle loans, these Trade Receivables are part of our business activities.

Borrowings

Our Borrowings amounted to ₹ 334.40 Lacs, all of short term in nature for fiscal 2013 while that of fiscal 2012 was ₹ 304.70 lacs. The reason of increase in borrowed funds was to increase capital base to disburse the same in our business operations.

Fiscal 2012 compared with fiscal 2011

Income

In fiscal 2012, we recorded a total income of ₹ 82.61 Lacs, which was 32.18%, higher than income of ₹ 62.50 Lacs in fiscal 2011. The Major factor for this increase was increase in loans disbursed and higher operational efficiency. Other income was Nil in 2012 as well as 2011.

Employee Benefit Expenses

Our staff costs decreased by ₹ 2.97 Lacs, or 15.78%, from ₹ 18.82 Lacs in fiscal 2011 to ₹ 15.85 Lacs in fiscal 2012. This decrease is due to better utilization of existing staff.

Other Expenses

Other Expenses decreased to ₹ 4.48 Lacs in fiscal 2012 from ₹ 5.33 Lacs in fiscal 2011, showing a decrease of 18.97%. During 2012, the other expenses were 5.42% of total income in fiscal 2012 as against 8.53% during fiscal 2011. The cause of decrease in these expenses was due to proper internal control of resources and greater operational efficiency.

Financial Cost

Financial expenses increased from ₹ 24.46 Lacs in fiscal 2011 to ₹ 42.02 Lacs in fiscal 2012, showing an increase of 71.79%. During 2012, our Company recorded financial charges of 50.87% of the total income as against 39.14% during 2012. The increase in absolute amount of Financial Cost was due to increased short – term borrowing.

Depreciation Expenses

Depreciation expenses decreased by ₹ 1.10 Lacs, from ₹ 4.57 Lacs in fiscal 2011 to ₹ 3.47 Lacs in fiscal 2012. This decrease was due to the written down value of the Assets.

Profit before Tax

Due to a better profit margin and operational efficiency, our PBT increased by ₹ 7.47 Lacs from ₹ 9.32 Lacs in fiscal 2011 to ₹ 16.79 Lacs in fiscal 2012.

Profit after Tax

Our profit after tax increased by ₹ 5.37 Lacs from ₹ 5.90 Lacs in fiscal 2011 to ₹ 11.27 Lacs in fiscal 2012.

Trade Receivables

Our Trade Receivables were ₹ 444.50 lacs for the fiscal 2012. Trade Receivables represents significant portion of our Assets. Since our business is of equipment\ financing, corporate financing and vehicle loans, these Trade Receivables are part of our business activities.

Borrowings

Our Borrowings accounted to ₹ 304.70 Lacs, all of short term in nature for fiscal 2012 while that of fiscal 2011 was ₹ 247.07 lacs. The reason of increase in borrowed funds was to increase capital base to disburse the same in our business operations.

Fiscal 2011 compared with fiscal 2010

Income

In fiscal 2011, we recorded a total income of ₹ 62.50 Lacs, which was 44.58%, higher than income of ₹ 43.23 Lacs in fiscal 2010. The Major factor for this increase was increase in our operations and higher operational efficiency. Other income was Nil in 2011 as well as 2010.

Employee Benefit Expenses

Our staff costs increased by ₹ 2.37 Lacs, or 14.41%, from ₹ 16.45 Lacs in fiscal 2010 to ₹ 18.82 Lacs in fiscal 2011. This increase in our staff costs were driven by annual increments to our staff including Director's Remuneration.

Other Expenses

Other Expenses increased from ₹ 3.35 Lacs in fiscal 2010 to ₹ 5.33 Lacs in fiscal 2011, showing an increase of ₹ 1.98 Lacs i.e. 59.10%. During 2011, the other expenses were 8.53% of total income in fiscal 2011 as against 7.75% during fiscal 2010. The cause of increase in these expenses was due to increased scale of operations.

Financial Cost

Financial expenses increased from ₹ 16.10 Lacs in fiscal 2010 to ₹ 24.46 Lacs in fiscal 2011, showing an increase of ₹ 8.36 lacs i.e. 51.93%. During 2011, our Company recorded financial charges of 39.14% of the total income as against 37.24% during fiscal 2010. The increase in absolute amount of Financial Cost was due to increased short – term borrowing.

Depreciation Expenses

Depreciation expenses increased by ₹ 3.52 Lacs, from ₹ 1.05 Lacs in fiscal 2010 to ₹ 4.57 Lacs in fiscal 2011. This increase was due to increase in gross fixed assets of our company during the year.

Profit before Tax

Due to a better profit margin and operational efficiency, our PBT increased by ₹ 3.04 Lacs from ₹ 6.28 Lacs in fiscal 2010 to ₹ 9.32 Lacs in fiscal 2011.

Profit after Tax

Our profit after tax increased by ₹ 1.68 Lacs from ₹ 4.22 Lacs in fiscal 2010 to ₹ 5.90 Lacs in fiscal 2011.

Trade Receivables

Our Trade Receivables were ₹ 354.90 lacs for the fiscal 2011. Trade Receivables represents significant portion of our Assets. Since our business is of equipment financing, corporate financing and vehicle loans, these Trade Receivables are part of our business activities.

Borrowings

Our Borrowings accounted to ₹ 247.07 Lacs, all of short term in nature for fiscal 2011 while that of fiscal 2010 was ₹ 169.15 lacs. The reason of increase in borrowed funds was to increase capital base to disburse the same in our business operations.

OTHER MATTERS

1. Unusual or infrequent events or transactions

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

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

Other than as described in the chapters titled “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, beginning on pages 116 and 132 respectively of this Draft Prospectus respectively, to our knowledge there are no Significant economic changes that materially affected or are likely to affect income from continuing Operations.

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

Other than as described in the chapter titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Result of Operations*”, beginning on pages 11 and 132 respectively of this Draft Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

4. Future relationship between Costs and Income

Other than as described in the chapter titled “*Risk Factors*” beginning on page 11 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

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

The Company is a Non Banking Financial Corporation and is in the business of equipment financing, corporate financing and vehicle loans. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page 60 of this Draft Prospectus.

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

Please refer to the chapter titled “*Business Overview*” beginning on page 69 of this Draft Prospectus.

8. The extent to which the business is seasonal.

Our business is not seasonal in nature.

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

The revenues from our top 10 customers constituted approximately 62% for FY 2013.

10. Competitive Conditions

Despite the fact that we are not affected by competition in the short-term, our results of operations could be affected by competition in the financial sector in India and in abroad in the future. We expect competition to intensify due to possible changes in government policy, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established financial companies and banks. This we believe may impact our financial condition and operations.

FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings (both, Term Loans and Working Capital Facility) as on March 31, 2013 together with a brief description of certain significant terms of such financing arrangements. Our Company's borrowings consist of mostly term loans and working capital facilities availed from the banks mentioned below.

Details of Working Capital Loan:

S. No	Name of Lender	Date of Financing Documents	Amount Sanctioned (₹ in Lakhs)	Amount drawn down as on March 30, 2013 (₹ in Lakhs)	Interest (in % p.a.)	Repayment Schedule	Security
1.	Bank of Baroda	25/09/2009	200.00	334.40	BPLR + 0.50% i.e 12.50% p.a at present with monthly rest.	On Demand	<ul style="list-style-type: none"> • D.P Note • Letter of continuing security with negative lien clause • Hypothecation of Book-debts • Equitable Mortgage of immoveable properties. • General form of Guarantee. • Declaration cum draft cum undertakings • Various other undertakings • Power of attorney in respect of book debts duly notarized • Undertaking for book debts • Copy of Board Resolution • Letter of undertaking not include book debts of associate concerns in the statement of book debts submitted to the bank, no finance will be made to group/ associate/ close relatives of directors of the company.
		29/01/2011	100.00 (Enhanced from 200.00 to 300.00)		@ 5.00% above base rate p.a. with monthly rest. Base rate 9.00%		

Details of Auto Loan:

Name of Lender	Date of Financing Documents	Amount Sanctioned (₹ in Lakhs)	Amount drawn down as on March 31, 2013 (₹ in Lakhs)	Interest	Tenure	Repayment	Security
HDFC Bank	June 07, 2010	12.50	1.16	8.30% per annum	36 months equal instalments of ₹ 39,342	June 07, 2013	Hypothecation of Vehicle

Negative Covenants:

During the currency of the facilities, without prior approval of the Lenders which shall not be unreasonably withheld, the Borrower (S R G Securities Limited) shall not:

- ✓ Effect any adverse change in the capital structure of the Company.
- ✓ Create any security interest/charge over any assigned properties or assets during the currency of the facility unless otherwise expressly stated herein.
- ✓ Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Lenders.
- ✓ Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in fund flow statement submitted to the Lender from time to time and approved by the Lenders.
- ✓ Invest by way of share capital in or lend or advance or place deposits with any other concern including group companies except in the ordinary course of business.
- ✓ Undertake guarantee obligations on behalf of any other person except in the ordinary course of business.
- ✓ Formulate any scheme of amalgamation or reconstruction.
- ✓ Enter into borrowing arrangements, either secured or unsecured, with any other bank or financial institution, company or otherwise or accept deposits apart from the arrangement indicated in fund flow statement submitted to the Lender from time to time and approved by the Lender.
- ✓ Declare dividends for any year out of the profits relating to that year or of the previous years if any payment obligations stipulated in this facility agreement remain unmet or if any terms and conditions of the sanction remain un-complied with by the Borrower.
- ✓ Permit any transfer of the controlling interest or make any drastic change in the management operations.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debentures, bonds and fixed deposits and arrears of preference shares issued by our 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 our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Promoters or Directors.

PART 1: LITIGATION RELATING TO THE COMPANY

A. FILED AGAINST THE COMPANY

1. Litigation Involving Civil Laws:

NIL

2. Litigation Involving Criminal Laws.

NIL

3. Litigation involving Securities and Economic Laws

NIL

4. Litigation involving Statutory Laws

NIL

5. Litigation involving Labour Laws

NIL

B. CASES FILED BY THE COMPANY

1. Litigation involving Civil Laws:

Sr. No.	Particulars of the Case	Amount Involved (if ascertainable) (₹)
1.	A petition No. 2530/09 has been filed by S R G Securities Finance Limited against Sh. Kura Singh at MJM (N) Court, Udaipur and file transferred to SJM-I court, Udaipur new Case No. is 760/12 under the Negotiable Instruments Act. The matter is currently in Evidence Stage and next hearing date is 04.09.2013	26,132.00
2.	A petition No. 1255/07 has been filed by S R G Securities Finance Limited against Sh. Yashwant Jain at ACJ-3 Court, Udaipur under the Negotiable Instrument Act. The matter is currently in Charges Frame stage and the next date for hearing is 02.09.2013	3,94,475.00
3.	A petition No. 2117/11 has been filed by S R G Securities Finance Limited against Sh. Udai Singh at N.I. - I Court, and new case no. given as 1629/12	75,000.00

	Udaipur under the Negotiable Instrument Act. The matter is currently in Evidence stage and the next date for hearing is 08.10.2013	
4.	A petition no. 2254/11 has been filed by S R G Securities Finance Limited against Sh. Bhanwar Singh at ACJ- III Court, Udaipur is transferred to SJM - I Court, Udaipur and new case no is 138/12 under the Negotiable Instrument Act. The matter is currently in Evidence stage and the next date for hearing is 06.09.2013	1,67,000.00
5.	A petition no. 42/11 has been filed by S R G Securities Finance Limited against Sh. Pratap Singh at Civil Court ADJ-2, Udaipur The matter is currently in evidence stage and the next hearing date is 24.09.2013	1,39,000.00
6.	A Petition no. 142/09 has been filed by S R G Securities Finance Limited against Smt. Shahida Begum at Civil Court, Udaipur for recovery of vehicle. The matter is currently in Argument Stage and next date of hearing is 25.09.2013	N.A.
7.	A Petition No. 5007/07 has been filed by S R G Securities Finance Limited against Sh. Amit Tyagi at SJM- 2 Court, Udaipur under the Negotiable Instruments Act. The matter is currently in warrant Stage and next hearing date is 10.12.2013	2,25,000.00
8.	A petition no. 4639/09 has been filed by S R G Securities Finance Limited against Sh. Ravindra Tyagi at SJM- 2 Court, Udaipur under the Negotiable Instruments Act. The matter is currently in Warrant Stage and next hearing date is 10.12.2013	4,00,000.00
9.	A petition no. 4/13 has been filed by S R G Securities Finance Limited against Sh. Rai Singh Rajawat at Civil court, Udaipur for getting order for sale of Truck against dues under Arbitration And Conciliation Act 1996. The case is under Summon stage and next hearing date is 26.08.2013	N.A.
10.	A petition has been filed by S R G Securities Finance Limited against Sh. Amit Tyagi for recovery of vehicle at ADJ Court, Udaipur. The matter is under Appeal for Reopen stage and next hearing date of case is 29.07.2013	N.A.
11.	A petition has been filed by S R G Securities Finance Limited against Sh. Ravindra Tyagi for recovery of vehicle at ADJ Court, Udaipur The matter is under Appeal for Reopen Stage and next hearing date of case is 29.07.2013	N.A.
12.	A petition has been filed by S R G Securities Finance Limited against Sh. Gokul Meghwal at ACJ South -1 Court, Udaipur under Negotiable Instrument Act. The matter is at application stage and next hearing date is 12.08.2013	1,39,805.00
13.	A petition no. 104/2011 has been filed by S R G Securities Finance Limited against Sh. Bhanwar Singh at ACJ South - 2. The matter is at Evidence Stage and next hearing date is 18.09.2013	N.A.

2. Litigation Involving Criminal Laws:

NIL

3. Litigation Involving Securities and Economic Laws:

NIL

4. Litigation Involving Statutory Laws:

NIL

5. Litigation Involving Labour Laws:

NIL

C. PAST PENALTIES

NIL

PART 2: LITIGATION RELATING TO THE DIRECTORS OF THE COMPANY

A. LITIGATION AGAINST THE DIRECTORS

1. Litigation involving Civil/Statutory Laws

NIL

2. Litigation involving Criminal Laws.

NIL

3. Litigation Involving Economic Offenses.

NIL

4. Litigation involving tax liabilities.

NIL

B. LITIGATIONS FILED BY THE DIRECTORS

1. Litigation involving Civil/Statutory Laws

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. New case no. given by ADJ-IV Court Udaipur 113/12. The matter is currently in evidence and for compromise –stage and next hearing date is 12.08.2013	11,00,000.00
2.	A Civil Restoration case no 52/12 has been filed against Sh. Vinod Jain by Smt. Madhu Chawat at Rajasthan High Court, Jodhpur. The matter is at Defect cases- Notice of Appl. For Limitation issued and Served Stage.	N.A.

2. Litigation involving Criminal Laws.

NIL

3. Litigation Involving Economic Offenses.

NIL

4. Litigation involving tax liabilities.

NIL

C. PAST PENALTIES

NIL

PART 3: LITIGATION RELATING TO THE PROMOTERS OF THE COMPANY

A. LITIGATION AGAINST THE PROMOTERS

1. Litigation involving Civil/Statutory Laws

NIL

2. Litigation involving Criminal Laws

NIL

3. Litigation Involving Securities and Economic Laws

NIL

B. LITIGATION FILED BY THE PROMOTERS

1. Litigation involving Civil/Statutory Laws

NIL

2. Litigation involving Criminal Laws

NIL

3. Litigation Involving Securities and Economic Laws

NIL

C. PAST PENALTIES

NIL

PART 4: LITIGATION RELATING TO THE GROUP COMPANIES

A. LITIGATION AGAINST THE GROUP COMPANIES

1. SRG Housing Finance Limited

Sr. No.	Particulars of the Case	Amount Involved (if ascertainable) (₹)
1.	A Civil Writ no 3156/11 has been filed by Smt. Meera Dangi Against SRG Housing Finance Limited., against The proceedings of seizure of property at Rajasthan High Court, Jodhpur The matter is currently in Admission Stage and the next date for hearing is 29.08.2013	N.A.
2.	An Interlocutor no. 5467/ 11 has been filed by Smt. Meera Dangi against SRG Housing Finance Limited, challenge the seizure of property proceedings at Rajasthan High Court, Jodhpur. The Matter is currently in pending stage.	N.A.
3.	An appeal No. 50/13 has been filed by Shri Sumer Singh for challenging seizure of property possession under Sarfaesi Act 2002, at DRT, Jaipur. The matter is at Application stage and next hearing date is 29.07.2013	N.A.
4.	An Appeal no. 54/13 has been filed by Shri Parasmasal Jain for challenging	N.A.

	seizure of property possession under Sarfaesi Act 2002, at DRT, Jaipur. The matter is at Reply Stage and Next hearing Date is 29.07.2013	
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B. LITIGATION FILED BY THE GROUP COMPANIES

1. SRG Housing Finance Limited

Sr. No.	Particulars of the Case	Amount Involved (if ascertainable) (₹)
1.	A Petition no. 5513/09 has been filed by SRG Housing Finance Limited., against Sh. Sumer Singh at SMJ-II Court, Udaipur under the negotiable instrument act. The Matter is currently in arrest warrant issued stage and the next date for hearing is 25.10.2013	7,00,000.00
2.	A petition no. 5512/09 has been filed by SRG Housing Finance Limited., against Sh. Balu Ram Sevak at SJM-II court, Udaipur under the negotiable instrument act. The Matter is currently in Charges Frame stage and the next date for hearing is 09.09.2013	1,85,000.00
3.	A petition no. 5514/09 has been filed by SRG Housing Finance Limited., against Sh. Parasamal Jain at SJM-II court under the negotiable instrument act. The Matter is currently in Charges Frame stage and the next date for hearing is 09.09.2013	4,15,000.00

2. Hriday Fincorp Private Limited (Formerly known as 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. Yashwant Jain at SJM-II Court Udaipur under Negotiable Instrument Act. The matter is under Evidence Stage and next hearing date is 17.08.2013	2,13,852.00
2.	A petition no. 2063/11 has been filed by Satkar Finance Private Limited against Smt. Doli Sharma at N.I.-1 Court, Udaipur under the Negotiable Instrument Act. The matter is at warrant stage and the next date for hearing is 29.08.2013	1,00,000.00
3.	A petition no.198/13 (2572/11 old case No.) has been filed by Satkar Finance Private Limited against Smt. Doli Sharma at ACJ-III Court, Udaipur under the Negotiable Instrument Act. The matter has been transferred SJM-I and is at warrant stage and the next date for hearing is 13.09.2013	1,00,000.00
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 at warrant stage and the next date for hearing is 31.10.2013	1,00,000.00
5.	A petition no. 660/09 has been filed by Satkar Finance Private Limited against Sh. Kailash at N.I. 2 Court, Udaipur under the negotiable instrument act. The matter is currently in arrest warrant stage and the next date for hearing is 14.08.2012	27,486.00
6.	A petition no. 223/12 has been filed by Sh. Ram Lal against our company Satkar Finance Private Limited at Consumer Council, Udaipur Bench for demanding NOC of vehicle financed. The matter is currently in argument stage and next hearing date is 19.09.2013	N.A.
7.	A petition no. 34/10 has been filed by Sarkar Finance Private Limited against Sh. Ram Lal at civil Court, Udaipur. The matter is currently in Trial- Issue stage and next hearing date is 03.08.2013	N.A.

3. SRG Insurance Brokers Private Limited

Sr. No.	Particulars of Cases	Amount Involved (If ascertainable) (₹)
1.	A petition no. 53/11 has 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 12.09.2013	2,95,445.00
2.	A petition no. 479/09 has been filed by Anil Baxi at SJM-II Court, Udaipur on SRG Insurance Brokers (P) Ltd. and is on evidence stage and next hearing date is 11.09.2013	N.A.
3	A petition no. 475/09 has been filed by Anil Baxi at SJM-II Court, Udaipur on SRG Insurance Brokers (P) Ltd. and is on evidence stage and next hearing date is 11.09.2013	N.A.

PART 5: LEGAL NOTICES

1. Legal notices issued to the Company

NIL

2. Legal Notices issued by the Company

NIL

3. Legal Notices issued to the Group Companies

NIL

4. Legal Notices issued by the Group Companies

NIL

PART 6: MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE, i.e. March 31, 2013

In the opinion of the Board of our Company, there has not arisen, since the date of the last financial statements included in this Draft Prospectus, any circumstance that materially and adversely affects or is likely to affect our business or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months. Except as disclosed elsewhere in this Draft Prospectus, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on reserves, profits, earning per share and book value of our business.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by us for carrying on its present business activities.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required to continue those activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

I. APPROVALS FOR THE ISSUE

Corporate Approvals

The Board of Directors have vide resolution passed at its meeting held on May 30, 2013 authorised the Issue subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act, 1956 and approvals by such other authorities as may be necessary.

The shareholders of the Company have, pursuant to a resolution dated June 24, 2013 under Section 81(1A) of the Companies Act, authorised the Issue.

Approval from the Stock Exchanges

In-principle approval from the BSE Limited dated [●].

II. OPERATING LICENSES

Incorporation and other statutory compliances

Sr. No.	Description	Granting Authorities	License/ Registration Number	Date of Issue	Date of Expiry
1.	Certificate of Incorporation	Registrar of Companies	009631 of 1995	March 06, 1995	N.A.
2.	Certificate of Commencement of Business	Registrar of Companies	U67120RJ1995PL C009631	April 17, 1995	N.A.
3.	Certificate from RBI to carry on business as a NBFC.	Reserve Bank of India (Under Section 45IA of the RBI Act, 1934)	10.00097	August 18, 1999	Valid Until Cancelled

Income Tax & Service Tax

Sr. No	Description	License/ Registration Number	Date of Issue	Date of Expiry
1.	Permanent Account Number (PAN) issued by the Income Tax Department	AADCS4503J	April 27, 2012	Valid Until Cancelled
2.	Tax deduction account number (TAN) issued by the Income Tax Department	JDHS01000G	June 18, 2003	Valid Until Cancelled

Others

Sr. No	Description	License/ Registration Number	Date of Issue	Date of Expiry
1.	Registration Certificate of establishment under the Rajasthan Shops and Establishments Act, 1958	69/SH/5(3)	June 27, 2008	Valid Until Cancelled
2.	Trade Registration with Transport Authority issued by RTO, Udaipur	RJ27/TC 0048/99	July 15,1999	March 31,2014

III. TRADEMARKS / INTELLECTUAL PROPERTY

Sr. No.	Nature of License/Approvals	Applicant	Application No.	Date of Filing	Class
1		Registrar of Trade Marks	2520242	April 26, 2013	36

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors have vide resolution dated May 30, 2013, authorised the Issue, subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders have authorised the Issue, by passing a Special Resolution at the Extraordinary General Meeting held on June 24, 2013 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

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 the SME platform of the BSE. BSE is the designated stock exchange.

Prohibition by SEBI, the RBI or Governmental Authorities

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

We further confirm that none of our Company, its Promoters, its Group Companies or the relatives of our Promoters and Group Companies was ever identified as willful defaulters by RBI or other authorities.

Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time.

Eligibility for the Issue

Our Company is an “Unlisted issuer” in terms of the SEBI (ICDR) Regulation; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue shall be hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see “General Information- Underwriting” on page 31 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, 1956.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, 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 Manger submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of Market Making please refer to “General Information- Details of the Market Making Arrangements for this Issue” on page 31 of this Draft Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

- e) Our Company has Net Tangible assets of at least ₹ 1 crore as per the latest audited financial results
- f) The Net worth (excluding revaluation reserves) of our Company is at least ₹ 1 crore as per the latest audited financial results
- g) Our Company has track record of distributable profits in terms of sec. 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.
- h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for the year ended and as at March 31, 2013, 2012 and 2011 is as set forth below:

(₹ in Lacs)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011
Distributable Profit ⁽¹⁾	15.27	11.27	5.90
Net tangible Assets ⁽²⁾	144.23	124.23	113.91
Net Worth ⁽³⁾	160.61	140.42	129.76

⁽¹⁾Distributable profits have been computed in terms section 205 of the Companies Act, 1956.

⁽²⁾Net Tangible Assets are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

⁽³⁾Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

- i) As on the date of Draft Prospectus, our Company has a paid up capital of ₹ 136.74 lacs, which is in excess of ₹ 1 crore, and the Post Issue Capital shall also be in excess of ₹ 1 crore.
- j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- k) There is no winding up petition against our company that has been accepted by a court.
- l) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
- m) We have a website: www.srgfin.com.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, 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 [●], 2013 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009,

WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.

- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 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. - NOTED FOR COMPLIANCE**
- 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 OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF 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 AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR (PLEASE SEE “ANNEXURE A” FOR FURTHER DETAILS).
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

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.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.
4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS.
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE

BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

Disclaimer Clause of the SME Platform of BSE

As required, a copy of the Draft Prospectus shall be submitted to the SME Platform of BSE. The Disclaimer Clause as intimated by the SME Platform of BSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to filing with ROC.

Disclaimer from our Company and the Lead Manager

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

For details regarding the track record of the Lead Manager to the Issue, please see the website of the Lead Manager www.afsl.co.in.

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 July 24, 2013, the Underwriting Agreement dated [●] entered into among the Underwriters and our Company and the Market Making Agreement dated July 26, 2013 entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

Note:

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly,

and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause under Rule 144a of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Department, Plot No. C-4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.

A copy of this Draft Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at G/6-7 , Second floor, Residency Area, Civil Lines, Jaipur – 302001, Rajasthan

Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of 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.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

Price Information of past issues handled by the Lead Manager

S. No.	Issue Name	Issue size (₹ in lacs)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	India Finsec Limited	600.00	10.00	11/06/2013	10.00	10.50	5.00%	19,143.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2	SRG Housing Finance Ltd.	700.80	20.00	11/09/2012	20.30	20.30	1.50%	17,852.95	21.00	18,349.25	20.15	18,823.91	20.00	18631.10
3	Jupiter Infomedia Ltd.	408.00	20.00	16/08/2012	22.00	22.05	10.25%	17657.00	21.95	17,783.21	22.40	17,313.34	23.55	18542.31
4	Sangam Advisors Ltd.	506.88	22.00	09/08/2012	22.10	22.00	0.00%	17,560.87	22.10	17,728.20	22.20	17,783.21	22.00	17313.34
5	VKS Projects Ltd.	5500.00	55.00	18/07/2012	55.80	55.05	0.09%	17185.01	55.50	16,839.19	53.10	17,601.78	52.00	17691.08
6	BCB Finance Ltd.	885.00	25.00	13/03/2012	27.00	25.70	2.80	17813.62	25.27	17361.74	25.35	17478.15	25.00	17332.62
7	Midvalley Entertainment Ltd.	6000.00	70.00	27/01/2011	73.00	58.05	(17.07)	18684.43	58.00	18008.15	60.55	18273.80	86.05	17700.91

Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in lacs)	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%
2013-14 [#]	1	600.00	-	-	-	-	-	1	NA	NA	NA	NA	NA	NA
2012-13	4*	7115.68	-	-	-	-	-	3	-	-	1	-	-	1
2011-12	1^	885.00	-	-	-	-	-	1	-	-	-	-	-	-
2010-11	1	6000.00	-	-	1	-	-	-	-	-	-	-	-	1

[#] Details indicated in 2013-14 are for the IPOs completed as on date.

*As on the listing day, the price of Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount; As on the 30th Calendar day from the listing day, the price of SRG Housing Finance Ltd. and Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

^As on the 30th Calendar day from the listing day, the price of BCB Finance Limited is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

Notes:

(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, or if the stock was not traded on the said calendar days from the date of listing, the share price and benchmark index is taken of the immediately preceding working day.

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

Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please see the website of the Lead Manager – www.afsl.co.in.

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. Valawat Jha Pamecha & Co., Chartered Accountants, the Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated July 22, 2013 on Restated Financial Statements and Statement of Tax benefits dated July 22, 2013 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

Except for the below stated reports and certificate included in the Draft Prospectus, our Company has not obtained any expert opinions:

1. Statutory Auditor – Statement of Tax Benefits
2. Statutory Auditor – Restated Financial Statements
3. Legal Due Diligence Report

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB's commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in lacs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	40.00
2	Printing & Stationery, Distribution, Postage, etc.	4.00
3	Advertisement and Marketing Expenses	3.60
4	Regulatory and other Expenses	4.00
Total		51.60

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 July 24, 2013, the Underwriting Agreement dated [•] and the Market Making Agreement dated July 26, 2013 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 14, 2013.

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.

Commission and Brokerage Paid on Previous Issues of our Equity Shares

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Capital Issue during the last three years

Trine Entertainment Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

Previous Public and Rights Issues

We have not made any previous rights and public issues, and we are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

Previous Issues of Equity Shares otherwise than for Cash

Except as stated in the chapter titled “*Capital Structure*” beginning on page 37 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Our Company has not made any public or rights issue of Equity Shares/ Debentures since inception Companies under the same Management

Details of capital issue made during last three years in regard to other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

Except as mentioned in the Chapter “Our Group Entities” on page 103 of this Draft Prospectus, there are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, that has made any public issue (including any rights issues or composite issues to the public) during the last three years.

PERFORMANCE VIS-À-VIS OBJECTS

SRG HOUSING FINANCE LIMITED (SHFL)

SHFL has come out with an Initial Public Offer of 35,04,000 Equity Shares of ₹10/- each offered at a fixed price of ₹ 20 per share (including a premium of ₹ 10 per share) aggregating to ₹ 700.80 Lakhs to augment their capital base and provide for their fund requirements for increasing their operational scale with respect to their disbursement of housing and related loans activities and to meet the issue expenses. The said issue was opened for subscription on August 22, 2012 and closed on August 24, 2012. The issue was fully subscribed and the basis of allotment was finalized in consultation with the Bombay Stock Exchange Ltd. on September 04, 2012 and the new equity shares were listed on BSE with effect from September 11, 2012.

The objects of the issue were

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.
2. To Meet the Issue Expenses

Details of utilization of Public Issue proceeds of ₹ 700.80 lakhs towards ongoing project as on March 31, 2013 are as follows:

Particulars	Amount to be utilized as per Prospectus (₹ in lakhs)	Actual Amount utilized (₹ in lakhs)
Granting of Loans	635.00	639.21
To meet the Issue Expenses	65.80	61.59
Total	700.80	700.80

As on the date of this Draft Prospectus, the entire amount raised by SHFL through the above mentioned IPO has been utilized.

Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments Issued by the Company

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

Stock Market Data for our Equity Shares

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Company has appointed Sharex Dynamic (India) Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely Sharex Dynamic (India) Private Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor.

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 June 28, 2013 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

S. No.	Name	Designation in Committee	Nature of Directorship
1.	Mr. Bhupesh Kumar Jain	Non- Executive Independent Director	Chairman
2.	Mr. Rajesh Jain	Executive Director	Member
3.	Mr. Arjun Lal Jain	Non- Executive Independent Director	Member

For further details, please see the chapter titled “*Our Management*” beginning on page 86 of this Draft Prospectus.

We have also appointed Mr. Hitesh Soni as the Company Secretary and Compliance Officer for this Issue and he may be contacted at the registered office of our Company. The contact details are as follows:

Name: Mr. Hitesh Soni

Address: 322, SM Lodha Complex,

Near Shastri Circle,

Udaipur - 313001, Rajasthan;

Tel No.: +91 – 294 – 2561882 / 2412609;

Fax No.: +91 – 294 – 5100098

Email: cssrgsf1@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

For details, see the chapter “Our Group Entities” beginning on page 103 of the Draft Prospectus.

Change in Auditors

There has been no change in auditors of our company in the last 3 years.

Capitalisation of Reserves or Profits

Except as stated in the chapter titled “*Capital Structure*” beginning on page 37 of this Draft Prospectus, our Company has not capitalised our reserves or profits during the last five years.

Revaluation of Assets

We have not revalued our assets in the last 5 years.

SECTION VIII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on May 30, 2013 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extraordinary General Meeting held on June 24, 2013 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please see the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 194 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 chapter titled "*Dividend Policy*" beginning on page 115 of this Draft Prospectus.

Face Value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Draft Prospectus at the price of ₹ 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*" beginning on page 51 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation;
- ✓ Right of free transferability; and

- ✓ Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association of our company*" beginning on page 194 of this Draft Prospectus.

Minimum Application Value; Market Lot and Trading Lot

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialized form only.

Trading of the Equity Shares will happen in the minimum contract size of 6,000 Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 6,000 Equity Share subject to a minimum allotment of 6,000 Equity Shares to the successful applicants.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 Working days of closure of issue.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 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 6,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 194 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

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

- If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please see the chapter titled *"General Information - Details of the Market Making Arrangement for this Issue"* beginning on page 31 of this Draft Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Udaipur, Rajasthan. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "*Terms of the Issue*" and "*Issue Procedure*" beginning on pages 163 and 170 respectively, of this Draft Prospectus.

Following is the issue structure:

Public issue of 25,08,000 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 ₹ 501.60 lacs ("the Issue") by S R G Securities Finance Limited ("SSFL" or the "Company" or the "Issuer").

The issue comprises a Net Issue to Public of 19,80,000 Equity Shares of ₹ 10 each ("the Net issue"), a Promoters Contribution of 3,90,000 Equity Shares of ₹ 10 each ("the Promoters Contribution") and a reservation of 1,38,000 Equity Shares of ₹ 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

Particulars of the Issue	Net Issue to Public*	Promoters Contribution Portion	Market Maker Reservation Portion
Number of Equity Shares available for allocation	19,80,000 Equity Shares	3,90,000 Equity Shares	1,38,000 Equity Shares
Percentage of Issue Size available for allocation	78.95% of the Issue Size	15.55% of the Issue Size	5.50% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 6,000 Equity Shares and further allotment in multiples of 6,000 Equity Shares each.	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	<p><i>For QIB and NII:</i></p> <p>Such number of Equity Shares in multiples of 6,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000.</p> <p><i>For Retail Individuals:</i></p> <p>6,000 Equity Shares</p>	3,90,000 Equity Shares	1,38,000 Equity Shares
Maximum Application Size	<p><i>For QIB and NII:</i></p> <p>Such number of Equity Shares in multiples of 6,000</p>	3,90,000 Equity Shares	1,38,000 Equity Shares

Particulars of the Issue	Net Issue to Public*	Promoters Contribution Portion	Market Maker Reservation Portion
	Equity Shares such that the Application Size does not exceed 19,80,000 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.		
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 Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.		

* 50 % of the shares offered are reserved for allocation to applications below or equal to ₹ 2 lacs and the balance for higher amount applications.

Withdrawal of the Issue

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- The final RoC approval of the Draft Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Issue Programme

ISSUE OPENING DATE	[•]
ISSUE CLOSING DATE	[•]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application 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

This Issue is being made under Regulation 106 (M) (2) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit them to the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications based on technical grounds only.

Investors should note that allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. 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 SCSBs authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed color of the Application Form for various categories is as follows:

Category	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional Applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Who Can Apply?

1. Indian nationals resident in India, who are not minors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applications portion;
9. VCFs registered with SEBI;
10. FVCIs registered with SEBI;
11. Multilateral and bilateral development financial institutions;
12. State Industrial Development Corporations;
13. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
14. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
15. Insurance companies registered with Insurance Regulatory and Development Authority;
16. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
17. Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
18. Limited liability partnerships;
19. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
20. Nominated Investor and Market Maker

21. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India
22. Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Applications not to be made by:

1. Minors
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

Availability of Prospectus and Application Forms:

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centres of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of SME Platform of BSE Limited i.e. www.bsesme.com.

Option to Subscribe in the Issue

- a. Investors will have the option of getting the allotment of specified securities only in the dematerialized form.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

Participation by Associates of Lead Manager

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the Lead Manager may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

Application by Indian Public including eligible NRIs applying on Non-Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non-repatriation), Trusts (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, Partnership firms or their nominees. In case of HUFs application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or

sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

Multiple Applications: In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Applications by Eligible NRIs/FIIs on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our registered Office. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws. The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the current Regulations, the following Restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid- up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside India through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of the Draft Prospectus, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the Lead Manager that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Applications by Eligible QFIs

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to

invest through SEBI registered qualified depository participants (“DP”) in equity shares of Indian companies which are offered to the public in India in accordance with SEBI regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Applications by Limited Liability Partnerships

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended (“LLP Act”) a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

Applications by Insurance Companies

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “IRDA Investment Regulations”), are broadly set forth below:

- a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and

- c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, i.e. December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Application by Provident Funds/ Pension Funds

In case of applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

Application under Power of Attorney

In case of applications made pursuant to a power of attorney by Limited Companies, Corporate Bodies, Registered Societies, Mutual Funds, Eligible QFIs, Insurance Companies and Provident Funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- c) With respect to applications made by provident funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores, a certified copy of a certificate from a Chartered Accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from

the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Application Size

a) For Retail Individual Applicants

The Application must be for a minimum of 6,000 Equity Shares and in multiples of 6,000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

b) For Other Applicants (Non-Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 6,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Applications (both in terms of number of Equity Shares applied for and Application Amount) at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Issue under the QIB Portion shall not be made public during the subscription Period. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

Information for the Applicants

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The Lead Manager will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the Corporate Office of the Lead Manager.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the Lead Manager or their authorized agent(s) to register their Applications.
- e) Applications made in the name of Minors and/or their nominees shall not be accepted.
- f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant (“ASBA Account”) is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorize the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The

balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

ESCROW MECHANISM

For details of the escrow mechanism and payment instructions, see section titled “Issue Procedure – Payment Instructions” on page 182 of this Draft Prospectus.

ELECTRONIC REGISTRATION OF APPLICATIONS

1. The Broker / Sub Broker and SCSBs will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Brokers and the SCSBs, (ii) the Applications uploaded by the Brokers and the SCSBs, (iii) the Applications accepted but not uploaded by the Brokers and the SCSBs or (iv) with respect to ASBA Applications, Applications accepted and uploaded without blocking funds in the ASBA Accounts.
2. The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs and (iv) with respect to Applications by ASBA Applicants, Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account.
3. In case of apparent data entry error either by the Broker / Sub Broker or the collecting bank in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
4. The Brokers / Sub Brokers and SCSBs will undertake modification of selected fields in the Application details already uploaded within one Working Day from the Issue Closing Date.
5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Brokers and the SCSBs during the Issue Period. The Brokers / Sub Brokers and the Designated Branches can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for submission on a regular basis. On the Issue Closing Date, the Brokers and the Designated Branches shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Brokers / Sub Brokers on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.

6. At the time of registering each Application and each ASBA Application submitted by an ASBA Applicant, the Brokers and the Designated Branches shall enter the following details of the investor in the on-line system, as applicable:
- Name of the Applicant
 - IPO Name
 - Application Form number
 - Investor Category;
 - PAN (of First Applicant, if more than one Applicant);
 - DP ID of the demat account of the Applicant;
 - Client Identification Number of the demat account of the Applicant;
 - Numbers of Equity Shares Applied for;
 - Cheque Details in case of Applications other than ASBA Application and Bank Account details in case of ASBA Applicants;
 - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
 - Bank account number.

In case of submission of the Application by an ASBA Applicant through the Electronic Mode, the ASBA Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.

7. A system generated TRS will be given to the Applicant as a proof of the registration of the application. It is the Applicant's responsibility to obtain the TRS from the Brokers / Sub Brokers or the Designated Branches. The registration of the Application by the Brokers / Sub Brokers or the Designated Branches does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case on Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.
10. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Brokers / Sub Brokers will be given up to one day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Beneficiary Account Number and PAN, then such Applications are liable to be rejected.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

Our Company and the Underwriters shall enter into an Underwriting Agreement as per terms of Regulation 106P of the SEBI (ICDR) Regulations, 2009 amendments thereto from time to time.

Filing of the Prospectus with the RoC

Our Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

ANNOUNCEMENT OF 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 and one widely circulated Hindi language national daily newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price.

ISSUANCE OF A CONFIRMATION OF ALLOCATION NOTE (“CAN”)

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Issue shall send to the Brokers a list of their Applicants who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

1. Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Applicant's depository account is completed within two Working Days from the date of Allotment.
2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees will have the option to re-materialise the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- 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.

Instructions for Completing the Application Form

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai.

Applicant's Depository Account and Bank Details

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the Lead Manager or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Applications by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis

Applications and revision to Applications must be made in the following manner:

1. On the Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained overleaf.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Applications by Eligible NRIs for an amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Applicants other than ASBA Applicants

Our Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall make out the cheque or demand draft in respect of his or her Application and/or revision of the Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Applicants shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account opened with the Public Issue Account Bank. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.

Terms of Payment / Payment Instructions

The entire Issue Price of ₹ 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: "Escrow Account – SRG SFL – Public Issue – R".
 - In case of Non-Resident Retail Applicants applying on repatriation basis: "Escrow Account – SRG SFL – Public Issue – NR"
- 2) In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- 3) Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay-In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
- 4) On the Designated Date and no later than 12 Working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

For Terms of Payment / Payment Instructions for ASBA Applicants, please see “Issue Procedure for ASBA Applicants” under the chapter “Issue Procedure” on page 170 of this Draft Prospectus.

Payment by Stock Invest

In terms of the RBI Circular No. DBOD No. FSC BC 42 / 24.47.00 / 2003-04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

SUBMISSION OF APPLICATION FORM

All Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Brokers / Sub Brokers at the time of submission of the Application. With regard to submission of Application Forms, please refer to the sub-section on “Issue Procedure - Application Form” on page 170 of this Draft Prospectus.

Kindly note that the Brokers / Sub Brokers at the Collection Centers may not accept the Application if there is no branch of the Escrow Collection Banks at that location.

No separate receipts shall be issued for the money payable on the submission of Application Form or Revision Form. However, the collection centre of the Brokers / Sub Brokers will acknowledge the receipt of the Application Forms or Revision Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. In case of ASBA Applications, an acknowledgement from the Designated Branch or concerned Brokers / Sub Brokers, as the case may be, for submission of the Application Form may be provided.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- a. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- b. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- c. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be

rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Right to Reject Applications

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
2. In case of Partnership Firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
4. PAN not mentioned in the Application Form;
5. GIR number furnished instead of PAN;
6. Applications for lower number of Equity Shares than specified for that category of investors;
7. Applications at a price other than the Fixed Price of the Issue;
8. Applications for number of Equity Shares which are not in multiples of 6,000;
9. Category not ticked;
10. Multiple Applications as defined in this Draft Prospectus;
11. In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
12. Applications accompanied by Stock invest/ money order/ postal order/ cash;
13. Signature of sole Applicant is missing;
14. Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
16. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
17. Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);

18. Applications by OCBs;
19. Applications by US persons other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
20. Applications not duly signed;
21. Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
22. Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
23. Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
24. Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
25. Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000 received after 5.00 pm on the Issue Closing Date;

APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

1. Agreement dated [●] with NSDL, the Company and the Registrar to the Issue;
2. Agreement dated [●] with CDSL, the Company and the Registrar to the Issue.

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

1. An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s identification number) appearing in the Application Form or Revision Form.
3. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
4. Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

5. 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.
6. The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment advice or refund orders will be directly sent to the Applicants by the Registrar to the Issue.

Communications

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, Direct Credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Issue Closing Date would be ensured; and

The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) working days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or

portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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.”

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- 1) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- 2) The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- 3) For applications where the proportionate allotment works out to less than 6,000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 6,000 equity shares; and
 - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- 4) If the proportionate allotment to an applicant works out to a number that is not a multiple of 6,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 6,000 equity shares subject to a minimum allotment of 6,000 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 6,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
- 6) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.

- b) The balance net offer of shares to the public shall be made available for allotment to (i) individual applicants other than retails individual investors and (ii) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to the Lead Manager and the Registrar to this Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES

The Issue will be conducted through the "Fixed Price Method" pursuant to which the Brokers / Sub-Brokers and SCSBs will accept Applications for the Equity Shares during the Issue Period. The Issue Period will commence on [●] and expire on [●]. Following the expiration of the Issue Period, our Company, in consultation with the Lead Manager, will determine the basis of allotment and entitlement to allotment based on the applications received and subject to the confirmation by the Stock Exchanges. Successful Applicants will be provided with a confirmation of their allocation and will be required to pay unpaid amount, if any, for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. The SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful Applicants within 12 days of the expiration of the Issue Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBs

The Registrar to the Issue shall give instructions for credit of the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Issue Closing Date. Applicants residing at the centers where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit, RTGS and NEFT. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Applicant's sole risk within 12 Working Days of the Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Issue Closing Date. In case of ASBA Applicants, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the Beneficiary's Identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

Payment of Refund

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the Lead Manager shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** - Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
- 2) **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- 3) **RTGS (Real Time Gross Settlement)** - Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2.00 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- 4) **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the

IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

- 5) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS OR REFUND ORDERS/ INSTRUCTION TO THE SCSBS BY THE REGISTRAR

The issuer agrees that as far as possible allotment of securities offered to the public shall be made within twelve (12) days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen (15) per cent per annum if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within fifteen days from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 (twelve) working days of closure of the Issue;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) That adequate arrangements shall be made till the securities offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;
- 8) That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act;

- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchanges where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Issue after the Application Closing Date, the Company will be required to file a fresh Draft Offer Document with the Board.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI ("DIPP") by circular 1 of 2012, with effect from April 10, 2012 ("Circular 1 of 2012"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2012 will be valid until the DIPP issues an updated circular. (It is expected on April 10, 2013 and effective from April 10, 2013).

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares by an Indian resident to a Non-Resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met. The transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to inter alia sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Capitalised terms used in this section have the meaning that has been given to such terms in the Article of Association of our Company. Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of our Company are detailed below:

CAPITAL		
4	The Authorised Share Capital of the Company shall be as stated in clause V of the Memorandum of Association of the Company.	
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 issue 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 dividend 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 conferred on the Board under Article 6 and 7, the Company in General Meeting may determine that any shares whether forming part of the original capital or of any increased capital of the Company shall be offered to such persons (whether 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 (whether 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 what so ever for the issue, allotment, removal of difficulty in appointment of shares or disposal of any shares.	
11	Any application signed by or on behalf or any applicant for shares in the Company followed by an allotment of any share herein shall be an acceptance of shares	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.	
12	<p>(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, call or otherwise in respect of any shares allotted by them shall immediately on the inscription of the name of the Allottees in the register of members as the name of the holder of such shares become a debt due to and recoverable by the company from the Allottees 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, 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>
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.	Certificates
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 ₹ 2/- or such less sum as the 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.	Member's right Certificate
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 given to the registered holder of the shares to which, such lost or destroyed certificate shall relate.	As to issue of new certificates in place of one defaced lost of destroyed
16	For every certificate issued under the last proceeding Article there shall be paid to company the sum of ₹ 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 on 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 been 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 members 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 instalment.	Calls
19	A call shall be deemed to have been made at the time when the resolution of the directors Authorizing such call was passed. Not less than fourteen day's 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 extent the time fixed for the	Extension of time for

	payment of any call and may extent such time as to call of any of the members who from residence at distance or other cause the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.	payment of calls
21	if any members 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 in 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 amounts is made payable on allotment or at any fixed date or instalments at times, whether on account of the amount of the share or by way of premium every such amount or instalment shall be payable as if it was a call duly provisions here in contained in respect of calls shall relate to such amount or instalment accordingly.	Amount payable at fixed times or by instalments 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 and debt or money claimed to be 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.	Evidence in actions by 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 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	<p>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 survivor ship subject to the following and other provisions contained in the Articles.</p> <p>(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.</p> <p>(b) The certificate of shares registered in the names two or more persons shall be delivered to the person first name on the Register.</p> <p>(c) The joint holders of a share shall be jointly and severally liable to pay all call in respect thereof.</p> <p>(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</p>	<p>Joint holders</p> <p>To which of joint holder certificate to be issued</p> <p>Several liabilities of joint holders</p> <p>The first named joint holder deemed sole holder</p>

	<p>payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.</p> <p>(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 shall be the only persons recognized 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.</p> <p>(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 present 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.</p> <p>(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.</p>	<p>Death of one or more joint holders of share</p> <p>Votes of joint members</p> <p>On Joint holders</p>
FORFEITURE AND LIEN		
26	If any members fails to pay any call or instalment on or before the day appointed for the payment of the same the directors may at any time there-after during such time as the call or instalment 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 instalments 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 instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of at or before the time and at the place appointed, the shares in respect of which such call was made or instalment 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 instalments, 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 they think fit.	Forfeited share to become 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, instalments interest and expenses, owing upon or in respect of such shares at the time of forfeiture together with the interest thereon from the time forfeiture until payment data 12% pa and	Arrears to be paid notwithstanding forfeiture

	the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.	
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 declaring is a director 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 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
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 entered in the registered in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the company exclusively.	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 originally 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	Cancellation of old Certificate and issue of new certificate

	certificate or certificates.	
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 transferor or the transferee, provided that where such application is made by the transferor 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 transferee 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 ground of the transferor being either alone or jointly with any other person(s) indebted to the company on any account whatsoever, except a lien on the shares.	Form of transfer
43	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.	
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 disregard 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 marketable lots.	
BORROWING POWERS		
48	Subject to the provision of the Act and these Articles, the Board may from time to	Power to Borrow

	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.	
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 change of security over or affection the whole or any part of the assets for 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
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 fund applicable at the discretion of the directors for providing, against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or 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.	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 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 items of business consist 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.	Notice of meetings
60	The accidental omission 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.	As to omission to give notice
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.	Quorum at General Meeting
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	Questions at general meeting how to decide

	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.	
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.	Chairman's casting vote
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 any time by the persons or the persons who made the demand.	Poll to be taken if demanded
65	where a poll is to be taken, the chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him, One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed. The chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from 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 whether 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 o share be by his guardian or any one of his guardians, if more than one.	How member non composments and minor may vote

71	<p>(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.</p> <p>(ii) Every proxy (whether a member or not) shall be appointed in writing under the hand of appointer 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.</p> <p>(iii) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a materially 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.</p> <p>(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.</p> <p>(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.</p>	<p>Voting in person or by proxy</p> <p>Appointment of Proxy</p> <p>Deposit of instrument of appointment</p> <p>Form of proxy</p> <p>Validity of vote given by proxy notwithstanding death of member etc.</p>
72	<p>(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.</p> <p>(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.</p>	<p>Time for objection to vote</p> <p>Chairman of any meeting to be the judge of validity of any vote</p>
73	<p>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.</p>	<p>Minute of general meeting and inspection thereof by member</p>
DIRECTORS		
74	<p>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.</p>	<p>Number of Directors</p>
75	<p>(a) The First Directors of the Company shall be as follows :</p> <ol style="list-style-type: none"> 1. Bajrang Lal Gupta 2. Ramesh Kumar Gupta 3. Vinod Kumar Gupta <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>	<p>Present Directors</p>

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 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.	Appointment of alternate
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 up to 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 up to 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 this 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.	Qualification of 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 such determination shall be divided among the director equally.	Remuneration of Directors
83	The Directors may allow and to any Director who is not a resident of the place where the Registered Office for the time being of the Company is situated or where the meeting of the Board is held and 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 travelling expenses
84	If any director be called upon to perform extra services or special exertions or	Special remuneration

	efforts (which expression shall include work done by a director as a member of any committee formed by the directors) 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.	of Director performing extra services
85	The continuing directors may act notwithstanding any vacancy in 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 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 realized 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 promoted 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 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.	Retirement and rotation of directors
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 reduces 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	Meeting of Director

	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. (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.	Meeting of Directors Quorum
95	If a meeting of the Board could not be held for want of quorum then the meeting shall stand adjourned to such other time, date and 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 or 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 meeting 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 hold 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 shall have a second or casting vote, subject to the provision that the Nominee if appointed under Article 79 present and voting shall be part of such majority.	Questions at Board Meeting how decided
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 conform with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.	Directors committees may appoint 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 after wards 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 there 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 given 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	<p>(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 or the Board or of every committee of the Board.</p> <p>(b) Any such minutes of any meeting of the Board or of any committee of 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.</p>	Minute of proceeding of Directors and committees to be kept
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 whether 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> <p>(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the company.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(5) To secure the fulfilment 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.</p> <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 ail such deeds and thing 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 weather 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</p>	Further power of the Board
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<p>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 realize 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 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 discretion, 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>	
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	<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</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 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 under takings 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 1956.	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 behind and may from time to time revoke, withdraw, alter or very 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, b 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 can substitute a new seal in lieu	The Seal, its custody and use

	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 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 thereon 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 than 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 such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against call.	Dividend and call together
122	No member shall be entitled to 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	No member to receive dividend whilst indebted to the

	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.	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	<p>(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 to 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.</p> <p>(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.</p>	<p>Dividend how remitted</p> <p>Unpaid Dividend Account</p>
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 capitalized 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 capitalized fund be applied on behalf of 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 capitalized 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.	Capitalization of reserves
126	A general meeting may resolve that any surplus moneys arising from the realization 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 capitalized 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 capitalized fund and such appointment shall be effective.	Fractional Certificate
BOOKS AND DOCUMENTS		
128	The directors shall cause to be kept proper books of accounts in accordance with Section 209 of the Act with respects to :-	Books of account to be kept

	<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 : Provided that the said proper books of account shall be kept on actual basis and according to the double entry system accounting.</p>	
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 what extent and at what time and places and under what conditions regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being director and no members (not being a director) shall have any right of inspecting 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 the Act.	Statements of accounts to be furnished 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 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 recognized 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.	Accounts to be sent to each member
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 or 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 the effected by properly addressing prepaying and posting, a letter containing the document or notice provided that where a member</p>	Service of document or notices on members by the company

	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 affected 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.	
136	A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company any address within India for the service of document on him or the sending of notice to him.	By advertisement
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 time 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 any share, 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 he 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 of member
AUTHENTICATION OF DOCUMENTS		
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 (whether 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, manager, 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 all claims and it shall be the duty of the directors out of the funds	Indemnity

	of the Company, to pay all costs, charges, losses and damages which 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 wilful 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 is granted to him by the Court.	
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-efficiency of title to any property acquired by order of the director for on behalf of the Company or for the insufficiency or de-efficiency 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.	
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.	

SECTION XI – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been attached to the copy of the Draft Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

A. Material Contracts

1. Memorandum of Understanding dated July 24, 2013 between our Company and the Lead Manager.
2. Memorandum of Understanding dated June 14, 2013 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, the Lead Manager, Escrow Collection Bank(s), Refund bank and the Registrar to the Issue.
4. Market Making Agreement dated July 26, 2013 between our Company, the Lead Manager and the Market Maker.
5. Underwriting Agreement dated [●] between our Company and the Lead Manager and the Market Maker.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
7. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

Material Documents

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of Certification of Incorporation of S R G Securities Finance Limited.
3. Resolution of the Board of Directors meeting dated May 30, 2013, authorising the Issue.
4. Shareholders' resolution passed at the Extra Ordinary General Meeting dated June 24, 2013, authorising the Issue.
5. Consent from the Auditors for inclusion of their reports on the restated accounts in this Draft Prospectus.
6. Auditor's report for Restated Financials dated July 22, 2013 included in this Draft Prospectus.
7. The Statement of Tax Benefits dated July 22, 2013 from our Statutory Auditors.
8. Consent of our Directors, Company Secretary and Compliance Officer, LM, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company, Market Maker, Underwriters, Escrow Collection Bank(s) and Refund Bank as referred to in their specific capacities.
9. Due Diligence Certificate(s) dated [●] of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.

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10. Copy of resolution passed at the meeting of Board of Directors held on July 29, 2013 for approving this Draft Prospectus.
 11. Approval from BSE vide letter dated [●] to use the name of BSE in this Offer Document for listing of Equity Shares on the SME Platform of the BSE.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY:

Mr. Vinod Kumar Jain
(Managing Director)

Mr. Rajesh Jain
(Executive Director)

Mrs. Seema Jain
(Whole-time Director)

Mr. Arjun Lal Jain
(Non-Executive Independent Director)

Mr. Nishant Badala
(Non-Executive Independent Director)

Mr. Bhupesh Kumar Jain
(Non-Executive Independent Director)

Mr. Hitesh Soni
(Company Secretary & Compliance Officer)

Date:
Place: