



## SPS Finquest Limited

(C.I.N - U67120MH1996PLC098051)

Our Company was originally incorporated in Mumbai as “**Ceenik Holding Pvt. Ltd.**” on March 12, 1996 under the provisions of the Companies Act, 1956. The name of our Company was further changed to **SPS Finquest Pvt. Ltd.** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to **SPS Finquest Limited** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on **April 5, 2013**.

The registered office of our company was originally situated at 225/A-1, Shah & Nahar Industrial Estate, S.J. Road, Lower Parel (West) Mumbai, Maharashtra – 400013. Further the registered office was shifted to Flat no 13-B, Jeevan Satyakam CHS, Ambedkar Road, Bandra (W), Mumbai 400050 w.e.f 04/04/2009. Further again the registered office was shifted from Flat No 13-B, Jeevan Satyakam CHS, Ambedkar Road, Bandra (W), Mumbai 400050 to G-602, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 w.e.f. 17/06/2010. Further again the registered office was shifted from G-602, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 to G-702, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 w.e.f. 02/04/2011. Further again the registered office was shifted from G-702, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 to R-514, 5<sup>th</sup> Floor, Routunda Building, Bombay Samachar Marg, Fort, Mumbai - 400001 w.e.f 15/02/2013. For more details, please refer section titled “History and Certain Corporate Matters” on Page No. 80 of this Prospectus.

**Registered Office:** R-514, 5th Floor, Rotunda Building, B.S.Marg, Fort, Mumbai -400 001. Tel. No.& Fax No.022-40224951/52/53/54.

**Website:** [www.spsfinquest.co.in](http://www.spsfinquest.co.in); **E-mail:** [info@spsfquest.co.in](mailto:info@spsfquest.co.in)

**Contact Person:** Pinal Rakesh Darji, Company Secretary & Compliance Officer. Tel. No. : 022-40224951 ; [cs@spsfquest.co.in](mailto:cs@spsfquest.co.in)

Our Promoters :Mr. Pramod Premchand Shah & Mr. Sandeep Pramodkumar Shah	
The Issue	
PUBLIC ISSUE OF 33,44,000 EQUITY SHARES OF RS. 10/- EACH (EQUITY SHARES OF SPS FINQUEST LIMITED (“SPS”, “THE COMPANY” OR “THE ISSUER”) FOR CASH AT A PRICE OF RS. 75/- PER EQUITY SHARE (THE ISSUE PRICE) AGGREGATING TO RS. 2508 LACS (THE ISSUE). THE FACE VALUE OF THE SHARE IS RS.10/- EACH AND THE ISSUE PRICE IS 7.5 (SEVEN AND HALF) TIMES OF THE FACE VALUE. THE ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF SEBI (ICDR) REGULATIONS, 2009 AS AMENDED (THE “SEBI REGULATIONS”). OUT OF THE PROPOSED ISSUE OF 33,44,000 EQUITY SHARES, 5,15,200 EQUITY SHARES ARE RESERVED FOR SUBSCRIPTION BY THE PROMOTERS AND 1,68,000 EQUITY SHARES ARE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER (AS DEFINED IN THE SECTION “DEFINITIONS AND ABBREVIATIONS”) (THE “MARKET MAKER RESERVATION PORTION”).THE ISSUE LESS THE PORTION RESERVED FOR THE PROMOTERS AND THE MARKET MAKER i.e. ISSUE OF 26,60,800 EQUITY SHARES OF RS 10/- EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 74.24%AND 59.08% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY. THIS BEING A FIXED PRICE ISSUE, AS PER SUB CLAUSE (4) OF REGULATION 43 OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED (THE “SEBI REGULATIONS”), OUT OF THE NET OFFER OF 26,60,800 EQUITY SHARES, NOT LESS THAN 50% SHALL BE AVAILABLE TO RETAIL INDIVIDUAL INVESTORS AND THE REMAINING TO INDIVIDUAL APPLICANTS OTHER THAN RETAIL INVESTORS AND OTHER INVESTORS INCLUDING CORPORATE BODIES OR INSTITUTIONS IRRESPECTIVE OF THE NUMBER OF SHARES APPLIED FOR. IF THE RETAIL INDIVIDUAL INVESTOR CATEGORY IS ENTITLED TO MORE THAN 50 % ON PROPORTIONATE BASIS, THEY SHALL BE ALLOTTED THAT HIGHER PERCENTAGE.	
<b>THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.</b> For Further Details See “ <b>Issue Related Information</b> ” Beginning On Page No. 147 of this 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 “ <b>Issue Procedure</b> ” on Page No. 152 of this 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 Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is 7.5 (Seven & Half) times of the face value. The Issue Price (as determined by the Company, in consultation with the Lead Manager and as stated under the paragraph “ <b>Basis For Issue Price</b> ” on Page No. 59 of this 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 and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing. However as required under Regulation 106 V (1) of SEBI (ICDR) Regulations in respect of the issues to be listed on SME Exchange, the Lead Manager will arrange for compulsory market making in the shares for an initial period of three years from the date of listing.	
GENERAL RISKS	
Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. <b>Specific attention of the investors is invited to the statements in the section titled “Risk Factors” beginning on Page No. 15 of this Prospectus.</b>	
ISSUERS’S ABSOLUTE RESPONSIBILITY	
The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.	
LISTING	
The Equity Shares offered through the Prospectus are proposed to be listed on the SME Platform of the BSE Limited (“BSE”).In terms of Chapter X B of SEBI (ICDR) Regulations, 2009 as amended from time to time, we are not required to obtain any in principle listing approval for the shares being offered in this Issue. However, our Company has received an approval letter dated 19 <sup>th</sup> March, 2014 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 TO THE ISSUE	REGISTRAR TO THE ISSUE
<b>Networth Stock Broking Ltd.</b> <b>SEBI Registration No.:</b> INM000011013 1001/02, 10 <sup>th</sup> Floor, Atlanta Centre, Opp Udyog Bhavan, Sonavala Road, Goregaon East, Mumbai 400063 (Maharashtra) <b>Tel :</b> +91-22 30641600; <b>Fax :</b> +91-22-26850257 <b>Website:</b> <a href="http://www.networthdirect.com">www.networthdirect.com</a> <b>E-mail:</b> <a href="mailto:manish.ajmera@networthdirect.com">manish.ajmera@networthdirect.com</a> <b>Contact Person:</b> Mr. Manish Ajmera	<b>Universal Capital Securities Pvt. Ltd.</b> <b>SEBI Registration No.</b> INR000004082 21, Shakil Niwas Opp Saibaba Temple Mahakali Caves Road, Andheri (E), Mumbai: - 400093. <b>Tel:</b> - +91-22-28207203, +91-22-28257641. <b>Fax No.</b> +91 22 28207207 <b>E-mail :</b> <a href="mailto:ravi@unisec.in">ravi@unisec.in</a> <b>Website :</b> <a href="http://www.unisec.in">www.unisec.in</a> <b>Contact Person :</b> Ravindra Utekar
Issue Opens on <b>21<sup>st</sup> May,2014</b>	Issue closes on <b>23<sup>rd</sup> May,2014</b>

TABLE OF CONTENTS		
S.No	PARTICULARS	PAGE
<b>I</b>	<b>GENERAL</b>	4
1.1	DEFINITIONS	4
1.2	CONVENTIONAL / GENERAL TERMS	4
1.3	ISSUE RELATED TERMS	5
1.4	ABBREVIATIONS	9
1.5	COMPANY AND INDUSTRY RELATED TERMS	12
1.6	CERTAIN CONVENTIONS, USE OF MARKET DATA AND CURRENCY OF FINANCIAL	13
1.7	FORWARD LOOKING STATEMENTS	14
<b>II</b>	<b>RISK FACTORS</b>	15
2.1	MATERIALITY	15
2.2	INTERNAL RISK FACTORS	15
2.3	EXTERNAL RISK FACTORS	22
<b>III</b>	<b>INTRODUCTION</b>	28
3.1	SUMMARY OF OUR INDUSTRY	28
3.2	SUMMARY OF OUR BUSINESS	33
3.3	SUMMARY OF OUR FINANCIAL INFORMATION	36
3.4	THE ISSUE DETAILS IN BRIEF	41
3.5	GENERAL INFORMATION	42
3.6	CAPITAL STRUCTURE	48
<b>IV</b>	<b>PARTICULARS OF THE ISSUE</b>	57
4.1	OBJECTS OF THE ISSUE	57
4.2	BASIC TERMS OF THE ISSUE	58
4.3	BASIS FOR THE ISSUE PRICE	59
4.4	STATEMENT OF TAX BENEFITS	61
<b>V</b>	<b>ABOUT THE ISSUER COMPANY</b>	68
5.1	INDUSTRY OVERVIEW	69
5.2	OUR BUSINESS OVERVIEW	72
5.3	KEY INDUSTRY REGULATIONS AND POLICIES	75
5.4	HISTORY AND CERTAIN CORPORATE MATTERS	80
5.5	OUR MANAGEMENT	81
5.6	OUR PROMOTERS AND PROMOTER GROUP	91
5.7	DIVIDEND POLICY	95
<b>VI</b>	<b>FINANCIAL INFORMATION OF THE COMPANY</b>	96
6.1	FINANCIAL STATEMENTS OF THE COMPANY	96
6.2	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIALS STATEMENT	130
<b>VII</b>	<b>LEGAL AND OTHER INFORMATION</b>	134
7.1	OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	134
7.2	GOVERNMENT & OTHER KEY APPROVALS	136
7.3	OTHER REGULATORY AND STATUTORY DISCLOSURES	137
<b>VIII</b>	<b>ISSUE RELATED INFORMATION</b>	148
8.1	TERMS OF THE ISSUE	148
8.2	ISSUE STRUCTURE	151
8.3	ISSUE PROCEDURE	153
<b>IX</b>	<b>MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY</b>	177
<b>X</b>	<b>OTHER INFORMATION</b>	201
10.1	MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	202
<b>XI</b>	<b>DECLARATION</b>	204

## SECTION I - GENERAL

### 1.1 - DEFINITIONS:

TERM	DESCRIPTION
“SPS”, “the Company”, “We”, “us” and “our”	Unless the context otherwise requires, refers to SPS Finquest Limited, a public limited company incorporated under the Companies Act, 1956.
“You”, “Your” or “Yours”	Prospective Investors in this Issue

### 1.2

#### CONVENTIONAL / GENERAL TERMS:

TERMS	DESCRIPTION
Articles of Association	The Articles of Association of the Company i.e., SPS Finquest Limited, as amended from time to time.
Auditors / Statutory Auditors	The Statutory Auditors of the Company, being Kochar & Associates. Chartered Accountants.
Board of Directors/ Board	The Board of Directors of the Company or a committee (s) constituted thereof
Companies Act / 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) / Our Directors	Director(s) of SPS Finquest Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of Rs.10/- each unless otherwise specified in the context thereof
Executive Directors	Executive Directors means the Whole time Directors of our Company
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
GIR Number	General Index Registry Number
Group Companies	The companies / firms and ventures disclosed in “ <b>Our Promoter Group and Group Companies / Entities</b> ” on Page No. 91 promoted by the Promoters, irrespective of whether such entities are covered under Section 370 (1) (B) of the Companies Act, 1956.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income Tax Act, 1961
I.T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
MOA / Memorandum of Association	The Memorandum of Association of the Company, i.e., SPS Finquest Limited, as amended.
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	Mr. Pramod Premchand Shah & Mr.Sandeep Pramodkumar Shah.
Promoter Group	The persons and entities constituting the promoter group pursuant to regulation 2(1) (zb) of the SEBI (ICDR) Regulations, 2009 and disclosed in <b>“Our Promoter Group and Group Companies/entities”</b> on Page No. 91
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
Registered Office of the Company	R-514, 5th Floor, Rotunda Building, B.S.Marg,Fort, Mumbai -400 001.
RoC	Registrar of Companies, Maharashtra, 100, Everest, Marine Drive, Mumbai - 400002
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on Aug 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited

### 1.3 ISSUE RELATED TERMS

TERMS	DESCRIPTION
Allotment/ Allot/Allotted	Unless the context otherwise requires, issue of Equity Shares pursuant to this 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 Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account.
ASBA Applicant	Any Applicant who intends to apply through ASBA.
ASBA Application Form	The form, whether physical or electronic, used by an ASBA Applicant to make an application, which will be considered as the application for Allotment for purposes of this Prospectus.
Bankers to the Company	Indusind Bank Ltd.
Bankers to the issue / Escrow Collection Bank(s)	Indusind Bank Ltd.
Basis of allotment	The basis on which the Equity Shares will be Allotted, described in <b>“Issue Procedure – Basis of Allotment”</b> on Page No.162 of the Prospectus

BSE	Bombay Stock Exchange Limited.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the LM, the Registrar to the Issue and the Stock Exchange.
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant/ DP	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, and the amounts blocked by the SCSBs are transferred from the bank accounts of the ASBA Applicant to the Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, following which the Board of Directors shall Allot Equity Shares to the Allottees.
Designated Stock Exchange	BSE
DP ID	Depository Participant's Identity.
Draft Prospectus	This Draft Prospectus dated 24/02/2014 filed with the BSE.
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Prospectus will constitute an invitation to subscribe for the Equity Shares
Employee	Permanent Employees of SPS Finquest Limited as on 15/02/2014 were Seven including both staff and workmen employees.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account 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 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 conditions thereof.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being Indusind Bank Ltd.
Indian National	As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended from time to time, who is not an NRI.
IPO	Initial Public Offer.
Issue / Issue Size	The public issue of 33,44,000 Equity Shares of Rs. 10 each at the Issue Price of Rs. 75 /- each aggregating to Rs. 2508 Lacs.
Issue Opening Date	21 <sup>st</sup> May'2014
Issue Closing Date	23 <sup>rd</sup> May'2014
Issue Price	The price at which Equity Shares are being issued by our Company under this Prospectus being Rs. 75
Key Management Personnel	The Personnel listed as key management personnel in "Our Management" on page No. 89
LM / Lead Manager	Lead Manager to the Issue, in this case being M/s. Networth Stock Broking Ltd.

Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our company and the SME Platform of BSE.
Market Makers	Member Brokers of BSE who are specifically registered as Market Makers with the BSE. In our case, being Wellworth Share & Stock Broking Limited, 501, Akruti Orion, 5 <sup>th</sup> Floor, Shradhanand Road, Vile Parle (E), Mumbai-400057 and Javeri Fiscal Services Ltd. Ps-17, PJ Towers, 2 <sup>nd</sup> floor, Dalal Street, Mumbai -400001- are the Market Makers.
Net Issue	The Issue of 26, 60,800 Equity Shares of Rs.10/- each at a price of Rs.75/- (including share premium of Rs.65/-) per Equity Share aggregating to Rs.1995.60Lacs by M/s. SPS Finquest Limited.
Nominated Investor	Nominated Investor means a Qualified Institutional Buyer or Private Equity Fund, who enters into an agreement with the Merchant Banker to subscribe to the issue in case of under- subscription or to receive or deliver the specified securities in the market making process.
Non Institutional Investors / Applicants	All Investors that are not QIBs (but not including NRIs other than eligible NRIs) or Retail Investors and who have applied for Equity Shares for an amount more than Rs. 2,00,000/-
Overseas Corporate Body	A company, partnership firm, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the FEMA. Overseas Corporate Bodies are not permitted to invest in this Issue.
Prospectus	The Prospectus, filed with the Registrar of Companies, Maharashtra, Mumbai containing, inter alia, the Issue Price, the size of this Issue and other information.
Public Issue / Issue / IPO	Public Issue of 33,44,000 equity shares of Rs.10/- each for cash at a premium of Rs.65/- per share (Price of Rs.75/- per share) aggregating to Rs.2508 Lacs (the issue) by SPS Finquest Limited (Our Company or Issuer). The face value of the share is Rs.10/- each and the issue price is Rs. 75/- (Seven & Half times of the face value)
Public Issue Account	Account opened with the Banker to the Issue to receive monies from the Escrow Account and from SCSBs from the bank account of the ASBA Applicant, on the Designated Date.
Qualified Institutional Buyers or QIBs	<p>“Qualified Institutional Buyer” means:</p> <ul style="list-style-type: none"> <li>(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the SEBI;</li> <li>(ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the SEBI;</li> <li>(iii) a public financial institution as defined in section 4A of the Companies Act, 1956;</li> <li>(iv) a scheduled commercial bank;</li> <li>(v) a multilateral and bilateral development financial institution;</li> <li>(vi) a state industrial development corporation;</li> <li>(vii) an insurance company registered with the Insurance Regulatory and Development Authority;</li> <li>(viii) a provident fund with minimum corpus of Rs.2500 Lacs;</li> <li>(ix) a pension fund with minimum corpus of Rs. 2500 Lacs;</li> <li>(x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</li> <li>(xi) Insurance funds set up and managed by Army, Navy or Air Force of the Union of India; and Insurance Funds set-up and managed by the</li> </ul>

	Department of Posts, India
Refund Account	Account opened with an Escrow Collection Bank 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 have been appointed / designated for the purpose of refunding the amount to investors (except ASBA Investors) either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the Chapter titled “Issue Procedure” beginning on page 152 of the Prospectus in this case being Indusind Bank Ltd.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds mean refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/ Registrar to this Issue	Registrar to the Issue being Universal Capital Securities Pvt. Ltd.
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended from time to time.
Retail Individual Investors	A Retail Individual Investor who is a “person resident in India” (as defined in Foreign Exchange Management Act, 1999) and who applies for an aggregate amount not more than Rs.2 Lacs in the Issue.
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.
Syndicate	Collectively, the LM and the Syndicate Member(s).
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a>
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.
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
Underwriters	The LM and others who have agreed to underwrite this Issue as per SEBI (Underwriters) Regulations, 1993 as amended
Underwriting Agreement	The Agreements entered into between the Underwriters and the Company
Working Day	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 or a public holiday), on which commercial banks in India are open for business



Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
BRLM / LM	Book Running Lead Manager / Lead Manager
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CIT	Commissioner of Income Tax
CAN	Confirmation of Allocation Note
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
DB	Designated Branch
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identification Number
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting of the shareholders
EME	Emerging Market Economies
EPS	Earnings per Equity Share
EXIM/EXIM POLICY	Export - Import Policy
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued there under
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions



Abbreviation	Full Form
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBS	Gross Budgetary Support
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI / Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IIP	Index of Industrial Production
IMF	International Monetary Fund
INR	Indian National Rupee
IPO	Initial Public Offering
IT Act	Income Tax Act, 1961, as amended
Ltd.	Limited
MAPIN	Market Participant and Investor Database
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992
M&A	Mergers & Acquisitions
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NEFT	National Electronic Fund Transfer
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NR	Non-Resident
NRE Account	Non Resident (External) Account
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited

Abbreviation	Full Form
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PVT.	Private
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
R&D	Research & Development
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
STT	Securities Transaction Tax
SME	Small and Medium Enterprises
SPV	Special Purpose Vehicle
Sec.	Section
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UoI	Union of India
WDV	Written Down Value
w.e.f.	With effect from
YoY	Year on Year
Bn.	Billion
USD	US Dollar – Currency of United States of America
Registered Office	R – 514, 5 <sup>th</sup> floor, Rotunda Building, B.S.Marg, Fort, Mumbai – 400001.
Corporate Office	R – 514, 5 <sup>th</sup> floor, Rotunda Building, B.S.Marg, Fort, Mumbai – 400001.
Working Days	All days except Saturday, Sunday and any public holiday



### 1.5 -COMPANY AND INDUSTRY RELATED TERMS

Term	Description
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
EL	Equipment Leasing Company
HP	Hire Purchase Finance Company
IC	Investment Company
KYC	Know Your Customer
LAS	Loan against Shares
LC	Loan company
MBFC	Mutual Benefit Financial i.e., Nidhi Company
NBFC	Non-Banking Financial Company
NBFC – ND	Non-Banking Financial Company – Non Deposit Taking
NOF	Net Owned Fund
NPA	Non-Performing Assets
PDs	Primary Dealers
PLR	Prime Lending Rate
PPP	Purchasing Power Parity
RNBC	Residuary non-banking company
RRB	Regional Rural Bank
SCB	Scheduled Commercial Bank



## 1.6 PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

In this prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “SPS Finquest Limited” and “SPS”, unless the context otherwise indicates or implies, refers to SPS Finquest Limited. In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac/Lakh” means “one hundred thousand”, the word million means “ten lac/ lakh”, the word “crore” means “ten million” and the word “billion” means “one hundred crore”; and all references to “Rupees” or “Rs”. Are to Indian Rupees and all references to “Dollar” or “\$” are to US Dollars. This Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off. Throughout this Prospectus, all figures have been expressed in lacs, except otherwise stated specifically.

Throughout this Prospectus, all figures have been expressed in lacs, unless otherwise specifically stated. Unless stated otherwise, the financial data in the Prospectus is derived from our audited financial statements prepared for the financial year 31<sup>st</sup> March, 2013, 2012, 2011, 2010, 2009 & for period ended 31<sup>st</sup> December’2013 & the restated financial statements prepared for financial year 31<sup>st</sup> March, 2013, 2012, 2011, 2010, 2009 & for period ended 31<sup>st</sup> December’2013 prepared in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included under Section titled **“Financial Information of the Company”** beginning on Page No. 96 of this Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our Company does not have any subsidiary. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31<sup>st</sup> of every next year. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

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

For additional definitions used in this Prospectus, see the section Definitions and Abbreviations on Page No. 4 of this Prospectus. In the section titled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Unless stated otherwise, market data used throughout this Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein 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.

Although, we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. Further, the extent to which the market data presented in this 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 the Company conducts the business, and methodologies and assumptions may vary widely among different industry sources.



## 1.7 FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements” with respect to our financial condition, results of operations and business. These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “may”, “plan”, “project”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe Company’s objectives, strategy, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- Changes in general economic and business conditions in the markets in which we operate and in the local, regional, national & International economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in this industry;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Changes in technology& our ability to successfully implement the same;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, etc.;
- Inability to identify expansion opportunities or delays experienced or other problems in implementing projects;
- Our ability to protect our intellectual property rights and not infringing intellectual property rights of other parties;
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political condition in India& abroad.
- Any Government Approvals
- The outcome of legal or regulatory proceedings that we might become involved in;
- Conflict of Interest with group entities and related parties
- Our dependence on our Promoters & key management personnel’s
- Dependence on our existing professionals & other core team members and the loss of, or inability to attract or retain such persons.

For further discussion of factors that could cause Company’s actual results to differ, please see the section entitled “**Risk Factors**” included in this Prospectus on Page No. 15 onwards. By their nature, certain market 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. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Prospectus might not occur and are not guarantees of future performance.

Neither the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, for purposes of the Issue, the Company and the LM to the Issue will ensure that investors are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares pursuant to this Issue is received.



## SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in the Prospectus, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in the Prospectus, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in the Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of our Company as of and for the Fiscals 2009, 2010, 2011, 2012, 2013 and for period ended 31<sup>st</sup> December 2013 in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.

### 2.1 MATERIALITY

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

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

Note:

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

In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "**Risk Factors**" on Page No. 15 and "**Management Discussion and Analysis of Financial Condition and Results of Operations**" on Page No. 130 of this Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Audited Financial Statements" prepared in accordance with the Indian Accounting Standards.

### 2.2 INTERNAL RISK FACTORS

#### 2.2.1 SPECIFIC TO THE COMPANY

- 1. Our business is highly dependent on our Promoters Pramod P. Shah, Sandeep Pramod Shah and other key personnel, and the loss of, or inability to attract or retain, such persons could adversely affect our business and results of operations.**

Our business is highly dependent on our Promoters Mr. Pramod P. Shah, Sandeep Pramod Shah and other key personnel & further, we may not be able to redeploy and retain our technical personnel to keep pace with the



continuing changes in our business or may incur increased cost on that account. While we believe that our relationship with our promoters & employees will be generally good, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. The continued support of our senior management team, may be critical for managing our operations and meeting future business challenges.

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

Any lending or investment activity is exposed to credit risk arising from the risk of default and nonpayment by borrowers and other counterparties. All the loans granted are against shares or other such collateral. 90.70% of the total loan portfolio is given to 7 clients, where in case of default by any of the client may lead to huge financial loss to the Company. Further approximately 3.94% of our loans in the portfolio are loans granted to Small and medium enterprises or individuals.

Till date we have not written off any Loans and Advances due to under recovery. However, the size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure. In particular, the customers of the Loan against Shares may have relatively higher sensitivity to equity market conditions and also the unsecured individual borrowers are generally less financially robust than larger corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and counterparties, we rely on published credit information relating to such parties and financial and other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. Please refer to the section titled "*Our Business – Summary of Key Policies and Procedures*" on 72 of this Prospectus for details of the credit policies and approval processes of our Loans and Advances business. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers and counterparties. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, our business, future financial performance and results of operations may be materially and adversely affected.

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

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

**4. Investment of the Issue proceeds carries inherent investment risks.**

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





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

We have not entered into any non-compete agreements with any of our Promoters and Group Company. Our Promoters and/or our Directors and related entities have direct interests in the Shares Trading, Investments and Lending to Securities Market Participants in Individual capacity. They also hold direct and indirect interests (management control as well as non-management strategic equity stakes) in SPS Share Brokers Pvt. Ltd., SPS Capital & Money Management Services Pvt. Ltd. and SPS Capital Limited all of which are engaged in, *inter alia*, the shares trading or financial services. All of these companies have similar main objects clauses as our Company in their respective memoranda of association, and may be engaged in the financial services business and hence may compete with us to the extent permitted. Situations may therefore arise where such persons or companies are presented with, or identify, opportunities that may be or are perceived to be in competition with us. They may also be subject to conflicts of interest with respect to decisions concerning our operations, financial structure or commercial transactions. These or other conflicts of interest may not be resolved in an impartial manner and could have a material adverse effect on our operations. For further details please refer to chapter titled “*Our Management*” and “*Our Promoters and Promoters Group*” beginning on pages 81 and 91 of this Prospectus.

**6. A significant portion of our loans granted are short term in nature.**

Nearly 50-60% of loan granted are short term in nature. All of the loans we issue are due within one year of disbursement or are to be renewed within one year if need be. The relatively short-term nature of our loans means that our long-term interest income stream is less certain than if a portion of our loans were for a longer term. In addition, our members may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. The potential in stability of our interest income could materially and adversely affect our results of operations and financial position.

**7. The revenues earned from business are highly volatile and inconsistent in past and may continue to be inconsistent in future.**

We are engaged in the business of granting loans against securities since 2011. Despite our efforts to earn favorable returns, we have not been successful in reducing our interest cost on revenues earned. We have reported profit after tax of Rs 36.11 lacs for F.Y. 2012-2013 which is 66.10% lower than F.Y 2011-12 in spite of increase in revenue by 10.20% in F.Y 2012-13.

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

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

Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “*Objects of the Issue*” beginning on page 57 of this Prospectus.

**9. We do not have long term contracts with customers and typically operate on the basis of client satisfaction, which could adversely impact our revenues and profitability.**

The agreements or contracts with our customers cannot ensure continuity of their business with us. We operate in customer-centric business environment where our business is dependent on the decisions and actions of our customers, and there are a number of factors relating to our customers that are outside our control that might result in loss of customers. Any of these factors could adversely affect our business operations and in turn adversely affect our financial operations.

**10. 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, and results of operations, financial condition and the trading price of our Equity Shares.

Our Company is regulated by the RBI as an NBFC-ND. 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 and hence would have to adhere to individual and group borrower exposure limits and periodic reporting and other such compliances and procedures.

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

In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC. For further details, please refer to the section titled "*Regulations and Policies in India*" beginning on page 75 of this Prospectus. We cannot assure you that we may not breach the exposure norms or other regulatory norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC by the RBI by the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, and results of operations, financial condition and the trading price of our Equity Shares.

#### **11. In the 12 months prior to the date of filing the Prospectus, the company had issued Bonus Equity Shares to its existing shareholders.**

We have allotted 7,73,400 Equity Shares as bonus in the ratio of 2:1 to our existing Equity shareholders on 31<sup>st</sup> January, 2014 by capitalization off reserves to following allottees—

Date of Allotment	No. Of Equity Shares	Name of the Allottee	Face Value (in Rs)	Consideration ( In Rs )
31/01/2014	4,72,400	Pramod Shah	10	Bonus
31/01/2014	3,00,000	Sandeep Shah	10	Bonus
31/01/2014	200	Kalpana Shah	10	Bonus
31/01/2014	200	Jesal Shah	10	Bonus
31/01/2014	200	Alpa Shah	10	Bonus
31/01/2014	200	Shapoorji Mistry	10	Bonus
31/01/2014	200	Manish Dave	10	Bonus
Total	7,73,400			

#### **12. Major fraud, lapses of internal control or system failures could adversely impact the company's business.**

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

**13. Future issuances of Equity Shares or future sales of Equity Shares by our Promoters and certain Shareholders, or the perception that such sales may occur, may result in a decrease of the market Price of our Equity Shares.**

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

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

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

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

We are/may be required to obtain and maintain certain approvals, licences, registrations and permits in connection with our 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, licences, registrations and permits in the future. An inability to obtain or maintain such registrations and licences in a timely manner, or at all, and comply with the prescribed conditions in connection herewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition. For further details regarding the various statutory approvals required in our Business, please refer to the chapter titled **"Government and other Key Approvals"** on Page No.135 of this Prospectus.

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

Our Company has not declared any dividend so far. The amount of our future dividend payments, if any, will depend on our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

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

As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 500 Crore. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the BSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

**18. Delay in raising funds from the IPO could adversely impact the implementation schedule.**

The proposed expansion, as detailed in the section titled *"Objects of the Issue"* is to be largely funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion process within the given timeframe, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

**19. We may not be successful in implementing our business strategies.**

The success of our business largely depends substantially on our ability to implement our business strategies effectively or at all. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted customers. Changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

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

Our Company faces significant competition in the businesses that we are involved in. In particular, we compete with other finance companies, both in India and abroad; and public and private sector commercial banks operating in the markets in which we are present. In recent years, large international banks have also entered these markets. For further details, please refer to the paragraph titled “Competition”, as contained in the chapter titled “*Our Business*”, on page. 33 of this Prospectus. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation and price. Our competitors may have advantages over us, including, but not limited to:

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

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

**21. Premises of our Registered & corporate Offices are not owned by us. Our operation at these places will be affected, if we lose the possession of these properties.**

We propose to operate out of leased facilities for our Registered & Corporate Office taken on lease till 31<sup>st</sup> march, 2015 but this lease agreement can be terminated by the lessors at the end of the lease period. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all.

**22. Our insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse impact on our business.**

Currently we do not hold any insurance policy (to cover the risk of our business) & as and when taken it may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the insurance policy availed by us will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim, which have a material and adverse impact on our business operations and profitability.

**23. 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.

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

We are dependent on our key managerial personnel for setting our strategic direction and managing our



Business. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

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

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

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

Our Company is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and interception during transmission through external communication channels or networks. Failure to protect fraud or breach in security may adversely affect our Company's operations and financial performance. Our 18 reputation could also be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

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

Apart from our primary business of providing loans and services, we have been and continue to be involved in the business of investing and trading in securities of all kinds. We have reported gross losses of Rs 103.35 Lacs and Rs.16.74 Lacs for period ending 31<sup>st</sup> March 2013 and 2012 respectively.

## **2.2.2 SPECIFIC TO THE PROJECT**

**1 Our Project has not been appraised by any Bank or Financial Institution.**

The project for which we intend to use the proceeds as mentioned in the objects of the Issue has not been appraised by any bank or financial institution. It is determined by our own estimates based on current market conditions and is subject to changes in external market conditions.

Pending utilisation of proceeds out of issue for the purposes described in the Prospectus, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, investment in mutual funds, etc as the Board of Directors may deem fit and proper.

As per Clause 52 of the Listing Agreement to be entered into with the SME Platform of BSE upon listing of the equity shares and the Corporate Governance Requirements, an Audit Committee of the Board shall monitor the utilization of the net proceeds of the issue.

**2 Our Company may continue to be controlled by the Promoters following this Issue.**

The Board of Directors of our Company as on date consists of two promoter Directors & an executive director and 3 independent Directors. After completion of this Issue, the composition of the Board of our Directors will remain the same and consequently, our Promoters may exercise substantial control over us and determine the outcome of proposals for corporate action requiring approval of our Board of Directors such as revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to



influence our major policy decisions and any wrong decision on their part could adversely affect your investment in the Equity Shares.

**3 The market price of the Equity Shares may be adversely affected by any additional issuances of equity shares or sale of a large number of the Equity Shares by our Promoters.**

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of Equity Shares will dilute the position of existing shareholders and could adversely affect the market price of the Equity Shares. Further though promoter's shares are locked-in as per SEBI norms but once lock-in period is over they may sell their holding which could affect the market price of the shares of our Company.

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

As on date, we propose to meet the working capital requirements partly out of the funds to be brought in by way of promoters' contribution and also out of the funds to be raised through the issue. But, 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-No 57 of this Prospectus.

**5 Even after this issue, we will continue to be severely dependent on our senior management and promoter's ability to implement our growth strategies.**

Through this issue we propose to get listed on the SME Platform of BSE and further increase our asset base in order to take our company to the next level of operational and financial strength. We will be severely dependent on our senior management and promoters' ability to effectively implement our growth strategies. If our Promoters disassociate from our company for any reason or in the event of their 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.

**6 Risk due to Interest Rate Fluctuations.**

Our Company's main activity is of lending money against securities and Company's main revenue comes from Interest Income earned on same. If there is any change in the general Interest Rate scenario it may affect the top line and bottom line of the Company.

## **2.3 EXTERNAL RISK FACTORS**

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

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

The market value of a security with a fixed interest rate generally decreases when the prevailing interest rates rise, which may have an adverse effect on our earnings and financial condition. In addition, we may incur costs (which, in turn, will impact our results) as we implement strategies to reduce future interest rate Exposure. The





market value of an obligation with a floating interest rate can be adversely affected when Interest rates increase. Increases in interest rates may reduce gains or require us to record losses on sales of our loans and, as a result, adversely affect our financial condition.

**2. Changes in domestic Tax Laws will have impact on our profitability and ability to distribute the same to the shareholders.**

Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operation. Our business operations are subject to strict statutory regulations. We may incur costs to comply with the requirements of these regulations. Any lapses or non-compliance of any laws or regulations or rules or acts or policies by us may adversely affect our business and / or financial operations. Also any changes in the tax laws prevailing in India particularly the income tax might lead to increased tax liability of the Company thereby putting pressures on our profitability. Changes in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company.

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

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

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

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

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

Prior to this Issue, there has been no public market for our Equity Shares. The company and the Lead Manager have appointed Wellworth Share & Stock Broking Limited and Javeri Fiscal Services Ltd as Designated Market Maker for the equity shares of our company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets and media & technology industry and the perception in the market about investments in the media & technology industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will





trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Maker please refer to the chapter titled “**General Information – Details of the Market Making Arrangement for this Issue**” on Page No.45 of this Prospectus.

**6. There are restrictions on daily movements in the price of the Equity Shares, which may adversely Affect a shareholder’s ability to sell, or the price at which it can sell, Equity Shares at a particular Point of time.**

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

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

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

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

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

## 2.4 PROMINENT NOTES TO THE RISK FACTORS

1. Net worth of SPS FINQUEST LIMITED before the issue as per the financial statement of the Company and the issue size–

Net Worth before the Issue (Based on Audited Financial Statements, as on 31.12.2013)	Rs.222.20 Lacs
Issue Size	The Company proposes to issue 33,44,000 Equity Shares at Rs.75/- per share (including share premium of Rs.65/- per share) aggregating to Rs.2508 Lacs (Rs. Twenty five crore Eight Lacs only) including 5,15,200 Shares reserved for the Promoters & 1,68,000 shares reserved for the Market maker. The Issue would constitute 74.24% of the fully diluted post Issue paid-up capital of our Company.
Book Value (Based on Audited Financial Statements, as on 31.12.2013 & Post Bonus Issue) (Face Value of Rs. 10/- per share)	Rs.68.20 Per equity share (As on 31/12/2013) Rs.22.73 per Equity Share (Post Bonus Issue)



- a) The Net worth of the Company as on 31.12.2013 has been computed in compliance with Regulation 2 (1)(v) of SEBI (ICDR) Regulations, 2009.

2. The average cost of acquisition of the equity Shares of Rs. 10/- each by the Promoters of SPS after considering the Issue is as under:-

Name of the Promoter	Number of Equity shares held before the Issue	IPO Subscription	No. of Equity shares after the Issue	Average cost of acquisition (Rs)
Pramod P.Shah	7,08,600	2,57,600	9,66,200	23.66 Per Share
Sandeep P Shah	4,50,000	2,57,600	7,07,600	30.48 Per Share
Total	11,58,600	515200	16,73,800	

The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them, if any. For more information, please refer to the section titled “Capital Structure” on page 48.

For further details, please see “**Capital Structure –History of Equity Capital held by Promoter**” on Page No. 48 of this Prospectus.

3. For details on Related Party Transactions, refer to the section titled “**Related Party Transactions**” on Page No. 106 of this Prospectus
4. Our Company was originally incorporated in Mumbai as “**Ceenik Holding Pvt. Ltd**” on March 12, 1996 under the provisions of the Companies Act, 1956. The name of our Company was further changed to **SPS Finquest Pvt. Ltd.** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to **SPS Finquest Limited** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on **April 5, 2013**.
5. The registered office of our company was originally situated at 225/A-1, Shah & Nahar Industrial Estate , S.J. Road, Lower Parel (West) Mumbai, Maharashtra – 400013. Further the registered office was shifted to Flat no 13-B, Jeevan Satyakam CHS, Ambedkar Road, Bandra (W), Mumbai 400050 w.e.f 04/04/2009. Further again the registered office was shifted from Flat No 13-B, Jeevan Satyakam CHS, Ambedkar Road, Bandra (W), Mumbai 400050 to G-602, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 w.e.f. 17/06/2010. Further again the registered office was shifted from G-602, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 to G-702, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 w.e.f. 02/04/2011. Further again the registered office was shifted from G-702, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 to R-514, 5<sup>th</sup> Floor, Routunda Building, Bombay Samachar Marg, Fort, Mumbai - 400001 w.e.f 15/02/2013. For more details, please refer section titled “History and Certain Corporate Matters” on Page No.80 of this Prospectus.
6. Our Company, its Promoters / Directors, Company’s Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, group companies, associate companies are not declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
7. As per Regulation 4 (2) (a) of SEBI (ICDR) Regulations, 2009, neither our company nor any of our Promoters, Promoters Group, or Directors or Person in Control of the Company has ever been debarred from accessing the capital market by the Board (SEBI).



8. As per Regulation 4 (2) (b) of SEBI (ICDR) Regulations, 2009, none of our Promoters, Promoters Group, Directors or Person in Control of the Company has ever been part of Promoter group, Directors or Person in Control of any other company which is debarred from accessing the capital market under any order or directions made by the Board (SEBI).
9. Any clarification or information relating to the Issue shall be made available by the LM, our Company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the LM for any complaints pertaining to the Issue.
10. The Investors are advised to refer to the Paragraph on **“Basis for Issue Price”** beginning on Page No. 59 of this Prospectus, before making any investment in this Issue.
11. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
12. In the event of over-subscription, allotment shall be made as set out in para titled **“Issue Procedure –“Basis of Allotment”** beginning on Page No. 162 of this Prospectus and shall be made in consultation with BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
13. No part of the Issue proceeds will be paid as consideration to the promoters, Directors, key managerial personnel, associates or Promoter Group companies/ entities except in the usual course of business.
14. The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any equity shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and also to the extent of their interest as stated in the related party transactions which have been entered into by the Company wherein promoters, directors and their relatives/ associates are interested. For details, please refer to Annexure X of Auditors’ Report on **“Related Party Transactions”** under Section titled **“Financial Statements of the Company”** beginning on Page No. 96 of this Prospectus.
15. No loans and advances have been made to any person(s) / Companies in which the Director(s) of our Company are interested.
16. Except as disclosed under Annexure X on **“Related Party Transactions”** under Section titled **“Financial Statements of the Company”** on Page No. 96 of this Prospectus, there have been no transactions between our Company and Group Companies and Key Managerial Persons as on 30/09/2013.
17. There are no financing arrangements whereby our Promoter, Promoter Group, Directors or their immediate relatives have financed the purchase of Equity Shares by any other person during the six months preceding the date of filing of this Prospectus.
18. Our Company and the LM will update the Prospectus in accordance with the Companies Act, 1956 and the SEBI (ICDR) Regulations, 2009, as amended and our Company and the LM will keep the public informed of any material changes relating to our Company till the listing of its Equity Shares on the BSE Stock Exchange.
19. The Issue is being made in terms of CHAPTER X-B of the SEBI (ICDR) Regulations, 2009, as amended from time to time. This being a fixed price issue, the allocation in the net offer to the public category shall be made as per sub clause (4) of Regulation 43 of the SEBI (ICDR) Regulations, 2009, as amended.
20. Investors are free to contact the LM for any complaints, clarification or information pertaining to this Issue. For contact details of the LM, please refer to the cover page of this Prospectus.



21. In addition to the LM, the Company shall be obliged to update the Prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.

## SECTION III – INTRODUCTION

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Prospectus, including the information contained in the chapter titled “Risk Factors” and “Financial Statements of the Company” and related notes beginning on Page No. 15 and Page No. 96 of this Prospectus before deciding to invest in our Equity Shares. 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.

### 3.1 -- INDUSTRY OVERVIEW

#### THE INDIAN ECONOMY

The Indian economy continued to remain sluggish in Q4 of 2012-13, though it still maintained a pace faster than most of the EMDEs. The GDP growth rate for the last quarter (January-March) of financial year 2012-13 (FY13) at 4.8 per cent per annum showed a marginal improvement over 4.7 per cent in the previous quarter. Growth rate for financial year 2012-13 decelerated to 5.0 per cent from 6.2 per cent in 2011-12 and 9.3 per cent in 2010-11. Across major sectors, growth rate during Q4 of FY13 improved for ‘manufacturing’, ‘construction’, and ‘financing, insurance, real estate and business services’ to 2.6 per cent 4.4 per cent and 9.1 per cent, respectively, from 2.5 per cent, 2.9 per cent and 7.8 per cent, respectively, in the previous quarter. All other sectors experienced deceleration in growth during the quarter, particularly ‘mining and quarrying’ showing a negative growth of (-)3.1 per cent compared with (-)0.7 per cent in Q3 and ‘electricity, gas and water supply’ showing a growth of 2.8 per cent compared with 4.5 per cent.

Even though the current account deficit (CAD) to GDP ratio moderated to 3.8 per cent in Q4 of 2012-13 from its historic high of 6.5 per cent in Q3 of 2012-13, indications are that it may have widened again in Q1 of 2013-14. Going forward, the current account is expected to show improvement with likelihood that gold imports may fall. However, risks to CAD financing have increased due to capital outflows from EMDEs. This has put rupee under pressure. Vulnerability indicators of the external sector have deteriorated. In this milieu, concerted policy reforms are needed to reduce CAD and to improve financing by attracting more stable capital flows to the Indian economy.

#### 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.

#### The Indian Financial Services Sector:

The decision by US Fed in September 2013 to maintain its pace of bond purchases appears to have considerably calmed markets. Since then, EMDE equity markets and currencies have rallied. Pressures in bond markets have also slackened. Tracking these global developments and significant policy actions by the Government and the Reserve Bank, Indian stock markets turned around in September 2013 after the slump in the preceding two months. The Rupee also strengthened in response to improved trade flows and return of equity inflows. While markets have got a temporary breather, near-term uncertainties remain and steps need to be taken to build buffers to manage contingent risks. (Source: RBI, Macroeconomic and Monetary Developments –First Quarter Review 2013-14).

### **Non-Banking Finance Companies Overview -**

Non-Banking Financial Companies (NBFC) have rapidly emerged as an important segment of the Indian financial system. Moreover, NBFCs assume significance in the small business segment as they primarily cater to the credit requirements of the unorganised sector such as wholesale & retail traders, small-scale industries and small borrowers at the local level. NBFC is a heterogeneous group of financial institutions, performing a wide range of activities like hire-purchase finance, vehicle financing, equipment lease finance, personal loans, working capital loans, consumer loans, housing loans, loans against shares and investment, etc.

NBFCs are broadly divided into three categories namely

- (i) NBFCs accepting deposits from banks (NBFC-D);
- (ii) NBFCs not accepting/holding public deposits (NBFC-ND); and
- (iii) Core investment companies (i.e. those acquiring share/securities of their group/holding/subsidiary companies to the extent of not less than 90% of total assets and which do not accept public deposits.)

The segment has witnessed considerable growth in the last few years and is now being recognised as complementary to the banking sector due to implementation of innovative marketing strategies, introduction of tailor-made products, customer-oriented services, attractive rates of return on deposits and simplified procedures, etc. NBFCs have been playing a complementary role to the other financial institutions including banks in meeting the funding needs of the economy. They help fill the gaps in the availability of financial services that otherwise occur in bank-dominated financial systems. The gaps are in regards to the products as well as customer and geographical segments.

While the functions of NBFCs are just like banks, there are few differences between both the institutions. These are: (i) NBFC cannot accept demand deposits; (ii) NBFC is not part of the payment and settlement system as well as it cannot issue cheques drawn on itself and (iii) deposit insurance facility of Deposit Insurance & Credit Guarantee Corporation is not available for NBFC depositors unlike in the case of banks.

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

The number of NBFCs has decreased from 13,014 in FY06 to 12,409 in FY11 however the sector has grown by 2.6 times between FY06 and FY11 at a CAGR of 21%. It accounted for 10.8% in terms of outstanding advances and 13% in terms of assets of the banking system in FY06. This share has risen to 13.2% and 13.78% respectively in FY11. In terms of deposits the share of public deposits held by NBFCs as compared to deposit base of banks has decreased from 1.05% in FY06 to 0.22% in FY11. (Source: Report of the Key Advisory Group on Non-Banking Finance Companies (NBFCs) dated 31<sup>st</sup> January, 2012 – Department of Financial Services, Ministry of Finance, Govt. of India.)

Currently, the RBI classifies NBFCs into 7 categories as following:

1. Asset finance company (AFC)
2. Investment company (IC)
3. Loan company (LC)
4. Infrastructure finance companies (IFC)
5. Core investment companies (CIC)
6. Infrastructure debt fund – Non-banking finance company (IDF-NBFC)
7. Non-banking finance company – Micro finance institution (NBFC-MFI) - **(introduced on December 2, 2011).**

The dependence of NBFCs sector on public funds has gone down from approximately 62% in FY06 to 58% in FY11. The share of public deposits to total funds has gone down from 8% to 2% and Bank/FI borrowing has increased marginally from 22% to 23% during the same period. With the development of capital markets, NBFCs have increasingly been tapping the corporate debt markets with debentures issued growing from Rs.68,138 crores in (23% to total borrowings) FY06 to Rs.1,87,568 Crores (26% to total borrowings) in FY11. Banks' exposure to



NBFC sector has been increasing and gone up approximately 3 times in the last 5 years. Apart from lending banks also have exposure as investment in debenture and commercial papers of NBFCs. (Source : Report of the Key Advisory Group on Non-Banking Finance Companies (NBFCs) dated 31<sup>st</sup> January, 2012 – Department of Financial Services, Ministry of Finance, Govt. of India.)

Out of the 297 NBFCs registered as deposit taking, capital information of 204 was available and only 2.5% of these had capital adequacy less than 15%. For NBFC-ND-SI, 3.6% had capital adequacy less than 15% and on an overall basis only 15 out of 478 NBFCs representing 3.1% had capital adequacy less than 15%.

As on March 31, 2011

Capital Adequacy	NBFCs-D	NBFCs-ND-SI	Total
Less than 12%	2	6	8
12%-15%	3	4	7
15%-20%	8	33	41
20%-30%	22	33	55
More than 30%	169	198	367
<b>Total</b>	<b>204</b>	<b>274</b>	<b>478</b>

(Source: Report of the Key Advisory Group on Non-Banking Finance Companies (NBFCs) dated 31<sup>st</sup> January, 2012 – Department of Financial Services, Ministry of Finance, Govt. of India.)

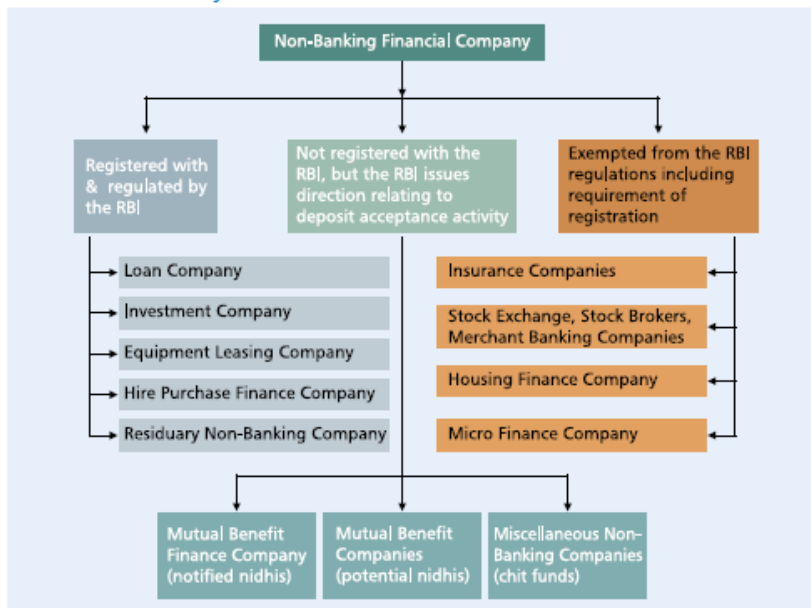
Asset quality indicators of the retail focussed NBFCs, after witnessing an improving trend over the period 2009-2012, started deteriorating in FY2013 on account of the weak operating environment with an overall estimated 180+day delinquency % increasing to ~1.2% in March, 2013 as against 0.9% in the previous financial year. The segments like gold loans, construction equipment finance, etc. were more affected as compared to other segments. (Source: ICRA)

Cost of funds for NBFCs continues to remain high as the proportion of bank funding in overall borrowings of NBFCs remains high coupled with high levels of bank base rates during FY2013.

#### Major Growth Drivers for this Sector

The NBFC sector has witnessed a compound annual growth rate (CAGR) of 28 per cent in assets under Management over 2009-10 to 2012-13(E) and is likely to sustain such healthy growth over the medium term. The market share of over 70 per cent in the commercial vehicle (CV) financing segment. The borrowers in these segments are largely small truck operators with no significant access to banking services. One of the key drivers of growth for retail NBFCs has been the steady expansion in the gold loan and the loan against property (LAP) segment. In the gold loan segment, NBFCs borrowers are typically those with smaller incomes looking to bridge their short-term cash mismatches.





Source: RBI

### Non-Banking Financial Entities Regulated by the RBI

The developments in the NBFC sector in terms of policies and performance during 2001-02 and for the Subsequent periods (to the extent information is available) are discussed in the subsequent paragraphs. Nonbanking financial entities partially or wholly regulated by the RBI include: (a) NBFCs comprising equipment leasing (EL), hire purchase finance (HP), loan (LC), investment (IC) (including primary dealers<sup>3</sup> (PDs)) and residuary nonbanking (RNBC) companies; (b) mutual benefit financial company (MBFC), i.e. Nidhi company; (c) mutual benefit company (MBC), i.e. potential Nidhi company; (d) miscellaneous non-banking company (MNBC), i.e. chit fund company.

Table 2.1: NBFCs by their Principle Business

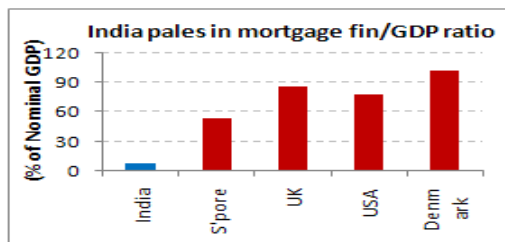
Non-Banking Financial Companies (NBFCs)	Principle Business
Equipment Leasing Company (EL)	Equipment leasing or financing of such activity
Hire Purchase Finance Company (HP)	Hire purchase transaction or purchasing of such transactions
Investment Company (IC)	Acquisition of securities and trading in such securities to earn a profit
Loan Company (LC)	Making loans or advances for any activity other than its own; excludes EL/HP/Housing Finance Companies (HFCs)
Residuary Non-Banking Companies (RNBCs)	Receives deposits under any scheme or arrangement, by whatever name called, in one lump-sum or in instalments by way of contributions or subscriptions or by sale of units or certificates or other instruments, or in any manner
Mutual Benefit Financial Companies (MBFC) i.e. Nidhi Company	Any company which is notified by the Central Government as a Nidhi Company under section 620A of the Companies Act, 1956. It is a NBFC doing the business of lending and borrowing with its members or shareholders.
Mutual Benefit Company (MBC) i.e. Potential Nidhi Company	A company which is working on the lines of Nidhi Company but has not yet been so declared by the Central Government. It has minimum net owned fund (NOF) of Rs 1 mn.
Miscellaneous Non-Banking Company (MNBC) i.e. Chit Fund Company	Managing, conducting or supervising as a promoter, foreman or agent of any transaction or arrangement by which the company enters into an agreement with a specified number of subscribers that every one of them shall subscribe a certain amount in instalments over a definite period and that every one of such subscribers shall in turn, as determined by lot or by auction or by tender or in such manner as may be provided for in the arrangement, be entitled to the prize amount

Source: RBI

(Source : <http://www.dnb.co.in/bfsisectorinindia/nonbank2.asp> )

**Prospectus OF NBFC's –**

- 1- The mortgage penetration continues to remain abysmally low - in India the mortgage to GDP ratio is at around 8% against close to 80% in the USA. Even if one were to benchmark against more comparable counterparts, the ratio ranges between 20% (China) to 43% (Hong Kong) for most South East Asian nations.



Source:  
HDFC FY11  
presentation

- 2- Since March 2010, the RBI was on the offense, raising key policy rates 13 times. The current interest rates are still elevated however the RBI is finally easing on its aggressive stance. It has been increasing liquidity in the system through a number of measures including CRR and SLR cuts and open market operations. If rates come down going forward it will help reduce the borrowing costs for various NBFCs.
- 3- The power sector has also been facing myriad issues right from coal linkages and land acquisition worries to environmental concerns. Slowdown in the infrastructure space due to the central bank's aggressive interest rate policies, the latest [Coalgate scam](#) and the financial health of state electricity boards (SEBs) also did not help matters much for power and infrastructure financiers including [REC](#), [PFC](#) and IDFC. Banks have restructured a number of troubled SEB loans. The central government is now preparing a much-awaited debt recast package for these cash-strapped SEBs that will be sent to the cabinet for approval.  
(Source - <http://www.equitymaster.com/research-it/sector-info/finance/Investment-Finance-Sector-Analysis-Report.asp>)
- 4- NBFCs are not required to maintain [cash reserve ratio](#) (CRR) and statutory liquid ratio (SLR). Priority sector lending norm of 40% (of total advances) is also not applicable for them. While this is to their advantage, they do not have access to low-cost demand deposits. As a result their cost of funds is always high, resulting in thinner interest spread. However, the regulatory arbitrage may soon change between the two entities with the help of the Usha Thorat committee recommendations, which call for stricter regulations in the space.



### 3.2 - OUR BUSINESS OVERVIEW

Our Company was originally incorporated in Mumbai as “**Ceenik Holding Pvt. Ltd.**” on March 12, 1996 under the provisions of the Companies Act, 1956. The name of our Company was further changed to **SPS Finquest Pvt. Ltd.** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to **SPS Finquest Limited** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on **April 5, 2013**. Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 451A of the Reserve Bank of India Act, 1934 bearing Registration no.B-13.00084 dated 26<sup>th</sup> Feb.1998.

We operate as a Non Deposit taking Non-Banking Finance Company (NBFC-ND) engaged primarily in the business of advancing loans for investing/trading in securities. Our Company provides its shareholders with the opportunity to participate in the field of financing against equities and other financial instruments that provides a decent return on the capital deployed. Our company is the NBFC arm promoted by the Pramod Shah Family in order to carry out their financing and investment activities and in order to bring in the benefits of synergies from their brokerage and other businesses.

#### Business Strengths

##### 1. Strong Management Team backed by Experienced Promoters & Professionals

We have a strong management team backed by the promoters and Professionals who have several years of experience in the capital markets and financial services industry. The management team having adequate experience in the field of capital markets and also the risk and trading profiles of its client base in broking business, the company finds business opportunity in the business of margin financing.

For further details regarding the experience and qualifications of our management and Promoters please refer to sections titled “*Our Management*” and “*Our Promoters & Promoter Group*” beginning on page 81 and 91 of this Prospectus respectively.

##### 2. Focus on disciplined investment process:

Over time, the Indian Capital Market is maturing and the markets are becoming deeper. New products are introduced on a regular basis. This process of evolution throws up many opportunities of market inefficiencies that can be exploited to get superior returns in the market. The Company's philosophy is to use such opportunities for the benefit of its shareholders. Our Company also looks at options to invest on a long-term basis in both quoted and unquoted securities and in companies which are engaged in diverse businesses and industry sectors. Our company also looks for opportunities in the business cycles including interest rate cycles to generate superior returns.

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

The Group Company's core business is as a registered stock broker which caters its services to a large number of clients who invest in the capital markets. These clients are in constant need of funds to finance their transactions which the NBFC arm of the Group can provide. The existing clients of the broking arm can easily be approached for their financial needs and based on their risk profile, credit history and type of securities, the NBFC arm of the Group can lend funds against the securities which enable these clients to fund their transactions.

##### 4. Internal Control and Risk Management

The financing business involves risks and the company needs to have robust risk management systems and policies in place where the risks can be monitored on a real-time basis to mitigate risks whenever required. The company's promoters and management team have extensive experience in handling the risks associated with capital markets and financing against securities. The management continuously evaluates its risk management policies and systems to meet the ever changing environment of the capital markets and financial markets and takes various effective measures like online monitoring of the portfolio of the clients, automated systems and procedures, system driven risk management approach, handling of exceptions by senior management, arm's length difference between the operations of broking and funding business, etc. the management has evolved its risk management systems to a great extent.



## **Business Strategy**

### **1. Maintain and manage risk**

The financing business involves risks both business as well as market. The company takes credit risk on its clients as well as market risks on the collaterals provided by the clients. Based on the scenario of the capital markets as well as credit performance of the clients, the company is required to monitor these risks on a real time and online basis. The company has developed adequate risk management systems and implemented the same to ensure efficient and effective risk management measures and monitors the risks on an online and real-time basis which is very essential in this business. Moreover, the company has adopted well documented policies for carrying out its funding business.

### **2. Variety of loan products being offered**

The company is presently providing loan against securities and margin financing to its clients. The company proposes to provide a variety of loan products like IPO financing, loans against gold, loans against commodities, etc. which will further diversify the overall business risk. The management sees opportunities in these segments to reach out to a large number of clients across the geographical presence of the Group.

### **3. Adherence to a disciplined investment process**

The Company will continue to make investments consistent with its investment process as approved by the management from time to time. The company in accordance with its investment process will aim to invest in a diversified portfolio of securities (quoted and unquoted) of companies which are expected to give superior returns. The Company believes that such investments provide a sustainable competitive advantage to the Company and would contribute to its income streams. The company relies on the expertise of its management team to maximize returns through active management of the company's investment portfolio. The Company will pursue appropriate long-term value creation strategies in accordance with its investment process. The Company seeks to achieve this, subject to general market conditions, by buying and selling stocks that offer value at prevailing market prices based on the decisions of its management team. The Company may consider short-term opportunities where it may see prospects for attractive returns and will also focus on a long-term value creation strategy rather than on any near-term impact on its revenues, profits or cash flows. The Company's strategy is to extract optimal returns on its investments and to this end the management team will continue to seek opportunities that demonstrate clear growth prospects.

### **4. Maintain and expand long term Relationship with Clients**

The company believes that the financing business in capital markets is an integral part of the broking business which is based on the relationship with clients. The company believes that the broking business is a sustainable business provided long term relationship is maintained with clients and the clients are given transparent and prompt services. The existence of long term relationship with clients enables the company to understand the risk profile of the client, credit history, trading preference of the clients, etc. based on which the decision to finance is taken. The business model adopted by the company is thus based on sound knowledge about the client's credit risk, as well as market risk which the company is well equipped to handle. The company intends to establish long term relationship with clients who will be provided services in broking business as well as meet their financing requirements too.

The complementary business model thus provides adequate synergies to promote its financing business without incurring huge expenditure in client acquisition. The infrastructure cost is shared with the Group companies to keep the operational costs low adding to profitability.

## **Threats**

### **1. Inherent Credit risks**

The company is into the business of lending against securities and providing margin financing to its clients, which involves various risks associated with the business like credit risks, risks associated with the value of securities pledged, default risks, market risks etc. Although the company may follow prudent risk management policies, yet it may incur losses from the business of lending against securities and margin funding which may adversely affect the financial position of the company.



## **2. Threat from Competitors**

The company faces stiff competition from various market participants which may lead to reduction in its gross margins and may adversely affect its profitability.

## **3. Changes in policies**

The company's business may be affected due to changes in rules, regulations and policies by the Government as well as the Regulators. Changes in the business rules by the regulators may adversely affect the business environment in which the company operates and may impact the financial condition of the company.

## **4. Inherent Investment risks**

Although the company may follow prudent and disciplined investment process, the investments and share trading business carries investment risks which may be dependent on various factors which may adversely affect the actual returns on the investment including loss of capital invested. All instruments in which the company may invest the issue proceeds may carry some inherent investment risks which sometimes may adversely affect the profitability of the company.

### 3.3 SUMMARY OF FINANCIAL AND OPERATING INFORMATION

Our Company was incorporated on 12/03/1996 and the following tables set forth summary financial information derived from restated financial statements as of period ended December 31, 2013 and for the financial year ended on March 31, 2013, 2012, 2011, 2010, 2009.

#### 3.3.1 STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

##### Annexure I: Restated Statement of Assets and Liabilities

Particulars	As on 31/12/2013	As on March 31				
		2013	2012	2011	2010	2009
<b>EQUITY AND LIABILITIES</b>						
<u><b>Shareholders Fund</b></u>						
<u><b>Share Capital</b></u>						
Equity Shares	3,867,000	3,867,000	3,867,000	3,867,000	3,866,000	3,866,000
Preference Shares	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Capital (A)</b>	<b>4,867,000</b>	<b>4,867,000</b>	<b>4,867,000</b>	<b>4,867,000</b>	<b>4,866,000</b>	<b>4,866,000</b>
<u><b>Reserves and Surplus</b></u>						
Share Premium	3,865,500	3,865,500	3,865,500	3,865,500	3,864,000	3,864,000
General Reserve	10,000	10,000	10,000	10,000	10,000	10,000
Reserve Fund u/s 45 IC if the RBI Act 1934	4,154,641	3,300,942	2,579,873	446,819	-	-
Profit and Loss Account	13,477,642	10,062,845	7,178,570	(1,353,645)	(3,140,923)	(3,147,496)
<b>Total Reserves &amp; Surplus (B)</b>	<b>21,507,783</b>	<b>17,239,287</b>	<b>13,633,943</b>	<b>2,968,674</b>	<b>733,077</b>	<b>726,504</b>
<b>Total Shareholders' Funds (A+B = C)</b>	<b>26,374,783</b>	<b>22,106,287</b>	<b>18,500,943</b>	<b>7,835,674</b>	<b>5,599,077</b>	<b>5,592,504</b>
<u><b>Non Current Liabilities</b></u>						
Long Term Borrowings	613,823,260	587,955,791	486,739,365	409,189,365	-	-
Other Long Term Liabilities	-	-	-	-	-	-
Long Term Provisions	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	200	1,374
<b>Total Non Current Liabilities (D)</b>	<b>613,823,260</b>	<b>587,955,791</b>	<b>486,739,365</b>	<b>409,189,365</b>	<b>200</b>	<b>1,374</b>
<u><b>Current Liabilities</b></u>						
Short Term Borrowings	-	-	39,373,896	15,652,150	-	-
Trade Payables	130,491	65,378	90,723	69,598	16,545	16,545
Other Current Liabilities	3,545,556	3,951,992	513,539	1,855,195	-	-
Short Term Provisions	3,464,482	1,924,509	6,475,577	1,535,484	21,661	16,000
<b>Total Current Liabilities (E)</b>	<b>7,140,529</b>	<b>5,941,879</b>	<b>46,453,735</b>	<b>19,112,427</b>	<b>38,206</b>	<b>32,545</b>
<b>Total Liabilities (D+E = F)</b>	<b>620,963,789</b>	<b>593,897,670</b>	<b>533,193,100</b>	<b>428,301,792</b>	<b>38,406</b>	<b>33,919</b>



<b>TOTAL (C+F = G)</b>	<b>647,338,573</b>	<b>616,003,957</b>	<b>551,694,043</b>	<b>436,137,466</b>	<b>5,637,483</b>	<b>5,626,423</b>
<b>ASSETS</b>						
<b><u>Non- Current Assets</u></b>						
<b><u>Fixed Assets</u></b>						
<b><u>Tangible Assets</u></b>						
Gross Block	107,600	107,600	82,950	-	98,150	98,150
Less: Depreciation	63,497	44,596	17,361	-	93,350	92,471
Net Block	44,103	63,004	65,589	-	4,800	5,679
Capital Work in Progress	-	-	-	-	-	-
Non Current Investments	7,461,629	7,364,596	5,506,559	4,744,169	1,514,652	2,514,652
Deferred Tax Assets	27,310	39,380	4,364	-	-	-
Long Term Loans and Advances	8,712,188	10,832,212	8,842,467	1,928,794	2,184	10,662
Receivables under Financing Activity	165,618,360	258,050,611	206,443,878	-	-	-
Other Non Current Assets	-	-	-	-	-	-
<b>Total Non Current Assets (A)</b>	<b>181,863,590</b>	<b>276,349,803</b>	<b>220,862,857</b>	<b>6,672,963</b>	<b>1,521,636</b>	<b>2,530,993</b>
<b><u>Current Assets</u></b>						
Current Investments	230,146	50,219,300	210,592	-	794,950	1,138,981
Receivables under Financing Activity	405,374,411	185,752,994	311,324,775	382,304,004	-	-
Inventories	-	-	-	-	284,365	333,715
Cash and Bank Balances	59,811,654	102,921,250	4,153,126	47,159,605	778,454	723,572
Short Term Loans and Advances	58,427	482,310	-	-	1,509,730	390,000
Other Current Assets	344	278,300	15,142,694	894	748,349	509,162
<b>Total Current Assets (B)</b>	<b>465,474,982</b>	<b>339,654,154</b>	<b>330,831,187</b>	<b>429,464,503</b>	<b>4,115,848</b>	<b>3,095,430</b>
<b>Total Assets (A+B = C)</b>	<b>647,338,573</b>	<b>616,003,957</b>	<b>551,694,043</b>	<b>436,137,466</b>	<b>5,637,483</b>	<b>5,626,423</b>





### 3.3.2 STATEMENT OF PROFIT AND LOSS, AS RESTATED

#### Annexure II: Restated Statement of Profit and Losses

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b><u>Revenue:</u></b>						
Revenue from operations	59,725,605	84,838,834	76,990,830	19,650,378	-	-
Other Income	90,007	(6,100,187)	(1,242,695)	2,261,849	200,174	215,822
<b>Total Revenue</b>	<b>59,815,612</b>	<b>78,738,647</b>	<b>75,748,135</b>	<b>21,912,227</b>	<b>200,174</b>	<b>215,822</b>
<b><u>Expenses:</u></b>						
Employee benefit expense	1,478,604	1,468,018	594,981	353,247	150,000	130,000
Provision against Standard Assets	317,972	(184,912)	338,661	955,760	-	-
Finance Costs	51,115,729	71,319,217	58,423,779	17,391,278	-	-
Depreciation and amortization expense	18,901	27,235	17,361	4,800	880	1,112
Other expenses	566,840	1,723,762	531,292	393,521	22,234	30,782
<b>Total Expenses</b>	<b>53,498,046</b>	<b>74,353,320</b>	<b>59,906,074</b>	<b>19,098,606</b>	<b>173,114</b>	<b>161,894</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>6,317,566</b>	<b>4,385,327</b>	<b>15,842,061</b>	<b>2,813,621</b>	<b>27,060</b>	<b>53,927</b>
<b><u>Exceptional Items</u></b>						
Excess Provision written back	-	-	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>6,317,566</b>	<b>4,385,327</b>	<b>15,842,061</b>	<b>2,813,621</b>	<b>27,060</b>	<b>53,927</b>
<b><u>Extraordinary Items</u></b>						
Extraordinary Items	-	-	-	-	-	-
<b>Profit before tax</b>	<b>6,317,566</b>	<b>4,385,327</b>	<b>15,842,061</b>	<b>2,813,621</b>	<b>27,060</b>	<b>53,927</b>
<b>Tax expense:</b>						
(1) Current tax	2,037,000	815,000	5,181,156	579,724	21,661	16,000
(2) Deferred tax	12,070	-35016	(4,364)	(200)	1,174	278
<b>Profit(Loss) for the period from continuing operations</b>	<b>4,268,496</b>	<b>3,605,343</b>	<b>10,665,269</b>	<b>2,234,097</b>	<b>6,573</b>	<b>38,205</b>
<b>Profit/(Loss) from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax expense of discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit/(Loss) from Discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>	<b>4,268,496</b>	<b>3,605,343</b>	<b>10,665,269</b>	<b>2,234,097</b>	<b>6,573</b>	<b>38,205</b>

### 3.3.3 STATEMENT OF CASH FLOWS, AS RESTATED

#### **Annexure III: Restated Statement of Cash Flows**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before extra ordinary items	6,317,566	4,385,327	15,842,061	2,813,621	27,060	53,927
Adjustment for:						
Profit / Loss on sale of Derivatives	(1,066,873)	10,335,486	1,674,628	(225,314)	(83,653)	(49,365)
Profit / Loss on sale of Shares	2,810,894	(3,486,452)	(19,405)	(135,401)	(104,914)	37,722
Profit / Loss on sale of Mutual funds	(1,598,210)	(534,274)	(270,454)	(1,193,600)	-	-
Profit / Loss on sale of Investments	-	-	-	(581,198)	86,927	(112,876)
Dividend Income	(60,714)	(109,092)	(142,075)	(123,674)	(35,477)	(39,320)
Provisions against Standard Assets	317,972	(184,912)	338,661	955,760	-	-
Bank Interest Received	-	-	-	(2,661)	(63,057)	(51,983)
Depreciation	18,901	27,235	17,361	4,800	880	1,112
Operating Profit before working capital changes	6,739,536	10,433,318	17,440,777	1,512,332	(172,235)	(160,782)
Adjustment for :						
Trade & Other receivable	(124,685,274)	86,376,231	(157,514,846)	(381,623,097)	(1,301,088)	(80,766)
Trade payable & Provisions	(838,350)	(1,786,892)	(1,905,530)	1,820,620	(16,000)	(64,411)
Loans Received / Paid	25,867,469	61,842,530	101,271,746	424,841,515	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(92,916,619)</b>	<b>156,865,187</b>	<b>(40,707,853)</b>	<b>46,551,370</b>	<b>(1,489,323)</b>	<b>(305,959)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	-	(24,650)	(82,950)	-	-	-
Sale / Purchase of Investments	49,892,121	(51,866,745)	(972,982)	(2,434,567)	1,344,031	3,465
Dividend Received	60,714	109,092	142,075	123,674	35,477	39,320
Interest Received	-	-	-	2,661	63,057	51,983
Profit / Loss on sale of Derivatives	1,066,873	(10,335,486)	(1,674,628)	225,314	83,653	49,365
Profit / Loss on sale of Shares	(2,810,894)	3,486,452	19,405	135,401	104,914	(37,722)
Profit / Loss on sale of Mutual funds	1,598,210	534,274	270,454	1,193,600	-	-
Profit / Loss on sale of Investments	-	-	-	581,198	(86,927)	112,876
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>49,807,024</b>	<b>(58,097,063)</b>	<b>(2,298,626)</b>	<b>(172,719)</b>	<b>1,544,205</b>	<b>219,287</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>						
Issue of Share Capital	-	-	-	2,500	-	-
<b>NET CASH USED IN FINANCIAL ACTIVITIES (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(43,109,595)</b>	<b>98,768,124</b>	<b>(43,006,479)</b>	<b>46,381,151</b>	<b>54,882</b>	<b>(86,672)</b>



CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	102,921,250	4,153,126	47,159,605	778,454	723,572	810,244
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	59,811,654	102,921,250	4,153,126	47,159,605	778,454	723,572

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



### 3.4 - THE ISSUE DETAILS IN BRIEF:

<b>Present Issue to the Public in Terms of this Prospectus –Fixed Price Issue#</b>	
<b>Equity Shares Offered</b>	33, 44,000 Equity Shares (Including 5,15,200 Equity Shares Reserved for the promoters and 1,68,000 Equity Shares Reserved for the Market Maker) of Rs.10/- each for cash at a price of Rs.75/- per share aggregating to Rs.2508 lacs.
<b>Net issue to the Public</b>	26, 60,800 Equity Shares of Rs.10/- each for cash at a price of Rs.75 /- per share aggregating Rs.1995.60 lacs.
<b>Equity Shares outstanding prior to the Issue</b>	11,60,100 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	45,04,100 Equity Shares*
<b>Objects of the Issue:</b>	Please refer Page No. 57 of this Prospectus

\* Including 5, 15,200 Equity Shares to be subscribed by the Promoters as their contribution to the Public Issue.

Our Company is proposing the Initial Public Offering under Chapter X B of SEBI (ICDR) Regulations, 2009, as amended.

#As per Regulation 43 (4) of the SEBI (ICDR) Regulation, as amended, since ours a fixed price issue the allocation in the net offer to public category shall be made as follows:

- (a) minimum fifty per cent. to retail individual investors; and
- (b) remaining to:
  - (i) individual applicants other than retail individual investors; and
  - (ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- (c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

Explanation-

For the purpose of sub-regulation (4), if the retail individual investor category is entitled to more than fifty per cent. On proportionate basis, the retail individual investors shall be allocated that higher percentage



### 3.5 GENERAL INFORMATION

Our Company was originally incorporated as “Ceenik Holdings Private Limited” on 12/03/1996 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai.

#### Brief of Company & Issue Information:

<b>Name of Company</b>	SPS Finquest Limited
<b>Registered Office</b>	R – 514, 5 <sup>th</sup> Floor, Rotunda Building, B.S. Marg, Fort, Mumbai – 400001. E-mail: <a href="mailto:info@spsfinquest.co.in">info@spsfinquest.co.in</a>
<b>Date of Incorporation</b>	March 12, 1996
<b>Corporate Identity Number</b>	U67120MH1996PLC098051
<b>Name &amp; Address of Registrar of the Company</b>	Universal Capital Securities Pvt Ltd. 21, Shakil Niwas, Opp.Sai Baba Temple, Mahakali Caves Road, Andheri (E), Mumbai – 400093 SEBI Reg. No. – INR000004082
<b>Issue Programme</b>	Issue Opens On: 21 <sup>st</sup> May, 2014 Issue Closes On: 23 <sup>rd</sup> May, 2014
<b>Company Secretary &amp; Compliance Officer</b>	Pinal Rakesh Darji R-514, Rotunda Building, B.S. Marg, Fort, Mumbai:- 400 001 Email : <a href="mailto:cs@spsfinquest.co.in">cs@spsfinquest.co.in</a> 022-40224953/54

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

#### Board of Directors of the Company;

Sr. No.	Name	Age (years)	DIN	Designation	Status	Address
1.	PRAMOD P.SHAH	68	00685016	Chairman	Promoter Director	Flat No.11, Duru Mahal, 3rd floor, F road, Marine Drive, Mumbai- 400002.
2	GIRISH T.JAJOO	38	03108620	Managing Director	Executive Director	G – 602, Keshav Kunj-1, Sector – 30, Vashi, Navi – Mumbai-400705.
3.	SANDEEP P.SHAH	41	00368350	Director	Promoter Director	Flat No.11, Duru Mahal, 3 <sup>rd</sup> floor, F road, Marine Drive, Mumbai- 400002.
4.	PRIYESH JHAVERI	40	01928047	Director	Independent Director	Gr.fl.Jasmine lodge, 82 Nepean sea road, Darya Mahal, Mumbai-400002
5.	ANKITA M.SHAH	32	06508838	Director	Independent Director	202, Lotus Court Chsl, Derasar Lane, Haridas Nagar, Borivali (W)-400092



6.	HITESH S. SHAH	43	06508842	Director	Independent Director	76/23, Panchasar, 2 <sup>nd</sup> floor, F-Road, Marine Drive, Mumbai – 400020.
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For further details pertaining to the education, qualification and experience of our Directors please refer to Page No 81 under Section titled “**Our Management**” of this Prospectus.

#### Company Secretary & Compliance Officer of Our Company

Pinal Rakesh Darji  
R-514, Rotunda Building,  
BS Margh, Fort Mumbai 400001  
Email: [cs@spsfinquest.co.in](mailto:cs@spsfinquest.co.in)  
Phone No. 022-40224953/54

#### Details of Key intermediaries pertaining to this issue and Our Company

Lead Manager of the Issue	Registrar to the Issue
<b>Networth Stock Broking Ltd</b> 1001/02, 10 <sup>th</sup> Floor, Atlanta Centre, Opp Udyog Bhavan, Sonavala Road, Goregaon East, Mumbai 400063 (Maharashtra) Tel : +91-22 30641600; Fax : +91-22-26850257 Website: <a href="http://www.networthdirect.com">www.networthdirect.com</a> E-mail: <a href="mailto:manish.ajmera@networthdirect.com">manish.ajmera@networthdirect.com</a> Contact person: Manish Ajmera SEBI Registration No.: INM000011013	<b>Universal Capital Securities Pvt Ltd.</b> 21, Shakil Niwas, Opp.Satya Sai Baba Temple, Mahakali Caves Road, Andheri (E), Mumbai - 400093 Website: <a href="http://www.unisec.in">www.unisec.in</a> Email: <a href="mailto:info@unisec.in">info@unisec.in</a> Contact Person: Ravindra Utekar SEBI Registration No.: -INR000004082
Bankers to the Company	Legal Advisor to the Issue
<b>IndusInd Bank</b> Sonawala Building, 61, Mumbai Samachar marg, Fort, Mumbai – 400001. Website :- <a href="http://www.indusind.com">www.indusind.com</a> Contact Person – Dharmendra Jakhodia Tel No.- 022-66366579/86/49219130 Fax No. 022-22644835/22644834	<b>Markand Gandhi &amp; Co.</b> 2 <sup>nd</sup> floor, Bhagyodaya, 79 Nagindas Master Road, (Meadow street), Fort, Mumbai-400023. E-mail : <a href="mailto:info@markandgandhi.com">info@markandgandhi.com</a> Tel No. +91 (22) 2261 2860/2267 4141 Fax No. +91 (22) 2267 0907 Contact Person :- Satyen Vora
Auditors of the Company	Bankers to the Issue (Escrow Collection Banks)
<b>Kochar &amp; Associates</b> 302. Swapnabhoomi, A'Wing, S.K.Bole Road, Dadar (E), Mumbai – 400028. Email – <a href="mailto:info@kocharassociates.com">info@kocharassociates.com</a> <a href="mailto:Kochar_associates@yahoo.com">Kochar_associates@yahoo.com</a> Website:- <a href="http://www.kocharassociates.com">www.kocharassociates.com</a> Tel No. 2437 9537-8212/24229490	<b>INDUSIND BANK LIMITED</b> Cash Management Services Solitaire Corporate Park No.1001, Bldg. No.10, Gr. Fl., Guru Hargovindji Marg, Andheri (E), Mumbai – 400 093 Tel. : 022-67723901 / 3917 Fax : 022-67723998 Email – <a href="mailto:suresh.esaki@indusind.com">suresh.esaki@indusind.com</a> Contact Person – Mr. Suresh Esaki Website – <a href="http://www.Indusind.com">www.Indusind.com</a> SEBI Regn. No. – INBI00000002
Refund Banker to the Issue	
<b>INDUSIND BANK LIMITED</b> Cash Management Services Solitaire Corporate Park No.1001, Bldg. No.10, Gr. Fl., Guru Hargovindji Marg, Andheri (E), Mumbai – 400 093	



Tel. : 022-67723901 / 3917 Fax : 022-67723998 Email – <a href="mailto:suresh.esaki@indusind.com">suresh.esaki@indusind.com</a> Contact Person – Mr. Suresh Esaki Website – <a href="http://www.Indusind.com">www.Indusind.com</a> SEBI Regn. No. – INBI00000002	
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**Statement of inter se allocation of responsibilities:**

Since Network Stock Broking Ltd. is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

**Self Certified Syndicate Banks (“SCSBs”)**

The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process are provided at <http://www.sebi.gov.in>

**Credit Rating**

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

**Trustees**

As this is an Issue of Equity Shares, appointment of Trustees is not required.

**Monitoring Agency:**

As per Regulation 16 (1) of the SEBI (ICDR) regulations, 2009 the requirement of monitoring agency is not mandatory if the issue size is below Rs 500.00 Crore. Since the issue size is only of Rs. 2508Lacs, our company has not appointed a monitoring agency for this Issue.

As per Clause 52 of the SME Listing Agreement to be entered into with the SME Platform of BSE, upon listing of the Equity Shares and the Corporate Governance Requirements, the Audit Committee of our Company would monitor the utilisation of the proceeds of the Issue.

For details please refer to Section titled “Objects of the Issue – Monitoring of Utilization of Funds” on Page No.57 of this Prospectus.

**Details of Appraising Agency:**

The proposed project of the Company has not been appraised by any Bank or Financial Institutions.

**Issue Period**

ISSUE OPENS ON	21 <sup>st</sup> May, 2014
ISSUE CLOSES ON	23 <sup>rd</sup> May, 2014

**Underwriting:**

The issue is fully underwritten and as per the agreement dated 14/11/2013 entered into with Network Stock Broking Ltd, the underwriter as well as the LM and details of underwriting obligations are as under:-

Name and Address of the Underwriter	Number of Equity Shares underwritten	Amount Underwritten (Rs. In Lacs)	% of the Total Issue Size underwritten
<b>Network Stock Broking Ltd.</b> SEBI Registration No: SMEMM0019713022012 1001/02, 10 <sup>th</sup> Floor, Atlanta Centre, Opp Udyog Bhavan, Sonavala Road, Goregaon East, Mumbai 400063 (Maharashtra) Tel : +91-22 30641600; Fax : +91-22-26850257	26,60,800	1995.60	100%



Website: www.networthdirect.com			
Email-manish.ajmera@networthdirect.com			
Contact Person: Mr Manish Ajmera			

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

Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions, as specified therein.

In the opinion of the Board of Directors, the resources of the Underwriter are sufficient to enable them to discharge their underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI as a Merchant Banker and hence qualified to underwrite the issue.

The Underwriter shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the Underwriter in addition to other obligations in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

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

##### **Market Maker to the Issue**

As per Reg. 106 V (1) of SEBI (ICDR) Regulations, 2009, the LM shall ensure compulsory market making through the Stock Brokers of SME Exchange in the manner specified by the Board for a period of three years from the date of listing. Our Company has entered into agreements with Wellworth Share & Stock Broking Ltd. & Javeri Fiscal Services Ltd. Dated 15/02/2014 where by Wellworth Share & Stock Broking Ltd. & Javeri Fiscal Services Ltd., both registered with BSE as a Market Maker in the SME segment having RegistrationNo.SMEMM0010617012014& Registration No.SMEMM0065522012014 will act as the Market Maker to fulfil the applicable obligations of Market Making. The particulars in respect of the Market Maker are furnished below:-

<b>Name</b>	<b>Wellworth Share &amp; Stock Broking Ltd.</b>
<b>Address</b>	501, Akruti Orion, 5 <sup>th</sup> floor, Shraddhanand road, Vile Parle (E), Mumbai – 400057.
<b>Tel No.</b>	91-22-6715 9000
<b>Fax</b>	91- 22- 6715 9090
<b>Website</b>	<a href="http://www.wellworthshares.com">www.wellworthshares.com</a>
<b>E-Mail</b>	<a href="mailto:contact@wellworthshares.com">contact@wellworthshares.com</a>
<b>Contact person</b>	Bhaves R.Mehta
<b>SEBI Regn No.</b>	SMEMM0010617012014
<b>Obligation</b>	For 84000 Equity Shares

<b>Name</b>	<b>Javeri Fiscal Services Ltd.</b>
<b>Address</b>	PS-17, Rotunda, 2 <sup>nd</sup> floor, BSE Tower,B.S.Marg, Mumbai – 400001.
<b>Tel No.</b>	22721714/2510/2998, 22721253
<b>E-Mail</b>	<a href="mailto:sdj@vsnl.com">sdj@vsnl.com</a>
<b>Contact person</b>	Harsh Javeri
<b>SEBI Regn No.</b>	SMEMM0065522012014
<b>Obligation</b>	For 84000 Equity Shares

Both the Market Makers shall fulfil the applicable obligations and conditions as specified in SEBI (ICDR) Regulations, 2009 and its amendments from time to time and the circulars issued by BSE and SEBI regarding market making from time to time.



Following is the summary of the major details pertaining to their Market Making Arrangements –

1. The Market Maker (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker 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 prices quoted by the Market Maker shall be in compliance with the Market Maker Spread requirements and other particulars as specified or as per the requirements of the SME Platform of BSE and SEBI from time to time.
3. The minimum depth of the quote shall be Rs. 1,00,000/- However, the Investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker 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.
4. After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25 %. (Including the 1,68,000 Equity Shares out to be allotted under this Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 1, 68,000 Equity Shares would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
5. There shall be no exemption/threshold on downside. However, in the event the market maker Exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
6. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the SME Platform of BSE ( in this case, currently the minimum trading lot size is 1600equity shares; however the same may be changed by the SME Platform of BSE from time to time).
7. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
8. The Market Maker shall start providing quotes from the day of the listing & the day when designated as the Market Maker for the respective scrip and shall be subject to the guidelines laid down for market making by the exchange.
9. Market Maker shall not buy the shares from the promoters or persons belonging to promoter group of SPS or any person who has acquired shares from such promoter or person belonging to promoter group, during the compulsory market making period.
10. The promoters' holding in SPS shall not be eligible for offering to the market maker during the compulsory market making period. However, the promoters' holding in SPS which is not locked in as per the SEBI (ICDR) Regulations can be traded with prior permission of the SME Platform of BSE, in the manner specified by SEBI from time to time.
11. The Lead Manager, if required, has the right to appoint a nominee director on the Board of the Issuer Company any time during the compulsory market making period provided it meets the requirements under the SEBI (ICDR) Regulations 2009.
12. The Market Maker shall not be responsible to maintain the price of the shares of the Issuer Company at any particular level and is purely supposed to facilitate liquidity on the counter of SPS Finquest Limited via its 2 way quotes. The price of the shares shall be determined and be subject to market forces.
13. The period of this arrangement shall be for 3 years unless otherwise terminated.

14. 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.
15. The Marker maker may also be present in the opening call auction, but there is no obligation on him to do So.
16. 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.
17. 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.
18. SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to Rs. 250 Crores, the applicable price bands for the first day shall be:
  - i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - iii. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

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

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

19. The Market Maker(s) shall have the right to terminate said arrangement by giving six months Notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

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

### 3.6 - CAPITAL STRUCTURE OF OUR COMPANY

(Rs. in lacs)

Particulars	Number of Shares	Description of Shares	Face Value (Rs)	Nominal Value	Aggregate Value
Authorised Capital	50,00,000	49,00,000 Equity Shares of Rs.10/- each & 1,00,000 Preference Shares of Rs.10/- each	10	500.00	500.00
B. Issued, Subscribed and Paid up Capital before the Issue	12,60,100	11,60,100 Equity Shares of Rs.10/- each & 1,00,000 Preference Shares of Rs.10/- each	10	126.01	126.01
C Promoters' contribution to be brought in before the Issue	5,15,200	Equity Shares of Rs. 10/- each at a Premium of Rs. 65/- per share	10	51.52	51.52
D. Present Issue in terms of this Prospectus* which Comprises:	33,44,000	Equity Shares of Rs. 10/- each at a Premium of Rs. 65/- per share	10	334.40	334.40
a) Equity Shares reserved as Market Making Portion	1,68,000	Equity Shares of Rs. 10/- each at a Premium of Rs. 65/- per share	10	16.80	16.80
b) Net Issue to the Public	26,60,800	Equity Shares of Rs. 10/- each at a Premium of Rs. 65/- per share	10	266.08	266.08
E. Paid up Equity Share Capital after the Issue	45,04,100	Equity Shares of Rs.10/- each fully paid up	10	450.41	450.41
F. Share Premium Account					
		Before the Public Issue	10	38.66	38.66
		After the Public Issue in terms of this Prospectus	65	2173.60	2173.60



\*The present Issue of 33,44,000 Equity Shares in terms of this Prospectus has been authorised pursuant to a resolution of our Board of Directors dated 05/12/2013 and by a Special Resolution - passed under Section 81 (1 A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting held of the Members held on 31/01/2014.

Our Company is proposing the Initial Public Offer under Chapter X B of SEBI (ICDR) Regulations, 2009 as amended. As per Regulation 43 (4) of above, as amended, since ours is a fixed price issue, the allocation in the net offer to public category shall be made as follows:-

- a) Minimum 50 % to retail individual investors and
- b) Remaining to
  - i) Individual applicants other than retail individual investors and
  - ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for
- c) The unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

Explanation-

For the purpose of sub-regulation (4), if the retail individual investor category is entitled to more than fifty per cent. On proportionate basis, the retail individual investors shall be allocated that higher percentage

#### Notes forming part of the Capital Structure:

##### 1. Details of Change in Authorized Equity Capital

Date	Authorized Capital Increased From	Authorized Capital Increased to
At Incorporation : Rs. 10,00,000/-		
31/03/1997	10,00,000	50,00,000
15/02/2013	50,00,000	2,90,00,000
31/01/2014	2,90,00,000	4,90,00,000

##### 2. Equity Share Capital History of our Company

The following is the Equity Share Capital build-up of our Company.

Date of Allotment	No. of shares	Cumulative total shares	Face Value	Issue Price (Rs.)	Consideration	Cumulative Capital (Rs.)	Nature of Allotment
12/03/1996	200	200	10/-	10/-	In Cash	2000/-	Subscription to MOA
31/03/1997	249900	250100	10/-	10/-	In Cash	1519500	Further Allotment
31/03/1998	136500	386600	10/-	10/-	In Cash	3866000	Further Allotment
30/11/2010	100	386700	10/-	25/-	In Cash	3867000	Alloted with Rs.15

							Premium
31/01/2014	773400	1160100	10/-	--	Bonus @ 2:1	11601000	Bonus Shares

- We have not issued any shares for consideration other than cash except bonus issue in ratio of 2:1 on 31<sup>st</sup> Jan, 2014
- We have not issued any equity shares out of revaluation reserve or in terms of any scheme approved under section 391-394 of the Companies Act, 1956.
- Issue of Equity Shares in the last one ( 1 ) year:

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

Date of Allotment	No. of Equity Shares	Name of the Allottee	Face Value (in Rs)	Consideration ( In Rs )
31/01/2014	4,72,400	Pramod Shah	10	Bonus
31/01/2014	3,00,000	Sandeep Shah	10	Bonus
31/01/2014	200	Kalpana Shah	10	Bonus
31/01/2014	200	Jesal Shah	10	Bonus
31/01/2014	200	Alpa Shah	10	Bonus
31/01/2014	200	Shapoorji Mistry	10	Bonus
31/01/2014	200	Manish Dave	10	Bonus
Total	7,73,400			

### 3. Build up of Promoters' capital, Promoters' contribution and lock in

#### a) History of Equity Share capital held by the Promoters

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

1.MR. PRAMOD SHAH							
Date of Allotment/ Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue/ Acquisition/ Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
26/05/2010	Cash at Par	236200	10	15	Acquired with Rs.5 Premium	61.08%	5.24
31/01/2014	Bonus Issue	472400	10	Bonus	Allotted as Bonus	61.08%	10.48
Total		708600	10			61.08%	15.73

<b>2.MR.SANDEEP SHAH</b>							
<b>Date of Allotment/ Transfer</b>	<b>Consideration</b>	<b>No.of Equity Shares</b>	<b>Face value per Share (Rs.)</b>	<b>Issue/ Acquisition/ Transfer price (Rs.)</b>	<b>Nature of Transactions</b>	<b>Pre-issue shareholding %</b>	<b>Post-issue shareholding %</b>
26/05/2010	Cash at Par	150000	10	15	Acquired with Rs.5 Premium	38.79 %	3.33
31/01/2014	Bonus Issue	300000	10	Bonus	Allotted as Bonus	38.79 %	6.66
Total		450000	10			38.79 %	9.99

Out of the above shares, 386500 Equity Shares qualifies for Promoters' contribution in terms of Regulation 33 (1) of SEBI (ICDR) Regulations. Therefore, as per Regulation 37 of the SEBI (ICDR) Regulations, 2009, out of the the entire Pre issue Equity share capital of the promoters (1159500 shares) and other members (600 shares ) aggregating to 1160100 shares, 386500 equity shares of Promoters will be locked in for 3 years & balance 773600 equity shares will be locked in for a period of one year from the date of commercial production or date of allotment in this issue whichever is later.

**b) Promoters' contribution and lock in**

As per Regulation 32 (1) of SEBI (ICDR) Regulations, 2009 the minimum Promoters contribution shall be 20% of the post issue equity share capital. Accordingly, out of the 5,15,200 Equity Shares of Rs.10/- each at a premium of Rs.65/- per share contributing through this IPO & Promoters existing pre-issue equity shares of 3,86,500, totalling 9,01,700 Equity Shares will be towards minimum promoter's contribution as above. In terms of Regulation 36, the minimum Promoters' contribution should be locked in for a period of three years from the date of commencement of commercial production or date of allotment in this issue whichever is later. Therefore, the above shares of our Promoters (20 % of Post Issue Share Capital) will be locked in for a period of three years from the date of commencement of commercial production or date of allotment in this issue whichever is later. The following Promoter will contribute to the minimum Promoters' contribution:-

<b>Name of the Promoter</b>	<b>No. Of Shares</b>	<b>% to Total Post Issue Capital</b>
Pramod P Shah	493800	10.97
Sandeep P Shah	407600	9.05
<b>Total</b>	<b>9,01,700</b>	<b>20.02 %</b>

We confirm that the shares considered for minimum Promoters' contribution do not qualify as ineligible as per Regulation 33 (1) of SEBI (ICDR) Regulations, 2009 as shown below:-

<b>Reg No.</b>	<b>Promoters' Minimum Contribution</b>	<b>Yes / No &amp; Remarks (If any)</b>
33 (a) (i)	Whether acquired in consideration other than cash and revaluation of assets or capitalisation of intangible assets.	No
33 (a) (ii)	Whether bonus issue to the Promoters resulting from capitalisation of revaluation reserves	No, There is no revaluation reserve or unrealised profits in the Company
33 (b)	Whether Promoters acquired shares during the preceding one year at a price at which specified securities are being offered to public in the IPO	No.
33 (c)	Whether allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by	No.

	them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management	
33 (d)	Specific securities pledged with any creditor	No

We further confirm that the respective Promoters have, in a written undertaking, consented to have locked in total of 515200 Equity Shares out of the proposed 515200 Equity Shares to be allotted to them in this issue, including balance 386500 original Equity Shares held, in all totalling 901700 equity shares as Promoters' contribution for a period of three years from the date of commencement of commercial operation or from date of allotment in this issue whichever is later. Overall Promoters have consented to have locked in total of 901700 Equity Shares which will be 20.02% of post issue paid up equity share capital of the company.

The specified securities which are subject to lock in shall carry the inscription '**non-transferable**' along with the duration of non-transferable period in the face of the certificate. The shares which are in dematerialised form shall be locked in by the respective depositories.

#### c. Other requirements in respect of lock in

- As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for the loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. Further, the locked in Equity Shares held by the Promoters as minimum Promoters' contribution can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of the Equity Shares is in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.
- Under Reg 40 of SEBI (ICDR) Regulations, 2009, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 36 & 37 of SEBI (ICDR) Regulations, 2009, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable..
- Further, as per Reg. 40 of SEBI (ICDR) Regulations, 2009, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

#### 4. Shareholding Pattern of the Company

The table below presents the Pre Issue and Post Issue Equity shareholding pattern of the Company

Name of Shareholder	Pre-Issue (As on the date of filing of this Prospectus with SEBI)		Post-Issue	
	No. of Equity Shares	Percentage %	No. of Equity Shares	Percentage
Promoters & Promoter Group	11,59,500	99.95%	1674700	37.18%
Non – Promoters	600	0.05%	2829400	62.82%
<b>Total</b>	<b>11,60,100</b>	<b>100.00%</b>	<b>45,04,100</b>	<b>100.00%</b>



## 5. Equity Shares held by top ten shareholders

5a) Top ten shareholders of Company as of the date of the filing of this Prospectus are as follows:

SL.	NAMES OF SHAREHOLDERS	No. OF SHARES	% TO PRE ISSUE SHARE CAPITAL
1	Pramod P Shah	708600	61.08%
2	Sandeep P Shah	450000	38.79%
3	Kalpana P Shah	300	0.03%
4	Jesal P Shah	300	0.03%
5	Alpa P Shah	300	0.03%
6	Shapoorji Mistry	300	0.03%
7	Manish C Dave	300	0.03%
	<b>Total</b>	<b>1160100</b>	<b>100.00%</b>

5b) Top Ten shareholders of the Company as of ten days prior to the filing of this Prospectus is as follows:

SL.	NAMES OF SHAREHOLDERS	No. OF SHARES	% TO PRE ISSUE SHARE CAPITAL
1	Pramod P Shah	708600	61.08%
2	Sandeep P Shah	450000	38.79%
3	Kalpana P Shah	300	0.03%
4	Jesal P Shah	300	0.03%
5	Alpa P Shah	300	0.03%
6	Shapoorji Mistry	300	0.03%
7	Manish C Dave	300	0.03%
	<b>Total</b>	<b>1160100</b>	<b>100.00%</b>

5c) Top Ten shareholders of Company as of 2 years prior to the filing of this Prospectus:

SL.	NAMES OF SHAREHOLDERS	No. OF SHARES	% TO PRE ISSUE SHARE CAPITAL
1	Pramod P Shah	2,36,600	61.18%
2	Sandeep P Shah	1,50,000	38.79%
3	Shapoorji Mistry	100	0.03%
	<b>Total</b>	<b>3,86,700</b>	<b>100.00%</b>

6. Our Company under this Prospectus proposes to issue 33, 44,000 Equity Shares of Rs.10/-each at a premium of Rs.65 per share. Out of the above, 1,68,000 Equity Shares are reserved for the Market Maker and the Net offer to the public is 26,60,800 Equity Shares. The promoters would subscribe to 5,15,200 Equity Shares of Rs.10/- each at a premium of Rs.65/- per share and the promoters' contribution of Rs.386.40Lacs would be





brought in before the Public issue and kept in an escrow account and a CA certificate would be submitted to BSE/ Board to this effect one day prior to the opening of the Issue.

As per Regulation 43 (4) of above, as amended, since ours is a fixed price issue, the allocation in the net offer to public category (26, 60,800 Equity Shares) shall be made as follows:-

- a) Minimum 50 % to retail individual investors and
- b) Remaining to
  - i) Individual applicants other than retail individual investors and
  - ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.
- c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category

Explanation-

For the purpose of sub-regulation (4), if the retail individual investor category is entitled to more than fifty per cent. On proportionate basis, the retail individual investors shall be allocated that higher percentage

Any over subscription to the extent of 10 % of the issue can be retained for the purpose of rounding off to the nearest integer during finalising 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. In the case of over subscription in all categories, the allocation in the issue shall be made as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 and its amendments from time to time.

- 7. All shares issued since the date of incorporation of the Company i.e. since 12.03.1996 are fully paid up.
- 8. There has been no revaluation of the assets of the Company since its incorporation i.e.12.03.1996.
- 9. The Company has not availed of any bridge loans to be repaid from the proceeds of the issue.
- 10. The Company has not issued any equity shares out of revaluation reserves or for consideration other than cash to the existing shareholders by capitalizing reserves.
- 11. The company has 7shareholders as on the date of filing this Prospectus with BSE.
- 12. As on the date of this Prospectus, no shares of our Company have been pledged by the Promoter or the Promoter Group.
- 13. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further Shares of the Company.
- 14. There shall be only one denomination of the equity shares of the Company unless otherwise permitted by law. The company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
- 15. The Company has not granted Equity Options to its employees.
- 16. There would 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 Prospectus with BSE until the Equity Shares to be issued pursuant to the Issue have been listed.



17. We do not presently intend or propose to alter our capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, the Company may make acquisitions or enter into joint ventures or make investments, in which case the Company may consider raising additional capital to fund such activity or use equity shares as a currency for acquisition or participation in such joint ventures or investments.
18. The entire issue price is to be paid on application and hence there will be no partly paid up shares arising out of this issue.
19. No Equity Shares have been issued at a price lower than the Issue price during the preceding one year prior to the date of this Prospectus except Bonus issue of 773400 Equity Shares issued to existing 7 shareholders on 31/01/2014.
20. None of our Directors or Key managerial personnel hold any Equity Shares other than as set out below:-

Name	Designation	No. of Equity Shares held
Pramod P Shah	Director	708600
Sandeep P Shah	Director	450000
	<b>Total</b>	<b>1158600</b>

21. Our Company has not made any public issue since incorporation.
22. Our Company has not raised any Bridge loan against the proceeds of the Issue.
23. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this issue.
24. The LM and their associates do not hold any Equity Shares in our Company.
25. Till date, no Equity Shares have been allotted pursuant to any scheme approved under section 391- 394 of the Companies Act, 1956.
26. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Prospectus with the ROC and the Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.
27. Shareholding Pattern of the Company

Category code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Demat Form	Shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of total number of shares
(A)	<b>Shareholding of Promoter and Promoter Group</b>							
(1)	Indian							
(a)	Individuals /	5	11,59,500	11,59,500	99.95	99.95	Nil	Nil

	HUF							
(b)	Any other (Bodies Corporate)	-	-	-	-	-	Nil	Nil
	<b>Sub Total (A) (1)</b>	<b>5</b>	<b>11,59,500</b>	11,59,500	<b>99.95</b>	<b>99.95</b>	Nil	Nil
(2)	Foreign	-	-	-	-	-	Nil	Nil
	<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Nil	Nil
	<b>Total Shareholding of promoter and Promoter Group (A) =(A)(1)+(A)(2)</b>	<b>5</b>	<b>11,59,500</b>	11,59,500	<b>99.95</b>	<b>99.95</b>	Nil	Nil
<b>(B)</b>	<b>Public Shareholding</b>							
	Institutions	-	-	-	-	-	Nil	Nil
	<b>Sub Total (B) (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Nil	Nil
	Non Institutions	-	-	-	-	-	Nil	Nil
(a)	Bodies Corporate	-	-	-	-	-	Nil	Nil
(b)	Individuals	-	-	-	-	-	Nil	Nil
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lac	2	600	300	0.05	0.05	Nil	Nil
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lac	-	-	-	-	-	Nil	Nil
	<b>Sub Total (B)(2)</b>	<b>2</b>	<b>600</b>	300	<b>0.05</b>	<b>0.05</b>	Nil	Nil
	<b>Total public Shareholding</b>	<b>2</b>	<b>600</b>	300	<b>0.05</b>	<b>0.05</b>	Nil	Nil
	<b>Total (A+B)</b>	<b>7</b>	<b>11,60,100</b>	<b>11,59,800</b>	<b>100.00</b>	<b>100.00</b>	Nil	Nil
	<b>(C) Shares held by Custodians and against which Depository receipts have been issued</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	Nil	Nil
	<b>Total</b>	<b>7</b>	<b>11,60,100</b>	<b>11,59,800</b>	<b>100.00</b>	<b>100.00</b>	Nil	Nil

	(A+B+C)							
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## SECTION – IV PARTICULARS OF THE ISSUE

### 4.1 – OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. To augment our capital base and to repay existing high interest cost debt.
2. To meet the issue related expenses.

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

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

#### Fund requirement

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

Sr.No.	Particulars	Total Amount (Rs. lacs)
1	To augment our capital base and provide for repayment of existing high cost debt	2473.00
2	Public Issue Expenses	35.00
	<b>Total Fund requirement</b>	<b>2508.00</b>

#### 1. Repay Existing Debt -

Our business is highly capital intensive & profit margin highly depends on our interest cost. In order to repay our existing high cost debt, we propose to use Rs.2473Lacs to repay loan obtained from one of our member as follows –

Sr.No.	Name of the Loan Repayment Party (Member)	Interest Rate (P.A.)	Total Loan	Amt. to be repaid
1	Shri Shapoor Mistry (Shareholder)	11.00 %	Rs.61,38,12,260/-	Rs.24,73,00,000/-

#### 2. Public Issue Expenses –

The Issue expenses estimated at Rs.35lacs includes the fees payable to the LM, Registrar, Legal Counsel fees, stationery, printing and distribution expenses, NSDL/CDSL Connectivity charges, Listing fees payable to the Stock Exchange, IPO Deposit etc. The issue expenses of Rs.35.00 lacs work out to 1.40 % of the total proceeds of the Public Issue of Rs.2508 Lacs. The break up for the total expenses of the Issue is estimated as under:-

Sr. No.	Particulars	Amount in Rs. Lacs
1	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors,	25.00



	Registrars, Bankers etc and other out of pocket expenses	
2	Advertisement & Marketing Exp.	2.00
3	Printing & stationery and postage expenses	5.00
4	Regulatory fees& other Expenses	3.00
	<b>Total</b>	<b>35.00</b>

#### Means of Finance (Rs. Lacs)

Particulars	Amount
Issue Proceeds	2508.00
<b>Total</b>	<b>2508.00</b>

The requirements of the object detailed above are intended to be funded from the proceeds of the issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through variable means towards seventy five percent of the stated means of finance, excluding the amount to be raised from proposed issue.

#### Schedule of implementation

The proposed estimated schedule of implementation for the projects is detailed below:

Sr.No	Particulars	Estimated Schedule of Implementation
1	Towards repayment of existing Debt	During FY2014-15
2	Issue Related Expenses	30 <sup>th</sup> June'2014

#### Interim Use of Proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received through the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for necessary duration. Such investments would be in accordance with any investment criteria approved by our Board of Directors from time to time & in compliance to section 61 of the Companies Act'1956.

#### APPRAISAL

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

#### Monitoring of Utilization of Funds

The management of the Company will monitor the utilization of funds raised through this Public Issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall, on half-yearly basis, disclose to the Audit Committee the application of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company. In case the funds are to be utilized for heads other than those provided under the project cost, the same would be done after taking due approval from the members in a general meeting as provided under Sec 61 of the Companies Act.

#### 4.2 BASIC TERMS OF THE ISSUE:

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Prospectus and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subject to laws as applicable, guidelines, notifications and regulations



relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

The present issue has been authorised pursuant to a resolution of our Board dated 05/12/2013 and a Special Resolution under Sec 81 (1A) of the Companies Act, 1956 passed by our members at the EGM held on 31/01/2014.

<b>Face Value</b>	Rs.10/- per share
<b>Issue Price</b>	Rs.75/- per share including a premium of Rs.65/- per share
<b>Market Lot and Trading Lot</b>	1600 shares and multiples of 1600 shares thereafter subject to a minimum allotment of 1600 shares to the successful applicants
<b>Terms of Payment</b>	100 % of the issue price of Rs. 75/- per share shall be payable on Application. For details refer Section titled “ <b>Terms of the Issue</b> ” on Page No. 147 of this Prospectus.
<b>Ranking of the Equity Shares</b>	The Equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing equity shares of the Company

#### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriter 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.

Further, in accordance with Regulation 106 (R) of SEBI (ICDR) Regulations, 2009, our Company shall ensure that the number of prospective allottees to whom the Equity shares are allotted will not be less than 50.

#### **4.3 BASIS OF ISSUE PRICE:**

Investors should read the following summary with the “**Risk Factors**” beginning from Page No.15 of this Prospectus, section titled “**Our Business**” on Page No.33 and “**Financial Information of the Company**” on Page No. 96 of this Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

#### **QUALITATIVE FACTORS**

##### **Experienced Promoters–**

The Primary force behind the founding of SPS. As it is to be said everything rises & falls on leadership, under the leadership of **Mr Pramod P Shah**, SPS has achieved success because of his passion & long-term vision along with the strong persistence. Over a period of 40 years with a strong PR and a vast experience in Capital & Money Market, the company has achieved its presence all over the country. His network with the who-is who has earned a goodwill and respect from established names like Shapoorji Pallonji Group.

Excellence is not an accomplishment. It is a spirit, a never-ending process. His young, dynamic & passionate son **Shri Sandeep Pramod Shah** has carried the legacy of Shri Pramod P Shah. With over 20 Years of experience in Capital Market, he believes to take SPS at the peak of success. He believes in philosophy that “In real life, the



most practical advice for leaders is not to treat pawns like pawns, nor princes like princes, but all persons like persons." A progressive mind with rich traditional value, he's been a catalyst in leveraging the value and strength of the organization for expansion and creating a financial powerhouse, based on the trust and goodwill with which the reigns of SPS has been handed over by his legendary predecessors.

Our Promoters constantly update their knowledge & techniques & have extensive knowledge of their subject.

## QUANTITATIVE FACTORS

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

### 1. Net Asset Value (NAV) per share

Sr.	Particulars	Amt. (In Rs.)
A	NAV (Post Bonus issued in ratio of 2:1)	Rs.22.73
B	Issue Price	Rs.75.00
C	NAV after this Issue	Rs.61.54

Note: NAV per share is calculated based on Net Worth as on 31.12.2013 and & same at Sr. C is considering the proposed issue.

### 2. Industry Average P/E

Price/Earnings Ratio (P/E) in relation to Issue Price of Rs.75/- per share

Particulars	P/E Ratio
P/E based on Basic EPS for the year ended 31/03/2013	8.01
P/E based on Weighted Average Basic EPS (As on 31/03/2013)	8.01
P/E based on Basic EPS post Bonus Issue	24.11
<b>Industry P/E</b>	
Highest- BCB Finance Limited	<b>29.19</b>
Lowest- First Leasing Co. Limited	<b>2.99</b>

Since the fund raised through IPO will be used to repay existing debt, It will have direct impact on PAT and EPS. Increase in EPS will result in lower P/E ratio.

### 3. Comparison with Peer Group

Comparison of Accounting Ratios with Peer Group Companies

Particulars	Face Value (Rs)	EPS* (Rs)	P/E Ratio	RONW (%)	Book Value (Rs)
First Leasing Co. Ltd.	10	15.24	2.99	9.54	159.69
LKP Finance Ltd.	10	5.47	11.18	4.35	125.13
BCB Finance Limited	10	0.86	29.19	4.83	17.74
<b>SPS FINQUEST LIMITED</b>	10	9.36	8.01	5.93	@ 54.53

Source: Money Control

\*EPS for F.Y 2012-13

@ Book Value of SPS Finquest Limited after the Bonus Issue is Rs.22.73

The face value of Equity Shares of our Company is Rs.10/- and the Issue Price is 7.5times of the Face Value. The issue price has been determined by our Company in consultation with the Lead Manager and the LM believes that the Issue price of Rs.75/- per share is justified in view of the qualitative factors. The investors need to peruse the risk factors and financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.



4.4

#### STATEMENT OF TAX BENEFITS

**The Board of Directors  
SPS Finquest Limited**

R. 514, 5th Floor,  
Rotunda Building,  
B S Marg, Fort,  
Mumbai 400 001.

Dear Sirs,

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

We refer to the proposed Initial Public Offer of M/s. SPS Finquest Limited (Formerly M/s. Ceenik Holdings P. Ltd.) (the "Company") and give below the current position of tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961, Wealth-tax Act, 1957 and the Gift Tax Act, 1958 for inclusion in the Offer document for the proposed initial public issue.

The current position of tax benefits available to the Company and to its shareholders is provided for general information purposes only. In view of the individual nature of tax benefits, each investor is advised to consult its own tax consultant with respect to the specific tax implications arising out of its participation in the issue. Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 (the "Act"). All the provisions set out below are subject to conditions specified in the respective sections for the applicable period.

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

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

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

*No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any other person in respect of this statement.*

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

For and on behalf of

**Kochar & Associates  
Chartered Accountants  
Firm Reg. 105256W**

**CA. Piyush Kochar  
M. No. 106049  
Partner**

Place: Mumbai  
Date: 2/12/2013

**ANNEXURE**





## **SPECIAL TAX BENEFITS TO THE COMPANY**

There are no special tax benefits available to the company.

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

### **I. 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. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. In accordance with section 80-IA, the company can claim, subject to fulfilment 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.
  12. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.

## **II. Section 115O**

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

## **III. Tax Rates**

1. The tax rate is 30%
2. The surcharge on Income Tax is 5% if the taxable income exceeds Rs. 1,00,00,000/-, Education Cess is 3%
3. The surcharge on Income Tax is 10% if the taxable income exceeds Rs. 10,00,00,000/-, 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 transactions 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**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
3. 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.
4. 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").
5. 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.
6. 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.

7. 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.

8. 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 recognized stock exchange in India in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956 ), and any rules made there under

3. 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:

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

#### **II. Under the Wealth Tax and Gift Tax Acts**

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

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

## SECTION V - ABOUT THE COMPANY

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the industry websites/publications and company estimates. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness 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.

Although the Company believes industry, market and government data used in this Prospectus is reliable, 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. Similarly, internal Company estimates, while believed to be reliable, have not been verified by any independent agencies.

### Indian Economy Overview

India is the fourth largest economy in the world after the European Union, United States of America and China in purchasing power parity terms, with an estimated Gross Domestic Product ("GDP") (purchasing power parity) of U.S.\$ 4.46 trillion in 2011 (Source: CIA World Fact book 2011). Economic indicators suggest that slowdown has continued in 2012-13. However, recent policy reforms should help in arresting the downturn. They may, on their successful implementation, support recovery later. The potential growth rate of the Indian economy that peaked around the middle of 2007-08, has since continued its downward slide into Q1 of 2012-13 to around 7.0 per cent. With negative output gap persisting, growth in 2012-13 is likely to fall short of the Reserve Bank's earlier projection. (Source: RBI, Macroeconomic and Monetary Developments, Second Quarter Review, 2012-2013).

While India's recent slowdown is partly rooted in external causes, domestic causes are also important. The strong post-financial-crisis stimulus led to stronger growth in 2009-10 and 2010-11. However, the boost to consumption, coupled with supply side constraints, led to higher inflation. Monetary policy was tightened, even as external headwinds to growth increased. The consequent slowdown, especially in 2012-13, has been across the board, with no sector of the economy unaffected. Falling savings without a commensurate fall in aggregate investment have led to a widening current account deficit (CAD). Wholesale price index (WPI) inflation has been coming down in recent months. However, food inflation, after a brief slowdown, continues to be higher than overall inflation. Given the higher weightage to food in consumer price indices (CPI), CPI inflation has remained close to double digits. Another consequence of the slowdown has been lower-than-targeted tax and non-tax revenues. With the subsidies bill, particularly that of petroleum products, increasing, the danger that fiscal targets would be breached substantially became very real in the current year. The situation warranted urgent steps to reduce government spending so as to contain inflation. Also required were steps to facilitate corporate and infrastructure investment so as to ease supply. Several measures announced in recent months are aimed at restoring the fiscal health of the government and shrinking the CAD as also improving the growth rate. With the global economy also likely to recover somewhat in 2013, these measures should help in improving the Indian economy's outlook for 2013-14. \*

The telecom sector has been one of the fastest growing sectors in recent years. India is now the second largest telephone network in the world, after only China. A series of reform measures by the government, wireless technology, and active participation by the private sector played an important role in the exponential growth of the telecom sector in the country. \*

Since the announcement of the Broadband Policy in 2004, several measures have been taken to promote broadband penetration in the country. As a result, there were 22.86 million internet subscribers including 13.79 million broadband subscribers at the end of March 2012. Broadband subscribers increased to 14.81 million by the end of October 2012. Special efforts are being made to increase the penetration of broadband, especially in rural and remote areas. The government has approved a project at a cost of ` RS 20,000 crore for creating a National Optical Fiber Network (NOFN) which will provide broadband connectivity to 2.5 lakh gram panchayats for various applications like health, e-education, and e-governance. The project is being funded under the Universal Service Obligation Fund (USOF).\*

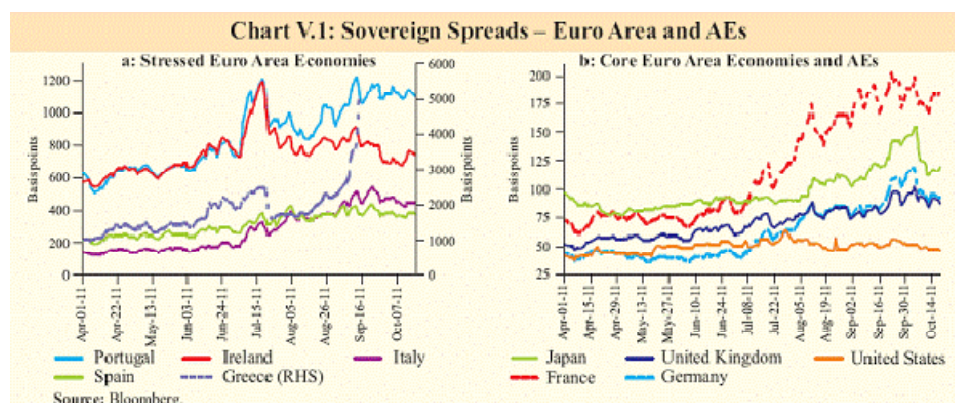
\*(Source – Union Budget & Economic Survey 2012-13)



## 5.1 Industry Overview –

### Financial Markets:

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



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

### Indian Financial Services Sector:

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

### The Industry in which our Company Operates:

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

### Non Banking Finance Companies Overview -

Non-Banking Financial Companies (NBFC) have rapidly emerged as an important segment of the Indian financial system. Moreover, NBFCs assume significance in the small business segment as they primarily cater to the credit requirements of the unorganised sector such as wholesale & retail traders, small-scale industries and small borrowers at the local level. NBFC is a heterogeneous group of financial institutions, performing a wide range of activities like hire-purchase finance, vehicle financing, equipment lease finance, personal loans, working capital loans, consumer loans, housing loans, loans against shares and investment, etc.

NBFCs are broadly divided into three categories namely

- (iv) NBFCs accepting deposits from banks (NBFC-D);
- (v) NBFCs not accepting/holding public deposits (NBFC-ND); and



- (vi) core investment companies (i.e. those acquiring share/securities of their group/holding/subsidiary companies to the extent of not less than 90% of total assets and which do not accept public deposits.)

The segment has witnessed considerable growth in the last few years and is now being recognised as complementary to the banking sector due to implementation of innovative marketing strategies, introduction of tailor-made products, customer-oriented services, attractive rates of return on deposits and simplified procedures, etc.

While the functions of NBFCs are just like banks, there are few differences between both the institutions. These are: (i) NBFC cannot accept demand deposits; (ii) NBFC is not part of the payment and settlement system as well as it cannot issue cheques drawn on itself and (iii) deposit insurance facility of Deposit Insurance & Credit Guarantee Corporation is not available for NBFC depositors unlike in the case of banks.

### Significance of NBFCs in India:

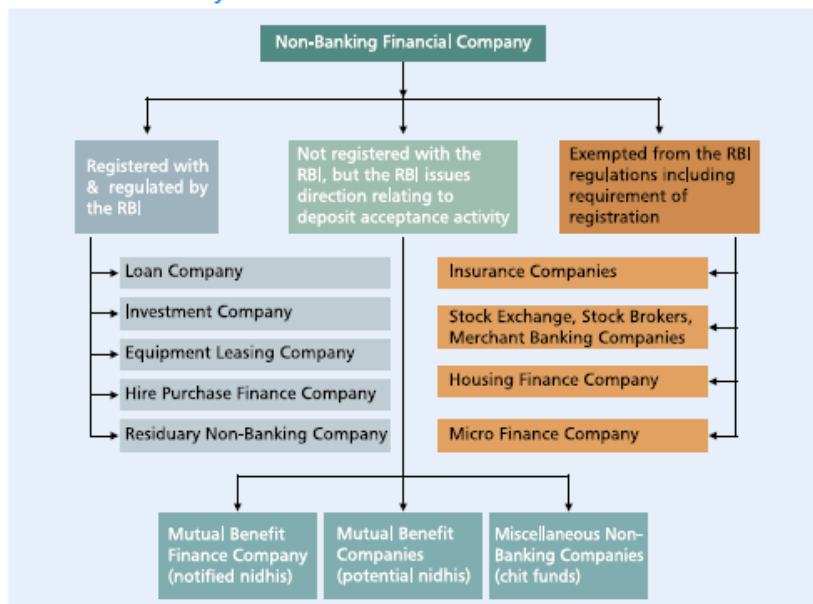
NBFCs have been playing a complimentary role to the banking sector, catering to the unbanked sectors and promoting financial inclusion; NBFCs have been vital to the growth of the economy by providing financial support to some of the important segments of the economy. At present, there are 12,375 NBFCs in India with as asset base of greater than INR 6,500 billion a growth from INR 347 billion in 1997-98. NBFCs account for 12.3% of assets of the total financial system.

(Source: FICCI, Financial Foresights- Q4 FY 2012-2013)

### Major Growth Drivers for this Sector

The NBFC sector has witnessed a compound annual growth rate (CAGR) of 28 per cent in assets under Management over 2009-10 to 2012-13(E) and is likely to sustain such healthy growth over the medium term. The market share of over 70 per cent in the commercial vehicle (CV) financing segment. The borrowers in these segments are largely small truck operators with no significant access to banking services. One of the key drivers of growth for retail NBFCs has been the steady expansion in the gold loan and the loan against property (LAP) segment. In the gold loan segment, NBFCs borrowers are typically those with smaller incomes looking to bridge their short-term cash mismatches.

**Exhibit 2.1: Industry Structure**



Source: RBI

## Non-Banking Financial Entities Regulated by the RBI

The developments in the NBFC sector in terms of policies and performance during 2001-02 and for the Subsequent periods (to the extent information is available) are discussed in the subsequent paragraphs. Nonbanking financial entities partially or wholly regulated by the RBI include: (a) NBFCs comprising equipment leasing (EL), hire purchase finance (HP), loan (LC), investment (IC) (including primary dealers<sup>3</sup> (PDs)) and residuary nonbanking (RNBC) companies; (b) mutual benefit financial company (MBFC), i.e. Nidhi company; (c) mutual benefit company (MBC), i.e. potential Nidhi company; (d) miscellaneous non-banking company (MNBC), i.e. chit fund company.

**Table 2.1: NBFCs by their Principle Business**

Non-Banking Financial Companies (NBFCs)	Principle Business
Equipment Leasing Company (EL)	Equipment leasing or financing of such activity
Hire Purchase Finance Company (HP)	Hire purchase transaction or purchasing of such transactions
Investment Company (IC)	Acquisition of securities and trading in such securities to earn a profit
Loan Company (LC)	Making loans or advances for any activity other than its own; excludes EL/HP/Housing Finance Companies (HFCs)
Residuary Non-Banking Companies (RNBCs)	Receives deposits under any scheme or arrangement, by whatever name called, in one lump-sum or in instalments by way of contributions or subscriptions or by sale of units or certificates or other instruments, or in any manner
Mutual Benefit Financial Companies (MBFC) i.e. Nidhi Company	Any company which is notified by the Central Government as a Nidhi Company under section 620A of the Companies Act, 1956. It is a NBFC doing the business of lending and borrowing with its members or shareholders.
Mutual Benefit Company (MBC) i.e. Potential Nidhi Company	A company which is working on the lines of Nidhi Company but has not yet been so declared by the Central Government. It has minimum net owned fund (NOF) of Rs 1 mn.
Miscellaneous Non-Banking Company (MNBC) i.e. Chit Fund Company	Managing, conducting or supervising as a promoter, foreman or agent of any transaction or arrangement by which the company enters into an agreement with a specified number of subscribers that every one of them shall subscribe a certain amount in instalments over a definite period and that every one of such subscribers shall in turn, as determined by lot or by auction or by tender or in such manner as may be provided for in the arrangement, be entitled to the prize amount

Source: RBI

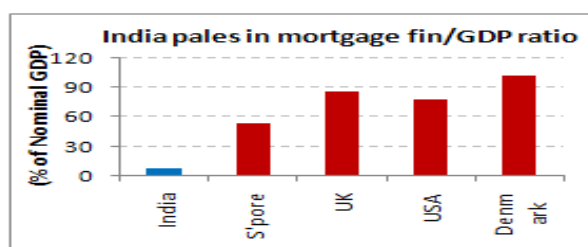
(Source : <http://www.dnb.co.in/bfsisectorinindia/nonbankc2.asp> )

### The Industry in which our Company Operates:

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

### Prospectus OF NBFC's –

The mortgage penetration continues to remain abysmally low - in India the mortgage to GDP ratio is at around 8% against close to 80% in the USA. Even if one were to benchmark against more comparable counterparts, the ratio ranges between 20% (China) to 43% (Hong Kong) for most South East Asian nations.



Source: HDFC  
FY11 presentation



Since March 2010, the RBI was on the offense, raising key policy rates 13 times. The current interest rates are still elevated however the RBI is finally easing on its aggressive stance. It has been increasing liquidity in the system through a number of measures including CRR and SLR cuts and open market operations. If rates come down going forward it will help reduce the borrowing costs for various NBFCs.

The power sector has also been facing myriad issues right from coal linkages and land acquisition worries to environmental concerns. Slowdown in the infrastructure space due to the central bank's aggressive interest rate policies, the latest [Coalgate scam](#) and the financial health of state electricity boards (SEBs) also did not help matters much for power and infrastructure financiers including [REC](#), [PFC](#) and IDFC. Banks have restructured a number of troubled SEB loans. The central government is now preparing a much-awaited debt recast package for these cash-strapped SEBs that will be sent to the cabinet for approval.

(Source - <http://www.equitymaster.com/research-it/sector-info/finance/Investment-Finance-Sector-Analysis-Report.asp>)

NBFCs are not required to maintain [cash reserve ratio](#) (CRR) and statutory liquid ratio (SLR). Priority sector lending norm of 40% (of total advances) is also not applicable for them. While this is to their advantage, they do not have access to low-cost demand deposits. As a result their cost of funds is always high, resulting in thinner interest spread. However, the regulatory arbitrage may soon change between the two entities with the help of the Usha Thorat committee recommendations, which call for stricter regulations in the space.

## 5.2 OUR BUSINESS OVERVIEW:

### OVERVIEW

Our Company was originally incorporated with the Registrar of Companies, on March 12, 1996 as Ceenik Holding Pvt Ltd. Pursuant to shareholders Resolution dated June 14, 2010 our Company name was changed to SPS Finquest Pvt Ltd. A Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide certificate dated July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to SPS Finquest Limited and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on April 5, 2013.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 451A of the Reserve Bank of India Act, 1934 bearing Registration no. No.13.00084 dated February 26, 1998. We operate as a Non Deposit taking Non-systemically Important Non-Banking Finance Company (NBFC-ND) engaged primarily in the business of advancing loans and investing/trading in securities.

Our Company provides its shareholders with the opportunity to participate in a diverse portfolio of investments and gain access to a defined investment process and the investment experience of the management team. Our company is the NBFC Arm promoted by the Shah Family in order to carry out their financing and investment activities and in order to bring in the benefits of synergies from their brokerage and other businesses.

### Business Strengths

#### 1. Strong Management Team backed by Experienced Promoters:

We have a strong management team backed by the promoters who have several years of experience in capital markets and financial services industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies. For further details regarding the experience and qualifications of our management and Promoters please refer to sections titled "*Our Management*" and "*Our Promoters & Promoter Group*" beginning on pages 81 and 91 of this Prospectus respectively.

#### 2. Focus on discipline investment process:

Over time, the Indian Capital Market is maturing and the markets are becoming deeper. New products are



Introduced on a regular basis. This process of evolution throws up many opportunities of market inefficiencies that can be exploited to get superior returns in the market. The Company's philosophy is to use such opportunities for the benefit of its shareholders

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

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

### **3. Continuous Business Possibilities due to synergies with Group Companies**

Our Group Company – SPS Share Brokers Pvt. Ltd. is a Registered Stock Broker. Our company is the NBFC Arm of the SPS Group. The group has interests in the Capital Markets and Financial Services Segment both directly and through strategic stakes of over five decades. This has led to deep relationships with the 67 participants in the financial markets and provides many opportunities to our company to deploy funds and earn higher returns. In line with the trend of the industry, where in Stock Broking Business continuously needs support from Financing Arms, there exist synergies for regular business opportunities for our company. With the further deepening and growth of the Capital Markets, the requirement of Funding and Investment Opportunities is expected to grow and flourish.

### **4. Internal Control and Risk Management**

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

### **Business Strategy**

#### **1. Adherence to a disciplined investment process**

The Company will continue to make investments consistent with its investment process as approved by the Management from time to time. The company in accordance with its investment process will aim to invest in a diversified portfolio of securities (quoted and unquoted) of companies which are expected to give superior returns. The Company believes that such investments provide a sustainable competitive advantage to the Company and would contribute to its income streams. The company relies on the expertise of its management team to maximize returns through active management of the company's investment portfolio. The Company will pursue appropriate long-term value creation strategies in accordance with its investment process. The Company seeks to achieve this, subject to general market conditions, by buying and selling stocks that offer value at prevailing market prices based on the decisions of its management team. The Company may consider short-term opportunities where it may see prospects for attractive returns and will also focus on a long-term value creation strategy rather than on any near-term impact on its revenues, profits or cash flows. The Company's strategy is to extract optimal returns on its investments and to this end the management team will continue to seek opportunities that demonstrate clear growth prospects.

#### **2. Maintain and expand long term Relationship with Clients**

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

The company wants to expand its loan portfolio to target high net worth individuals with impeccable credit track record to whom the company may advance funds both secured/ unsecured based on the risk profile and as



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

## **THREATS**

### **1. Inherent Credit risks**

The company is into the business of lending against securities and providing margin financing to its clients, which involves various risks associated with the business like credit risks, risks associated with the value of securities pledged, default risks, market risks etc. Although the company may follow prudent risk management policies, yet it may incur losses from the business of lending against securities and margin funding which may adversely affect the financial position of the company.

### **2. Threat from Competitors**

The company faces stiff competition from various market participants which may lead to reduction in its gross margins and may adversely affect its profitability.

### **3. Changes in policies**

The company's business may be affected due to changes in rules, regulations and policies by the Government as well as the Regulators. Changes in the business rules by the regulators may adversely affect the business environment in which the company operates and may impact the financial condition of the company.

### **4. Inherent Investment risks**

Although the company may follow prudent and disciplined investment process, the investments and share trading business carries investment risks which may be dependent on various factors which may adversely affect the actual returns on the investment including loss of capital invested. All instruments in which the company may invest the issue proceeds may carry some inherent investment risks which sometimes may adversely affect the profitability of the company.

### 5.3 KEY INDUSTRY REGULATION AND POLICIES –

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

#### I- NBFC REGULATIONS

##### **The Reserve bank of India Act, 1934**

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

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

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

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

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

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

##### **Maintenance of Liquid Assets**

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

##### **Prudential Norms**

The RBI has issued the non-banking financial (non-deposit accepting or holding) companies prudential norms (Reserve Bank) directions, 2007 as amended from time to time. The prudential norms directions inter alia prescribe guidelines regarding income recognition, assets classification, provisioning requirements, constitution of audit committee, capital adequacy requirements etc. The said prudential norms directions are not applicable to



NBFC's being investment companies provided that such NBFC is not accepting / holding public deposits. Therefore, the said prudential norms directions are not applicable to the company. However, there are no loss assets, doubtful assets or any sub-standard assets in the company. All assets are standard assets.

### **Exposure Norms**

The prudential norms directions prescribed credit exposure limits for financial institutions in respect of the loans granted and investments undertaken by an NBFC – ND. 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.

### **Capital Adequacy Norms & Asset Liability Management**

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

### **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.





## **DEALING IN SECURITIES**

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

### **INSIDER TRADING**

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

### **APPLICABLE FOREIGN INVESTMENT REGIME**

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

#### ***Regulation of Foreign Investment in India***

##### ***FEMA Regulations***

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of Investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

#### **Intellectual Property Laws:**

##### **Copyright Act, 1957**

The Copyright Act, 1957 governs the law relating to copyright in India and defines infringement and provides remedies for the same. Copyright means the exclusive right to do or authorise others to do certain acts in relation to original (1) literary, dramatic or musical works, not being a computer programme, (2) computer programme, (3) artistic work, (4) cinematograph film and (5) sound recording. The object of copyrights is to protect the author of a copyrighted work from any unlawful reproduction or exploitation. Copyright subsists during the life of the author/creator of the work and 60 years thereafter in case the author is a natural person. In all other cases, copyright subsists for 60 years from the date of publication of the work concerned.

##### **Trade Marks Act, 1999**

The Indian law on trademark is enshrined in the Trade Marks Act of 1999. Under the existing Act, a trademark is a mark used in relation to goods and/or services so as to indicate a connection between the goods or services being provided and the proprietor or user of the mark. A 'Mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style, the shape of goods other than those for which a mark is proposed to be used, or any combination thereof or a combination of colors





and so forth. The trademark once it is applied for is advertised in the trademarks journal, oppositions, if any, are invited and after satisfactory adjudication of the same, is given a certificate of registration. The right to use a mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fees.

## **Labor Laws:**

### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952***

Employees Provident Funds and Miscellaneous Provisions Act, 1952 (“EPFA”) was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the “Employees Provident Fund Scheme”, “Employees Deposit-linked Insurance Scheme” and the “Employees Family Pension Scheme”. Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

### ***Payment of Gratuity Act, 1972***

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of “five year continuous service” is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee.

### ***Employees State Insurance Act, 1948***

The Employees State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### ***Payment of Bonus Act, 1965***

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a Company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the Company for the conduct of the business of the Company at the time of contravention.

## **Tax Related Legislations**

### ***Service Tax Act, 1994***

The service tax gains its authority from item No 97 in the Union List of Seventh Schedule to the Constitution of India. Section 64 to 96 – I of the Finance Act, 1994, as amended from time to time. Service Tax had been imposed as an indirect tax which is demanded from one person on the expectation and intention that such person shall indemnify at the expense of other person who is consuming such service. The tax is levied on services and not on income or profits, thus carrying the tax to the point of consumption.

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

The Income-tax Act, 1961 (“IT Act”) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. Every Company assessable to income tax under the IT Act is required to comply with



the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by 31st October of each assessment year.

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

The Indian Stamp Act, 1899 (“Stamp Act”) and the relevant State Stamp Acts provide for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of up to 10 times the original stamp value.

### **General**

### ***Competition Act, 2002***

The Competition Act 2002 (the “Competition Act”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India (the “Competition Commission”) became operational from May 20, 2009. Sections 5 and 6 (dealing with combinations, mergers and acquisitions) are already notified by the GoI on June 01, 2011. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India. Recently, the Lok Sabha has passed a bill to transfer the pending monopolies and restrictive trade practices cases under the Consumer Protection Act, 1986 to the Competition Appellate Tribunal. Once this bill is notified the Competition Appellate Tribunal will take up the pending cases of unfair trade practices under the Consumer Protection Act, 1986. This bill will replace the ordinance which was introduced on October 14, 2009 to make the Monopolies and Restrictive Trade Practice Commission non-functional.

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

The Indian 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 breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract.

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

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956 & further amended in 2013. 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.

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

The Registration Act, 1908 (“Registration Act”) has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.



## 5.4 HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

Our Company was originally incorporated in Mumbai as “**Ceenik Holding Pvt. Ltd**” on March 12, 1996 under the provisions of the Companies Act, 1956. The name of our Company was further changed to **SPS Finquest Pvt. Ltd.** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to **SPS Finquest Limited** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on **April 5, 2013**.

### Registered office of Our Company

The registered office of our company was originally situated at 225/A-1, Shah & Nahar Industrial Estate, S.J. Road, Lower Parel (West) Mumbai, Maharashtra – 400013. Further the registered office was shifted to Flat no 13-B, Jeevan Satyakam CHS, Ambedkar Road, Bandra (W), Mumbai 400050 w.e.f 04/04/2009. Further again the registered office was shifted from Flat No 13-B, Jeevan Satyakam CHS, Ambedkar Road, Bandra (W), Mumbai 400050 to G-602, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 w.e.f. 17/06/2010. Further again the registered office was shifted from G-602, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 to G-702, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 w.e.f. 02/04/2011. Further again the registered office was shifted from G-702, Keshav Kunj-1, Sector 30, Vashi, Navi Mumbai, Thane 400703 to R-514, 5<sup>th</sup> Floor, Routunda Building, Bombay Samachar Marg, Fort, Mumbai - 400001 w.e.f 15/02/2013. For more details, please refer section titled “History and Certain Corporate Matters” on Page No.80 of this Prospectus.

### Main Objects:

We have the following main objects:

1. “To carry on the business of an investment Company and to buy, sell, subscribe, acquire, hold and deal in shares, stock, debenture, debenture-stocks, bonds, obligations and all kinds of securities issued or guaranteed by any Government, State, dominions, Commissioners, public body or authority, municipal, local or otherwise, firm company, association of persons in India or elsewhere.”
2. "To carry on and undertake the business of all kinds of financial activities and for that purpose lend and advance money to entrepreneurs, industrial concerns and promoters on appropriate terms, provide hire purchase and lease finance, margin finance against shares and securities and to carry on the business of factoring of negotiable instruments and securitization of all types of assets. "

### Changes in our Memorandum of Association

Since incorporation, no changes have been made to Memorandum of Association of the Company except following –

Date of Change	Particulars of Change
31/03/1997	Authorised Share Capital of the company was increased from 1, 00,000 Equity Shares of Rs.10/- each to 5,00,000 Equity Shares of Rs.10/- each.
15/02/2013	Authorised Share Capital of the company was increased from 5, 00,000 Equity Shares of Rs.10/- each to 30,00,000 Equity Shares of Rs.10/- each.
31/01/2014	Authorised Share Capital of the company was increased from 3,00,000 Equity Shares of Rs.10/- each to 50,00,000 Equity Shares of Rs.10/- each.

### Major events in the History of our Company

Month, Year	Particulars of Events
March 12, 1996	Incorporation of the Company
May 2010	Change in Management Control



<b>February'2014</b>	Increase in Authorised Share Capital of the Company.
<b>January '2014</b>	Issue of Bonus Shares in the ratio of 2:1

#### Subsidiary of our Company

We do not have any subsidiary company.

#### Number of Shareholders of our Company

Our Company has Seven shareholders as on the date of filing of this Prospectus

#### Injunction or restraining order

Our Company is not operating under any injunction or restraint order.

#### Agreements

- i) Shareholder Agreements -Nil
- ii) Other Agreements- Nil

Except above, there are no agreements other than the agreements which we propose to enter or have entered into in the normal course of business.

#### Collaboration

There is no collaboration.

#### Financial / Strategic Partners

There are no financial or strategic partners.

#### Lease Properties –

We do not own any property. We have entered into lease agreement till 31/03/2015 with SPS Share Brokers Pvt. Ltd to operate our business from the said premises. There is no other property.

## 5.5 OUR MANAGEMENT

### a. Our Board of Directors

The following table sets forth details regarding the members of our Board as on the date of filing this Prospectus

Sr. No.	Particulars	Date of appointment	No. of equity shares held in CO. & % shareholding (Pre issue)	Other Directorships / Partnership /LLP
1	PRAMOD PREMCHAND SHAH	20/05/2010	708600 (61.08%)	SPS Share Brokers Pvt. Ltd. Sunder Suvidha LLP Sandeep & Company
2	SANDEEP PRAMODKUMAR SHAH	20/05/2010	450000 (38.79%)	SPS Capital & Money Management Services Pvt. Ltd. SPS Capital Ltd SPS Multitrade Pvt Ltd SPS Multicommodity Pvt Ltd SPS Share Brokers Pvt Ltd ACE Richesse (I) Pvt Ltd Revelation Portfolio Management Pvt Ltd Sandeep & Company Sunder Suvidha LLP
3	GIRISH TULSHIRAM JAJOO	01/04/2011	Nil	_____
4	PRIYESH JHAVERI	05/04/2013	Nil	Vishwa Diamond Pvt Ltd. (Director) Dimple Diamond Pvt Ltd. (Director) Kavee Impex Pvt Ltd. (Director)



				Siddheshwar Diamond Pvt Ltd. (Director)
5	ANKITA MAHESH SHAH	05/04/2013	Nil	_____
6	HITESH SURESH SHAH	05/04/2013	Nil	_____

**Brief Profile of Promoters & Directors of our Company is given below:**

**Chairman : Shri Pramod P. Shah**

The Primary force behind the founding of SPS. As it is to be said everything rises & falls on leadership, under the leadership of Mr. Pramod P Shah, SPS has achieved success because of his passion & long-term vision along with the strong persistence. Over a period of 40 years with a strong PR and a vast experience in Capital & Money Market, the company has achieved its presence all over the country. His network with the who-is who has earned a goodwill and respect from established names like Shapoorji Pallonji Group.

**Managing Director : Shri Girish Tulshiram Jajoo**

Master degree holder in Business Administration & Commerce and Post-graduate Advance Diploma in Computer Software System Analysis & Application. He has experience of 15 years in Capital Market & Money Market has gathered thorough knowledge of stock market operations / Financing business. Taking care of funding business & operations since takeover of the company in May 2010. In April 2011 he became Managing Director and responsible for operations, Corporate Administration, Corporate Relationships, Personnel/Human Resource Development, Communication, Public Relations.

**Director : Shri Sandeep Pramod Shah**

Excellence is not an accomplishment. It is a spirit, a never-ending process. His young, dynamic & passionate son Shri Sandeep Pramod Shah has carried the legacy of Shri Pramod P Shah. With over 20 Years of experience in Capital Market, he believes to take SPS at the peak of success. He believes in philosophy that "In real life, the most practical advice for leaders is not to treat pawns like pawns, nor princes like princes, but all persons like persons." A progressive mind with rich traditional value, he's been a catalyst in leveraging the value and strength of the organization for expansion and creating a financial powerhouse, based on the trust and goodwill with which the reigns of SPS has been handed over by his legendary predecessors.

**Independent Director : Shri Hitesh Shah**

Bachelor degree holder in Commerce He has experience of 20 years in Capital Market & Money Market. He is associated with company since April 2013. He has been guiding and inspiration for the team as it is to be said that an empowered organization is one in which individuals have the knowledge, skill to personally succeed in a way that leads to collective organizational success.

**Independent Director : Ankita Shah**

Master degree holder in Commerce and Bachelor degree holder in Law She is associated with company since April 2013. She has experience of 9 years in SEBI / Exchange Compliance with various Stock Brokers.

**Independent Director : Shri Priyesh Jhaveri**

He has experience of 15 years in Capital Market & Money Market. He also deals in Diamonds, Pearls & Manufacturing of Jewelry , import – Export with many countries. He is associated with company since April 2013. He is also associated with many companies like Kavee Impex Pvt. Ltd., Siddheshwar Diamonds Pvt., Vishwa Diamond Pvt. Ltd. & Dimple Diamond Pvt. Ltd.



### **Nature of any family relationship between any of our Directors**

None of our Directors on our Board is related to each other except –

Mr. Pramod P Shah is father of Mr. Sandeep P Shah.

We also confirm that

- We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Directors were selected as Directors or members of Senior management
- The terms of appointment with our Managing Director / Whole time Director (s) do not provide for any benefit upon termination of employment except the retirement of benefits, if any, as applicable by law.
- None of our Directors is / was a Director in any listed company during the last five years before the date of filing this Prospectus, whose shares have been / were suspended from being traded on the Bombay Stock Exchange Ltd and National Stock Exchange
- Further none of our Directors is / was a Director of any listed company which has been / was delisted from any Recognised Stock Exchange

### **Details of Borrowing Powers of the Directors**

The Company has passed an ordinary resolution at its EGM held on 15/02/2013 in terms of the provisions of section 293(1)(d) of the Act, whereby it has authorized the Board of Directors to borrow money up to Rs. 500 Crore from time to time.

### **b. Compensation of Directors**

Compensation to Managing Director / Wholetime Directors –

#### **1. Mr. Girish Jajoo. M.D.**

He was re-appointed as MD of the Company for a period of 5 years in the EGM held on 31/01/2014 on the following terms -

Salary	Gross Rs.75000/-p.m.
Allowances	Nil
Other terms and conditions	Rs. 75000/- (1 month Salary as Annual Bonus)
Benefits in kind granted during the FY 2012-13	Nil

Total Directors' Remuneration shall not exceed 10% of Net Profits {as calculated in the manner referred to in section 198 (1) of the Companies Act} as per Resolution passed at the Meeting held on 31-01-2014.

### **Compensation to Non-Executive Directors**

All the Non-Executive Directors are entitled to sitting fee of Rs. Nil/- for attending each Board Meeting. No sitting fees is payable to the Executive Director.



### Shareholding of Our Directors

As per our Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as on the date of the Prospectus.

S.No.	Name of the Director	No. Of Equity Shares held	Percentage of Pre issue share capital
1	Pramod P Shah	7,08,600	61.08%
2	Sandeep P Shah	4,50,000	38.79%
	<b>Total :</b>	<b>11,58,600</b>	<b>99.87%</b>

### Interest of our Directors

Whole Time Directors are interested to the extent of remuneration paid to them for the services rendered to the Company.

All Non-Executive Directors may be deemed to be interested to the extent of sitting fees fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of reimbursement of expenses payable to them as per the applicable laws.

Our Directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any Company in which they hold Directorships or any partnership/proprietorship firm in which they are partners / proprietor as declared in their respective declarations.

### Interest in Property

Except as stated/referred to in the paragraph titled “**Properties**” beginning on Page No.81 of the Prospectus i.e. our Directors do not have any interest in the same.

### Changes in the Board of Directors during last three years

The changes in the Board of Directors of our Company during last 3 years are as follows:

Name of the Director	Date of Change	Particulars of Change
SANDEEP SHAH	20/05/2010	Appointed as Additional Director
PRAMOD SHAH	20/05/2010	Appointed as Additional Director
NARAIN HINGORANI NANIK	01/07/2010	Resigned as Director
KAVITA HINGORANI NARAIN	01/07/2010	Resigned as Director
RINA SHAH	01/04/2011	Additional Director
GIRISH JAJOO	01/04/2011	Appointment of Managing Director
RINA SHAH	30/09/2011	Additional Director
RINA SHAH	21/02/2013	Resigned as Director
ANKITA MAHESH SHAH	19/02/2013	Appointed as Independent Director
PRIYESH JHAVERI	19/02/2013	Appointed as Independent Director
HITESH SURESH SHAH	21/02/2013	Appointed as Independent Director



### c. Compliance with Corporate Governance Requirements:

The provisions of the SME Equity Listing Agreement to be entered into with BSE with respect to corporate governance and SEBI (ICDR) Regulations, 2009 will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the SME Platform of BSE. The Constitution of our Board is in compliance with the requirement of clause 52 of the listing agreement.

#### Composition of the Board of Directors

The Board has Six Directors, out of whom three are independent directors in accordance with the requirements of Clause 52 of the SME Equity Listing agreement. The Chairman of the Board is a Executive Director. In terms of Clause 52 of the SME Listing Agreement, our company has already appointed the required number of Independent Directors.

The Board consists of the following Directors as on date:

Sr. No.	Name	Designation	Status
1	Pramod P Shah	Chairman	Promoter
2	Sandeep P Shah	Director	Promoter
3	Girish Jajoo	Managing Director	Director
4	Priyesh Jhaveri	Director	Independent Director
5	Ankita M Shah	Director	Independent Director
6	Hitesh S Shah	Director	Independent Director

#### Corporate Governance Committees

In terms of Clause 52 of the SME Listing Agreement, our Company has constituted the following committees in compliance of corporate governance norms, details of which are as follows:

##### 1. Audit Committee

The Audit Committee was constituted at the meeting of Board of Directors of our Company held on 05/04/2013. Composition of Audit Committee –

Sr. No.	Name	Committee Position	Designation in the committee
1.	Ankita Shah	Independent Director	Chairperson
2.	Hitesh Shah	Independent Director	Member
3.	Girish Jajoo	Managing Director	Member

Our Company Secretary shall be the secretary of this Committee

#### Role of Audit Committee

- Overseeing the Company's financial reporting process and disclosure of its financial information;
- Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;
- Approval of payments to the statutory auditors for any other services rendered by them;





- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - i. 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;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by the management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Qualifications in the draft audit report.
- e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- g) 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;
- h) Discussion with the internal auditors any significant findings and follow up there on;
- i) 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;
- j) Discussion with the 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;
- k) 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;
- l) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- m) Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the internal auditors;
- n) Carrying out any other function as mentioned in the terms of reference of the Audit Committee;
- o) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.



### Power of the Audit Committee

1. To investigate activity within its terms of reference;
2. To seek information from any employees;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

## 2. Remuneration Committee

The Remuneration Committee was constituted at the meeting of Board of Directors of our Company held on 05/04/2013.

### Composition of Remuneration Committee

Sr. No	Name of the Director	Committee Position	Designation in the committee
1	Hitesh Shah	Independent Director	Chairman
2	Ankita Shah	Independent Director	Member
3	Priyesh Jhaveri	Independent Director	Member

Our Company Secretary shall be the secretary of this Committee.

### Functions of Remuneration Committee:

- a. To recommend to the Board, the remuneration of Managing / Whole-time / Executive Directors, including all elements of remuneration (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.);
- b. To be authorised 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 for Company's Managing / Whole-time / Executive Directors

## 3. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committees were constituted at the Board Meeting of our Company held on 05/04/2013.

### Composition of the Committee:

Sr. No	Name of the Director	Nature of Directorship	Designation in the committee
1	Hitesh Shah	Independent Director	Chairman
2	Girish Jajoo	Managing Director	Member
3	Ankita Shah	Independent Director	Member

The Company Secretary of our Company shall be the secretary of this Committee.

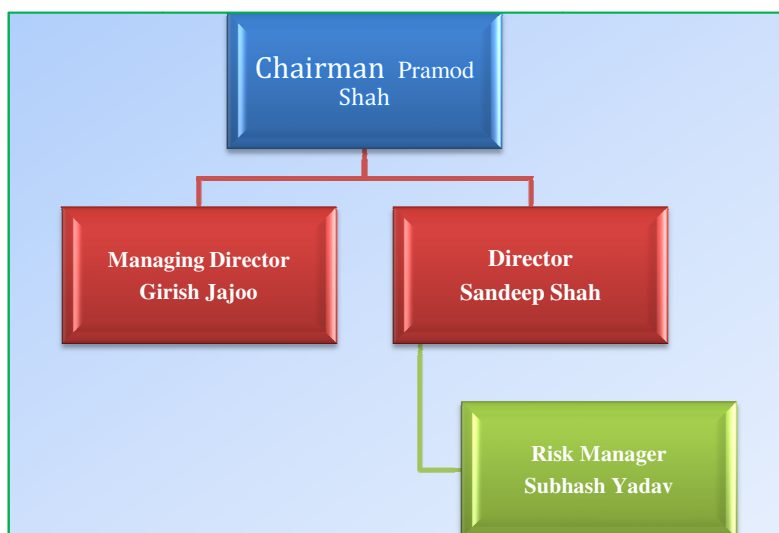


**Functions of Shareholders / Investors Grievance Committee:**

- a. To take action for efficient transfer of shares; including review of cases for refusal of transfer/ transmission of shares and debentures;
- b. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, duplicate share certificates etc.;
- c. Issuance of duplicate / split / consolidated share certificates;
- d. To take effective action for allotment and listing of shares;
- e. To monitor, under the supervision of the Company Secretary, the complaints received by the Company from SEBI, Stock Exchanges, Department of Company Affairs, ROC and the Share/ Debentures/ Security holders of the Company etc., and the action taken for redressal of the same.
- f. To monitor and expedite the status and process of dematerialisation and rematerialisation of shares, debentures and securities of the Company.

## Management and Organization Structure

Our proposed management structure shall be as follows:



### Key Managerial Personnel

The details of our Key Managerial Personnel are as follows:

S. N o.	Name	Designation	Qualification	Date of Appointment	Experience	Previous Employer
1	Girish Tulshiram Jajoo	Managing Director	EMBA, M.Com, ADCSSAA	01/04/2011	15 Years experience	ACE RICHESSE (I) PVT LTD

None of the key managerial personnel is related to the promoters. As on date, all the employees named above are on the rolls of our Company as permanent employees.

There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.

### Shareholding of our Key Managerial Personnel:

The Key Managerial Personnel of our Company do not hold any shares in our company as on the date of this Prospectus.

### Changes in the Key Managerial Personnel in the last three years:

There are no changes in the Key managerial personnel since last three years except –

S N o	Name	Designation	Qualification	Date of Appointment	Experience	Previous Employer
1	Girish Tulshiram Jajoo	Managing Director	EMBA, M.Com, ADCSSAA	01/04/2011	15 Years experience	ACE RICHESSE (I) PVT LTD



## **Employees**

The total manpower employed by us as on 15/02/2014 is given below:-

<b>Sr. No.</b>	<b>Category</b>	<b>No. Of Employees</b>
1	Managing Director	1 (One)
2	Technical & Marketing	--
3	Administration	5 (Five)
4	Company Secretary	1 (One)
	<b>Total</b>	<b>7 (Seven)</b>

### **Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme**

As on date, our Company does not have any such scheme.

## 5.6 OUR PROMOTERS:

<p>Mr. Pramod P. Shah</p> 	<p>For further details, please refer to the chapter “<i>Our Management</i>” on page no.81  Qualification: - NON SSC  Age – 68 Years  Address – Flat No.11, Duru Mahal, 3<sup>rd</sup> floor, F Road, Marine Drive, Mumbai – 400002.  Experience – 40Years  Occupation – Business  PAN – AAGPS1012A  Passport No. – F4530515  Name of Bank : Bank of India  Account No. : 008620100016259  Voter Identity : MT/04/021/300270  Driving Licence : Not Available  Other Directorship: SPS Share broking Pvt Ltd.  DIN No. 00685016  DATE OF BIRTH : 21/05/1945</p>
<p>Mr. Sandeep P.Shah</p> 	<p>For further details, please refer to the chapter “<i>Our Management</i>” on page no.81  Qualification: - B.COM  Age – 41 Years  Address – Flat No.11, Duru Mahal, 3<sup>rd</sup> floor, F Road, Marine Drive, Mumbai – 400002.  Experience –20 Years  Occupation – Business  PAN – AAEPS0664E  Passport No. – F3426256  Name of Bank : Bank of India  Account No. : 008610100012966  Voter Identity : Not Available  Driving Licence : DLD 05-07-2012  Other Directorship: - SPS Capital &amp; Money Management Service Pvt.Ltd.  SPS Capital Limited  SPS Multitrade Pvt Ltd.  SPS Multicommodity Pvt Ltd.  SPS Share Brokers Pvt Ltd.  DIN No.00368350  DATE OF BIRTH : 19/10/1972</p>

### Confirmations

We confirm that the details of permanent account numbers, bank account numbers and passport numbers of our Promoters has been submitted to the SME Platform of BSE at the time of filing the Prospectus with the Stock Exchanges.

### Relationship of Promoters with each other and with our Directors

Mr. Pramod P. Shah is father of Mr.Sandeep P. Shah& except this there is no Relationship between any other promoters or directors of our Company.



## Common Pursuit

None of our Promoters & Promoter Group Companies are into similar line of business in which we are presently. For details of our Promoter Group and Group Companies refer to Section titled **“Our Promoter Group and Group Companies / Entities”** on Page No.91 of this Prospectus.

### Interest of Promoters

All the Promoters who are on the Board of our Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. In addition to the above, the promoters are interested by virtue of following related party transactions:-

For details in this regard please refer to the heading titled **“Lease properties” on Page No.81.**

### Payment or benefit to Promoters of the Issuer Company

No payment has been made or benefit given to our Promoters from the date of incorporation till the date of filing this Prospectus or is intended to be given by us except issue of Bonus Shares.

### Other persons/entities related to our promoters –

- a) In addition to the Promoters named above, the following natural persons are part of our Promoter group in terms of Regulation 2 (1)(zb) of SEBI (ICDR) Regulations, 2009

Relationship	Pramod P Shah	Sandeep P Shah
<b>Father</b>	Premchand Shah	Pramod Shah
<b>Mother</b>	Kamlaben Shah	Kalpna Shah
<b>Spouse</b>	Kalpna Shah	Reena Shah
<b>Brother</b>	Rajnikant Shah	NA
<b>Brother's wife</b>	Bharati Shah	NA
<b>Sister</b>	Sushila Shah, Pushpa Shah, Vanita Shah, Minakshi Shah	Alpa Shah & Jesal Bhansali
<b>Sister's Husband</b>	Mahendra Shah, Anil Shah	Vinesh Shah & Manoj Bhansali
<b>Son</b>	Sandeep Shah	Malav Shah
<b>Daughter</b>	Alpa Shah & Jesal Bhansali	Mahita Shah
<b>Spouse's father</b>	Ramanlal Shah	Ramesh Shah
<b>Spouse's mother</b>	Lalitaben Shah	Kalpana Shah
<b>Spouse's brother</b>	Harnik Shah, Vilas Shah	Ritesh Shah
<b>Spouse's sister</b>	Rekha Shah , Raksha Shah	--
<b>Directors</b>	SPS Share Brokers Pvt Ltd Sunder Suvidha LLP	SPS Capital & Money Management Services Pvt. Ltd SPS Capital Ltd SPS Multitrade Pvt Ltd SPS Multicommodity Pvt Ltd SPS Share Brokers Pvt Ltd ACE Richesse (I) Pvt Ltd



		Revelation Portfolio Management Pvt Ltd Sunder Suvidha LLP
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- b) Our Promoter group as defined under Regulation 2 (zb) of SEBI (ICDR) Regulations, 2009 includes the following entities :-

- **SPS Share Brokers Pvt Ltd**
- **SPS Capital & Money Management Services Pvt. Ltd**
- **Revelation Portfolio Management Pvt Ltd**
- **SPS Capital Ltd.**
- **SPS Multitrade Pvt Ltd.**
- **SPS Multi-Commodity Pvt Ltd.**
- **Krehem Hospitality Pvt Ltd**
- **Krehem Real Estates Pvt Ltd**
- **Sunder Suvidha LLP**

Details in respect of above companies are given under the heading “**Financial Information of our Group Companies**” on Page No.96 of this Prospectus.

#### **Declarations**

None of the above mentioned Group Companies / entities is restrained by any SEBI order. None of the Group Companies has ever become defunct

None of the above mentioned Group Companies / entities is listed on any Stock Exchange and has not made any public or rights issue in the preceding three years.

None of the Group Companies /entities has become a Sick Industrial Company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985

None of the Promoter Group Companies has been struck off from the Registrar of Companies

Litigations against Group Companies / entities

Please refer to Page No. 133 of this Prospectus for the same.

Companies / Ventures with which the Promoters have disassociated themselves in the last three years

Nil

#### **Undertaking / Confirmation**

Our Promoters and Group Companies confirm that they have not been declared as Wilful Defaulters by RBI or any other Government Authority and there have been no violations of Securities Laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoters or Promoter Group Companies or persons in control of the Promoters has been prohibited from accessing the capital market under any order or direction passed by SEBI or any Authority or refused listing of any of the securities issued by such entity by any Stock Exchange in India or abroad. None of the Promoters is or has ever been a Promoter, Director, or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by SEBI





#### **Common Pursuit / Conflict of interest**

None of our Promoters & Promoter Group Companies are into similar line of business in which we are presently. For details of our Promoter Group and Group Companies refer to Section titled **“Our Promoter Group and Group Companies / Entities”** on Page No.91 of this Prospectus.



## **5.7 DIVIDEND POLICY**

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the Annual 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.

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, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has no formal dividend policy. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares. Our Company has not declared any dividends in last 5 fiscal years.



## SECTION VI –FINANCIAL INFORMATION OF THE COMPANY

### 6.1 FINANCIAL STATEMENT OF THE COMPANY

Auditor's Report as required by Part II of Schedule II to the companies Act, 1956.

#### **The Board of Directors**

##### **SPS Finquest Limited**

R. 514, 5th Floor,  
Rotunda Building,  
B S Marg, Fort,  
Mumbai 400 001.

Dear Sirs,

#### **Re.: Public Issue of Equity Shares of M/s. SPS Finquest Limited**

1. We have examined the Restated Financial information of M/s. SPS Finquest Limited (Formerly M/s. Ceenik Holdings P. Ltd.), Mumbai, annexed to this report for the purpose of inclusion in the offer document, signed by us for identification, in terms of our engagement agreed upon with you in accordance with our engagement letter dated 10<sup>th</sup> December 2013 in connection with the proposed issue of Equity Shares of the Company. The Restated Financial information has been approved by the Board of Directors of the Company, prepared in terms of the requirements of:
  - a) Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act")
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date and related Clarifications
  - c) The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India
2. The Restated Financial information have been extracted by the Management from the financial statements for the nine months ended December 31, 2013 and financial years ended March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013.
3. We have also examined the financial information of the Company for the nine months ended December 31, 2013 and financial years ended March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013 prepared and approved by the Board of Directors for the purpose of disclosure in the offer documents of the company mentioned in Paragraph (I) above.

The financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Engagement Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations' given to us, we have found the same to be correct and the same have been accordingly used in the restated financial information appropriately.

4. In accordance with the requirements of Paragraph B of Part II of schedule II of the Act, the SEBI (ICDR) Regulations and terms of our engagements agreed with you, we further report that:
  - a) The Restated Summary Statement of Assets and Liabilities of the Company, including as at December 31<sup>st</sup> 2013, March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013 examined by us, as

set out in **ANNEXURE I** to this report are after making adjustments and regrouping as in our opinion were appropriate and are subject to the Significant Accounting Policies and Notes to accounts along with adjustments on account of change in policies and restatements as appearing in **ANNEXURE IV** to this report.

- b) The Restated Summary Statement of Profit or Loss of the Company for the nine months ended December 31<sup>st</sup>, 2013 and financial year ended March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013 examined by us, as set out in **ANNEXURE II** to this report are after making adjustments and regrouping as in our opinion were appropriate and are subject to the Significant Accounting Policies and Notes to accounts along with adjustments on account of change in policies and restatements as appearing in **ANNEXURE IV** to this report.
  - c) The Restated Summary Statement of Cash Flow of the Company for the nine months ended December 31<sup>st</sup>, 2013 and for the financial years ended March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013 examined by us, as set out in **ANNEXURE III** to this report are after making adjustments and regrouping as in our opinion were appropriate and are subject to the Significant Accounting Policies and Notes to accounts along with adjustments on account of change in policies and restatements as appearing in **ANNEXURE IV** to this report.
5. Based on above, we are of the opinion that that the restated financial information have been made after incorporating.
    - i) Adjustments, for the adoptions of accounting policies retrospectively in respective financial years / period to reflect the same accounting treatment as per the adopted accounting policy for all periods
    - ii) Adjustments for prior period and other material amounts in the respective financial years / period to which they relate.
    - iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts.
    - iv) There are no other qualifications in the Audit Reports issued by the Statutory Auditors for the nine months ended December 31, 2013 and the financial years ended March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013 which would require adjustments in this Restated Financial Statements of the Company.
    - v) These profit and losses have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Restated Summary Statements as set out in **ANNEXURE IV** to this Report.
  6. Financial statements for the financial years ended March 31<sup>st</sup> 2009, 2010, 2011, 2012 and 2013 have been audited by previous / other auditors and accordingly reliance has been placed on the financial information examined by them for the said years. The Financial Report included for these years is based solely on the report submitted by them. Further Accounts for the nine months ended December 31, 2013 have been audited by us.
  7. We have also examined the following other Restated financial information set out in Annexure prepared by the Management and approved by the Board of Directors relating to the Company as at and for the nine months ended December 31, 2013 and financial years ended March 31<sup>st</sup> 2009, 2010, 2011, 2012, and 2013.
    - i) Statement of Share Capital as appearing in **Annexure V** to this report;
    - ii) Statement of Reserves and Surplus, as Restated as appearing in **Annexure VI** to this report;

- iii) Statement of Long Term Borrowings, as Restated as appearing in **Annexure VII** to this report;
- iv) Statement of Short Term Borrowings, as Restated as appearing in **Annexure VIII** to this report;
- v) Statement of Trade Payables, as Restated as appearing in **Annexure IX** to this report;
- vi) Statement of Other Current Liabilities, as Restated as appearing in **Annexure X** to this report;
- vii) Statement of Short Term Provisions, as Restated as appearing in **Annexure XI** to this report;
- viii) Statement of Non Current Investments, as Restated as appearing in **Annexure XII** to this report;
- ix) Statement of Long Term Loans and Advances, as Restated enclosed as **Annexure XIII** to this report;
- x) Statement of Trade Receivables under Financing Activity, as Restated as appearing in **Annexure XIV** to this report;
- xi) Statement of Current Investments, as Restated as appearing in **Annexure XV** to this report;
- xii) Statement of Trade Receivables under Financing Activity, as Restated as appearing in **Annexure XVI** to this report;
- xiii) Statement of Inventories, as Restated as appearing in **Annexure XVII** to this report;
- xiv) Statement of Cash and Bank Balances, as Restated as appearing in **Annexure XVIII** to this report;
- xv) Statement of Short Term Loans and Advances, as Restated as appearing in **Annexure XIX** to this report;
- xvi) Statement of Other Current Assets, as Restated as appearing in **Annexure XX** to this report;
- xvii) Statement of Revenue from Operations, as Restated as appearing in **Annexure XXI** to this report;
- xviii) Statement of Other Income, as Restated as appearing in **Annexure XXII** to this report;
- xix) Statement of Fixed Assets and Capital Work in Progress, as Restated as appearing in **Annexure XXIII** to this report;
- xx) Statement of Capitalizations as at December 31st, 2013 included in **Annexure XX IV** to this report;
- xxi) Statement of Accounting Ratios included in **Annexure XXV**;
- xxii) Statement of Tax Shelter included in **Annexure XXVI** to this report;



8. We, M/s Kochar & Associates, Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and hold a valid peer review certificate issued by "Peer Review Board" of ICAI.
9. The preparation and presentation of the Financial Statements referred to above are based on the Audited Financial Statements of the company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the company.
10. The Report should not in any way be constructed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. In our opinion the above financial information contained in **Annexure I to XXVI** of this report read along with the Restated Statement of Significant Accounting Policies, and Related Notes to accounts 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 the 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.
13. Our report is intended solely for use of the Management and for inclusion in the offer documents in connection with the proposed issue of equity shares of the Company. Our report and should not be used for any other purpose except with our consent in writing.

**For Kochar & Associates**  
**Chartered Accountants**

**CA. Piyush Kochar**  
**Partner**  
**M. No 106049**

**Place:** Mumbai  
**Date:** 25/3/2014

## ANNEXURE - 1

### STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

#### Annexure I: Restated Statement of Assets and Liabilities

Particulars	As on 31/12/2013	As on March 31				
		2013	2012	2011	2010	2009
<b>EQUITY AND LIABILITIES</b>						
<b><u>Shareholders Fund</u></b>						
<b><u>Share Capital</u></b>						
Equity Shares	3,867,000	3,867,000	3,867,000	3,867,000	3,866,000	3,866,000
Preference Shares	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Capital (A)</b>	<b>4,867,000</b>	<b>4,867,000</b>	<b>4,867,000</b>	<b>4,867,000</b>	<b>4,866,000</b>	<b>4,866,000</b>
<b><u>Reserves and Surplus</u></b>						
Share Premium	3,865,500	3,865,500	3,865,500	3,865,500	3,864,000	3,864,000
General Reserve	10,000	10,000	10,000	10,000	10,000	10,000
Reserve Fund u/s 45 IC if the RBI Act 1934	4,154,641	3,300,942	2,579,873	446,819	-	-
Profit and Loss Account	13,477,642	10,062,845	7,178,570	(1,353,645)	(3,140,923)	(3,147,496)
<b>Total Reserves &amp; Surplus (B)</b>	<b>21,507,783</b>	<b>17,239,287</b>	<b>13,633,943</b>	<b>2,968,674</b>	<b>733,077</b>	<b>726,504</b>
<b>Total Shareholders' Funds (A+B = C)</b>	<b>26,374,783</b>	<b>22,106,287</b>	<b>18,500,943</b>	<b>7,835,674</b>	<b>5,599,077</b>	<b>5,592,504</b>
<b><u>Non Current Liabilities</u></b>						
Long Term Borrowings	613,823,260	587,955,791	486,739,365	409,189,365	-	-
Other Long Term Liabilities	-	-	-	-	-	-
Long Term Provisions	-	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	200	1,374
<b>Total Non Current Liabilities (D)</b>	<b>613,823,260</b>	<b>587,955,791</b>	<b>486,739,365</b>	<b>409,189,365</b>	<b>200</b>	<b>1,374</b>
<b><u>Current Liabilities</u></b>						
Short Term Borrowings	-	-	39,373,896	15,652,150	-	-
Trade Payables	130,491	65,378	90,723	69,598	16,545	16,545
Other Current Liabilities	3,545,556	3,951,992	513,539	1,855,195	-	-
Short Term Provisions	3,464,482	1,924,509	6,475,577	1,535,484	21,661	16,000
<b>Total Current Liabilities (E)</b>	<b>7,140,529</b>	<b>5,941,879</b>	<b>46,453,735</b>	<b>19,112,427</b>	<b>38,206</b>	<b>32,545</b>
<b>Total Liabilities (D+E = F)</b>	<b>620,963,789</b>	<b>593,897,670</b>	<b>533,193,100</b>	<b>428,301,792</b>	<b>38,406</b>	<b>33,919</b>



<b>TOTAL (C+F = G)</b>	<b>647,338,573</b>	<b>616,003,957</b>	<b>551,694,043</b>	<b>436,137,466</b>	<b>5,637,483</b>	<b>5,626,423</b>
<b>ASSETS</b>						
<b><u>Non- Current Assets</u></b>						
<b><u>Fixed Assets</u></b>						
<b><u>Tangible Assets</u></b>						
Gross Block	107,600	107,600	82,950	-	98,150	98,150
Less: Depreciation	63,497	44,596	17,361	-	93,350	92,471
Net Block	44,103	63,004	65,589	-	4,800	5,679
Capital Work in Progress	-	-	-	-	-	-
Non Current Investments	7,461,629	7,364,596	5,506,559	4,744,169	1,514,652	2,514,652
Deferred Tax Assets	27,310	39,380	4,364	-	-	-
Long Term Loans and Advances	8,712,188	10,832,212	8,842,467	1,928,794	2,184	10,662
Receivables under Financing Activity	165,618,360	258,050,611	206,443,878	-	-	-
Other Non Current Assets	-	-	-	-	-	-
<b>Total Non Current Assets (A)</b>	<b>181,863,590</b>	<b>276,349,803</b>	<b>220,862,857</b>	<b>6,672,963</b>	<b>1,521,636</b>	<b>2,530,993</b>
<b><u>Current Assets</u></b>						
Current Investments	230,146	50,219,300	210,592	-	794,950	1,138,981
Receivables under Financing Activity	405,374,411	185,752,994	311,324,775	382,304,004	-	-
Inventories	-	-	-	-	284,365	333,715
Cash and Bank Balances	59,811,654	102,921,250	4,153,126	47,159,605	778,454	723,572
Short Term Loans and Advances	58,427	482,310	-	-	1,509,730	390,000
Other Current Assets	344	278,300	15,142,694	894	748,349	509,162
<b>Total Current Assets (B)</b>	<b>465,474,982</b>	<b>339,654,154</b>	<b>330,831,187</b>	<b>429,464,503</b>	<b>4,115,848</b>	<b>3,095,430</b>
<b>Total Assets (A+B = C)</b>	<b>647,338,573</b>	<b>616,003,957</b>	<b>551,694,043</b>	<b>436,137,466</b>	<b>5,637,483</b>	<b>5,626,423</b>





STATEMENT OF PROFIT AND LOSS, AS RESTATED

Annexure II: Restated Statement of Profit and Losses

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b><u>Revenue:</u></b>						
Revenue from operations	59,725,605	84,838,834	76,990,830	19,650,378	-	-
Other Income	90,007	(6,100,187)	(1,242,695)	2,261,849	200,174	215,822
<b>Total Revenue</b>	<b>59,815,612</b>	<b>78,738,647</b>	<b>75,748,135</b>	<b>21,912,227</b>	<b>200,174</b>	<b>215,822</b>
<b><u>Expenses:</u></b>						
Employee benefit expense	1,478,604	1,468,018	594,981	353,247	150,000	130,000
Provision against Standard Assets	317,972	(184,912)	338,661	955,760	-	-
Finance Costs	51,115,729	71,319,217	58,423,779	17,391,278	-	-
Depreciation and amortization expense	18,901	27,235	17,361	4,800	880	1,112
Other expenses	566,840	1,723,762	531,292	393,521	22,234	30,782
<b>Total Expenses</b>	<b>53,498,046</b>	<b>74,353,320</b>	<b>59,906,074</b>	<b>19,098,606</b>	<b>173,114</b>	<b>161,894</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>6,317,566</b>	<b>4,385,327</b>	<b>15,842,061</b>	<b>2,813,621</b>	<b>27,060</b>	<b>53,927</b>
<b><u>Exceptional Items</u></b>						
Excess Provision written back	-	-	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>6,317,566</b>	<b>4,385,327</b>	<b>15,842,061</b>	<b>2,813,621</b>	<b>27,060</b>	<b>53,927</b>
<b>Extraordinary Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit before tax</b>	<b>6,317,566</b>	<b>4,385,327</b>	<b>15,842,061</b>	<b>2,813,621</b>	<b>27,060</b>	<b>53,927</b>
<b>Tax expense:</b>						
(1) Current tax	2,037,000	815,000	5,181,156	579,724	21,661	16,000
(2) Deferred tax	12,070	-35016	(4,364)	(200)	1,174	278
<b>Profit(Loss) for the period from continuing operations</b>	<b>4,268,496</b>	<b>3,605,343</b>	<b>10,665,269</b>	<b>2,234,097</b>	<b>6,573</b>	<b>38,205</b>
<b>Profit/(Loss) from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax expense of discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit/(Loss) from Discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>	<b>4,268,496</b>	<b>3,605,343</b>	<b>10,665,269</b>	<b>2,234,097</b>	<b>6,573</b>	<b>38,205</b>



STATEMENT OF CASH FLOWS, AS RESTATED

**Annexure III: Restated Statement of Cash Flows**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b>A . CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before extra ordinary items	6,317,566	4,385,327	15,842,061	2,813,621	27,060	53,927
Adjustment for:						
Profit / Loss on sale of Derivatives	(1,066,873)	10,335,486	1,674,628	(225,314)	(83,653)	(49,365)
Profit / Loss on sale of Shares	2,810,894	(3,486,452)	(19,405)	(135,401)	(104,914)	37,722
Profit / Loss on sale of Mutual funds	(1,598,210)	(534,274)	(270,454)	(1,193,600)	-	-
Profit / Loss on sale of Investments	-	-	-	(581,198)	86,927	(112,876)
Dividend Income	(60,714)	(109,092)	(142,075)	(123,674)	(35,477)	(39,320)
Provisions against Standard Assets	317,972	(184,912)	338,661	955,760	-	-
Bank Interest Received	-	-	-	(2,661)	(63,057)	(51,983)
Depreciation	18,901	27,235	17,361	4,800	880	1,112
Operating Profit before working capital changes	6,739,536	10,433,318	17,440,777	1,512,332	(172,235)	(160,782)
Adjustment for :						
Trade & Other receivable	(124,685,274)	86,376,231	(157,514,846)	(381,623,097)	(1,301,088)	(80,766)
Trade payable & Provisions	(838,350)	(1,786,892)	(1,905,530)	1,820,620	(16,000)	(64,411)
Loans Received / Paid	25,867,469	61,842,530	101,271,746	424,841,515	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(92,916,619)</b>	<b>156,865,187</b>	<b>(40,707,853)</b>	<b>46,551,370</b>	<b>(1,489,323)</b>	<b>(305,959)</b>
<b>B . CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	-	(24,650)	(82,950)	-	-	-
Sale / Purchase of Investments	49,892,121	(51,866,745)	(972,982)	(2,434,567)	1,344,031	3,465
Dividend Received	60,714	109,092	142,075	123,674	35,477	39,320
Interest Received	-	-	-	2,661	63,057	51,983
Profit / Loss on sale of Derivatives	1,066,873	(10,335,486)	(1,674,628)	225,314	83,653	49,365
Profit / Loss on sale of Shares	(2,810,894)	3,486,452	19,405	135,401	104,914	(37,722)
Profit / Loss on sale of Mutual funds	1,598,210	534,274	270,454	1,193,600	-	-
Profit / Loss on sale of Investments	-	-	-	581,198	(86,927)	112,876
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>49,807,024</b>	<b>(58,097,063)</b>	<b>(2,298,626)</b>	<b>(172,719)</b>	<b>1,544,205</b>	<b>219,287</b>
<b>C . CASH FLOW FROM FINANCIAL ACTIVITIES</b>						
Issue of Share Capital	-	-	-	2,500	-	-
<b>NET CASH USED IN FINANCIAL ACTIVITIES (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(43,109,595)</b>	<b>98,768,124</b>	<b>(43,006,479)</b>	<b>46,381,151</b>	<b>54,882</b>	<b>(86,672)</b>



CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	102,921,250	4,153,126	47,159,605	778,454	723,572	810,244
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	59,811,654	102,921,250	4,153,126	47,159,605	778,454	723,572

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

#### **ANNEXURE IV: Significant Accounting Policies and Notes to the Restated Accounts**

##### **1) SIGNIFICANT ACCOUNTING POLICIES**

###### **a) Basis of Preparation:**

The accompanying financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on the accrual basis, as adopted consistently by the Company.

###### **b) Use of estimates**

The preparation of financial statements in accordance with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses including the disclosures of contingent assets and liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

###### **c) Fixed Assets and Depreciation**

Fixed Assets are stated at cost less accumulated depreciation. The cost of the Fixed Assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The company provides pro-rata depreciation from the date on which asset is acquired / put to use. In respect of assets sold, pro rata depreciation is provided up to the date on which the asset is sold. On all assets depreciation has been provided using the Written down Value Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets whose actual cost is not more than five thousand rupees has been provided at the rate of 100%.

###### **d) Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other Investments are classified as Long Term Investments. Investments are further classified into Investments in Unquoted shares, Investments in Quoted shares, Investment in Partnership Firm and Investment in Mutual Fund. Long term investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary, if any in the value of investments. Current investments in mutual funds are stated at Net Asset Value declared by the Mutual Fund in respect of each particular scheme.

###### **e) Inventories:**



Inventories are stated under the head "Current Assets" as Closing Stock of Shares. The same are valued at aggregate of cost or market value whichever is lower.

f) **Derivative Transactions**

All open positions are marked to market and resulting losses are recognized and gains are ignored. Gains are recognized only on settlement / expiry of the derivative instruments. Receivables / payables on open positions are disclosed as current asset / liabilities, as the case may be.

g) **Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Income from Non Performing assets is recognized only when it is realized.

**Income on Securities**

Gains and losses on dealing in securities are recognized on trade.

**Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend**

Revenue is recognized when the shareholders right to receive payment is established.

Interest on fixed deposits is recognized on time proportion basis.

In respect of other heads of income the company accounts the same on accrual basis.

h) **Foreign Currency Transactions**

There are no Foreign Currency Transactions

i) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing costs is recognized as expenses in the period in which they are incurred.

j) **Taxes on Income**

Income Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Current Tax:

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act 1961 after considering tax allowances and exemptions, if any.

Deferred Tax:

A deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance sheet date. Deferred tax charge or credit is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are re-assessed for the appropriateness of their respective carrying values at each balance sheet date.

**k) Provision for Non Performing Assets**

Loan receivables are written off / provided for, as per management estimates, subject to the minimum provision required as per Non – Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions.

**l) Advances**

Advances are classified as performing and non performing assets and provisions are made in accordance with the Prudential Norms on Income Recognition, Asset Classification and Provisioning prescribed by the Reserve Bank of India from time to time.

**m) Capital Redemption Reserve**

As per Section 80 (1) (d) of the Companies Act 1956, no capital redemption reserve is to be created for such shares which are redeemed out of the proceeds for a fresh issue and hence no reserve is created.

**n) Impairment of Assets**

The carrying value of fixed assets is reviewed for impairment at each Balance Sheet date to determine whether there is any indication of impairment.

If the carrying value of the fixed assets exceeds its estimated recoverable amount, an impairment loss is recognized in the Profit & Loss account and the fixed assets are written down to their recoverable amount.

**o) Employee Benefits**

Short Term Employee Benefits for services rendered by employees are recognized during the period when services are rendered.

**p) Provisions, Contingent Liabilities and Contingent Assets**

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made. Contingent liabilities are disclosed by way of a note.

Contingent assets are not recognized. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

**q) Prior Period**

The Income or expense which arise in the current period as a result of errors and omissions in preparation of financial statement of one or more prior period are considered as prior period items and are shown separately in the financial statements.

**r) Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit / (loss) for the period attributable to the equity shareholders after deducting attributable taxes by the number of Equity Shares on annualized basis.

## 2) **NOTES TO ACCOUNTS**

- a) The company does not have any contingent liability as on the Balance Sheet date.
- b) Information regarding Foreign Exchange earnings and expenditure : NIL
- c) As of March 31, 2013, the Company had no outstanding dues to small-scale industrial undertakings (Previous Year Rs. Nil).
- d) The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year-end together with interest paid/payable under this Act have not been given.
- e) In the opinion of the Board, Current Assets, Loans & advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- f) The balance of Sundry Debtors, Creditors, Loans and Advances are subject to their Confirmations and reconciliation if any.
- g) 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.

### h) **Material Regroupings**

Till the year ended March 31<sup>st</sup> 2011 the company was using Pre-Revised Schedule VI to the Companies Act 1956, for Preparation and presentation of Financial Statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, have become applicable to the company. The company has reclassified previous year's figures to conform to the Revised Schedule VI.

### i) **Terms / Rights attached to Equity Shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### j) **Terms / Rights attached to Preference Shares**

The company has only one class of Redeemable Preference Shares having a par value of Rs. 10/- per share. Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affects the rights attached to Preference Shares. The holders of Preference shares are entitled to a Preferential Right of Repayment of Capital on winding up vis-à-vis the equity shareholders. The distribution will be in proportion to the number of equity shares held by the shareholders.

- k) The company has not allotted any fully paid up shares pursuant to contracts without payment being received in cash nor allotted any fully paid up shares by way of Bonus shares nor has bought back any class of shares during the period of five years immediately preceding the financial year / period in which the restatement was done.



l) **Statutory Auditors Remuneration**

Particulars	Dec. 31, 2013 (Rs.)	2013 (Rs.)	2012 (Rs.)	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)
Audit Fees	22,500	12,000	12,000	15,000	15,000	15,000

m) Related party disclosure has been made as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, as under:

**Transactions**

(Rs. lakhs)

Particulars	Nature of Transaction	Dec. 31, 2013 (Rs.)	2013 (Rs.)	2012 (Rs.)	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)
<b>Associate Enterprises</b>		-	-	-	-	-	-
Ceenik Exports India Ltd.	Loan Given	-	-	-	-	10,00,000	-
	Interest Received	-	-	-	-	12,164	-
	Loan Refunded	-	-	-	10,00,000	-	-
SPS Capital & Money Management Services Pvt. Ltd.	Loan Given	-	32,45,27,089	37,91,44,677	29,18,10,261	-	-
	Interest Received	-	-	1,44,85,748	40,54,214	-	-
	Loan Refunded	-	36,22,05,614	403,532,790	24,82,83,586	-	-
SPS Share Brokers P. Ltd.	Brokerage Paid	25,331	93,227	92,007	12,707	-	-
	Transaction Charges Paid	57,731	105,499	176,598	57,413	-	-
Revelation Portfolio Management Pvt. Ltd.	Professional Fees Paid	1,89,609	2,64,608	2,25,000	-	-	-
<b>Key Management Personnel</b>		-	-	-	-	-	-
Pramod Shah	Loan Received	-	-	5,00,00,000	1,00,11,000	-	-
	Loan Repaid	-	-	5,00,00,000	1,00,00,000	-	-
	Interest Paid	-	-	8,28,493	-	-	-
<b>Relatives</b>		-	-	-	-	-	-
Chandra Hingorani	Advance Given	-	-	-	-	-	4,40,000
	Sale of Investment	-	-	-	-	5,00,000	-
	Receipt on Sale of Investment	-	-	-	5,00,000	-	-

**Outstanding Balance**  
(Rs. lakhs)

Particulars	Up to 31/12/2013	2013 (Rs.)	2012 (Rs.)	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)
<b>Associate Enterprises</b>	-	-	-	-	-	-
Ceenik Exports India Ltd.	-	-	-	-	10,09,731	-
SPS Capital & Money Management Services Pvt. Ltd	-	-	37,678,525	47,580,890	-	-
<b>Key Management Personnel</b>	-	-	-	-	-	-
Pramod Shah	11,000	11,000	11,000	11,000	-	-
<b>Relatives</b>	-	-	-	-	-	-
Chandra Hingorani	-	-	-	-	-	3,90,000
	-	-	-	-	5,00,000	-

Note

- Related Party relationships are as identified by the company and relied upon by the Auditors
- Transactions carried out with related parties referred to above are in the ordinary course of business

n) **Segment Reporting**

The company is engaged in single segment and there are no separate reportable segments as defined in AS – 17. All the revenue shown as part of revenue from operations comes from NBFC Activities of the company. All other revenues / income are shown as Other Income.

o) **Provisions comprises of**

Particulars	Dec. 31, 2013 (Rs.)	2013 (Rs.)	2012 (Rs.)	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)
<b>Income Tax</b>						
Opening Balance	8,15,000	51,81,156	5,79,724	21,661	16,000	31,100
Provisions made	20,37,000	8,15,000	51,81,156	5,79,724	21,661	16,000
Provisions regrouped / reversed / paid during the year	8,15,000	51,81,156	5,79,724	21,661	16,000	31,100
Closing Balance	20,37,000	8,15,000	51,81,156	5,79,724	21,661	16,000
<b>Loss Estimates</b>						
Opening Balance	11,09,509	12,94,421	9,55,760	N.A.	N.A.	N.A.
Provisions made	3,17,972	----	3,38,661	9,55,760	N.A.	N.A.
Provisions regrouped / reversed / paid during the year	----	1,84,912	----	N.A.	N.A.	N.A.
Closing Balance	14,27,482	11,09,509	12,94,421	9,55,760	N.A.	N.A.





p) **Earnings Per Share**

Particulars	Dec. 31, 2013 (Rs.)	2013 (Rs.)	2012 (Rs.)	2011 (Rs.)	2010 (Rs.)	2009 (Rs.)
Basic	11.04	9.32	27.58	5.78	0.02	0.10
Diluted	11..04	9.32	27.58	5.78	0.02	0.10

q) There have been no changes in the Accounting policy in the last 5 years.

r) There has been no change in the accounting period of the company

**Annexure V : Statement of Share Capital**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b><u>Equity Shares</u></b>						
<b><u>Authorized</u></b>						
2900000 Equity Shares of Rs 10 each	29,000,000	29,000,000				
2900000 Equity Shares of Rs 10 each			4,000,000			
400000 Equity Shares of Rs 10 each				4,000,000		
400000 Equity Shares of Rs 10 each					4,000,000	
400000 Equity Shares of Rs 10 each						4,000,000
<b><u>Issued Subscribed and Paid Up</u></b>						
386700 Equity Shares of Rs 10 each	3,867,000	3,867,000				
386700 Equity Shares of Rs 10 each			3,867,000			
386700 Equity Shares of Rs 10 each				3,867,000		
386600 Equity Shares of Rs 10 each					3,866,000	
386600 Equity Shares of Rs 10 each						3,866,000
<b><u>Preference Shares</u></b>						
<b><u>Authorized</u></b>						
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each	1,000,000	1,000,000				
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each			1,000,000			
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each				1,000,000		
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each					1,000,000	
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each						1,000,000
<b><u>Issued Subscribed and Paid Up</u></b>						



100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each	1,000,000					
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each		1,000,000				
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each			1,000,000			
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each				1,000,000		
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each					1,000,000	
100000 9% Non Cumulative Redeemable Preference Shares of Rs 10 each						1,000,000

**Annexure VI :**  
**Restated Statement of**  
**Reserves and Surplus**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b><u>Reserves</u></b>						
<b><u>Share Premium</u></b>						
Balance as per the previous Balance Sheet	3,865,500	3,865,500	3,865,500	3,864,000	3,864,000	3,864,000
Add: received on Shares issued during the year	-	-	-	1,500	-	-
Balance as at the end of the period	3,865,500	3,865,500	3,865,500	3,865,500	3,864,000	3,864,000
<b><u>General Reserve</u></b>						
Balance as per the previous Balance Sheet	10,000	10,000	10,000	10,000	10,000	10,000
Add: received on Shares issued during the year	-	-	-	-	-	-
Balance as at the end of the period	10,000	10,000	10,000	10,000	10,000	10,000
<b><u>Reserve Fund in terms of Section 45 IC (1) of the Reserve Bank of India Act 1934</u></b>						
Balance as per the previous Balance Sheet	3,300,942	2,579,873	446,819	-	-	-
Add: Transferred from surplus in the statement of profit and loss	853,699	721,069	2,133,054	446,819	-	-
Balance as at the end of the period	4,154,641	3,300,942	2,579,873	446,819	-	-
<b><u>Surplus</u></b>						
<b><u>Profit &amp; Loss Account</u></b>						
Balance as per the previous Balance Sheet	10,062,845	7,178,570	(1,353,645)	(3,140,923)	(3,147,496)	(3,185,702)
Add: Profit during the year	4,268,496	3,605,343	10,665,269	2,234,097	6,573	38,205
Less: Transferred to Reserve Fund in terms of Section 45-IC(1) of the	853,699	721,069	2,133,054	446,819	-	-

RBI Act 1934						
Balance as at the end of the period	13,477,642	10,062,845	7,178,570	(1,353,645)	(3,140,923)	(3,147,496)
<b>TOTAL</b>	<b>21,507,783</b>	<b>17,239,287</b>	<b>13,633,943</b>	<b>2,968,674</b>	<b>733,077</b>	<b>726,504</b>

#### **Annexure VII : Restated Statement of Long Term Borrowings**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
<b>Unsecured</b>						
Loans and Advances repayable on Demand						
from Directors	11,000	11,000	11,000	11,000	-	-
from Shareholders	613,812,260	587,944,791	486,728,365	409,178,365	-	-
<b>TOTAL</b>	<b>613,823,260</b>	<b>587,955,791</b>	<b>486,739,365</b>	<b>409,189,365</b>	<b>-</b>	<b>-</b>

As per the Terms of the loan agreement the company can borrow upto Rs. 80 crores. The said loan carries an interest rate of 11 % and is repayable at any time but upto 12/02/2018

#### **Annexure VIII : Restated Statement of Short Term Borrowings**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
<b>Unsecured</b>						
Loans and Advances repayable on Demand						
from Shareholders	-	16,425,025	39,373,896	15,652,150	-	-
<i>Restated as Long Term</i>	-	(16,425,025)	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>39,373,896</b>	<b>15,652,150</b>	<b>-</b>	<b>-</b>

#### **Annexure IX : Restated Statement of Trade Payables**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
Trade Payables	130,491	65,378	90,723	69,598	16,545	16,545
<b>TOTAL</b>	<b>130,491</b>	<b>65,378</b>	<b>90,723</b>	<b>69,598</b>	<b>16,545</b>	<b>16,545</b>



### **Annexure X : Restated Statement of Other Current Liabilities**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
-						
Margin Received	-	-	-	110,000	-	-
Income received in advance	10,678	3,050	5,050	-	-	-
Other Payables	3,534,878	3,948,942	508,489	1,745,195	-	-
<b>TOTAL</b>	<b>3,545,556</b>	<b>3,951,992</b>	<b>513,539</b>	<b>1,855,195</b>	<b>-</b>	<b>-</b>

### **Annexure XI : Restated Statement of Short Term Provisions**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
Provision for Income Tax	2,037,000	815,000	5,181,156	579,724	21,661	16,000
Provision against Standard assets	1,427,482	1,109,509	1,294,421	955,760	-	-
<b>TOTAL</b>	<b>3,464,482</b>	<b>1,924,509</b>	<b>6,475,577</b>	<b>1,535,484</b>	<b>21,661</b>	<b>16,000</b>
-	-	-	-	-		

### **Annexure XII : Restated Statement of Non Current Investments**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
(At Cost, Trade, Long Term)						
Equity Shares						
Quoted	7,461,629	7,364,596	5,506,559	4,744,169	1,514,652	1,514,652
Unquoted	-	-	-	-	-	1,000,000
<b>TOTAL</b>	<b>7,461,629</b>	<b>7,364,596</b>	<b>5,506,559</b>	<b>4,744,169</b>	<b>1,514,652</b>	<b>2,514,652</b>

### **Annexure XIII : Restated Statement of Long Term Loans and Advances**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
<b>Unsecured Considered Good</b>						
Other Loans and Advances						
Advance Tax & TDS (net of provisions)	8,712,188	10,832,212	8,842,467	1,928,794	2,184	10,662
<b>TOTAL</b>	<b>8,712,188</b>	<b>10,832,212</b>	<b>8,842,467</b>	<b>1,928,794</b>	<b>2,184</b>	<b>10,662</b>

#### **Annexure XIV : Restated Statement of Trade Receivables - Receivables under Financing Activity**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b><u>Secured Considered Good</u></b>						
Loan against Shares (secured by shares)	165,618,360	258,050,611	206,443,878	-	-	-
<b>TOTAL</b>	<b>165,618,360</b>	<b>258,050,611</b>	<b>206,443,878</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **Annexure XV : Restated Statement of Current Investments**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
(Trade, Short Term)						
Units of Mutual Fund						
Quoted	809	50,000,809	716	-	794,950	1,138,981
Unquoted	229,337	218,491	209,876	-	-	-
<b>TOTAL</b>	<b>230,146</b>	<b>50,219,300</b>	<b>210,592</b>	<b>-</b>	<b>794,950</b>	<b>1,138,981</b>

#### **Annexure XVI : Restated Statement of Trade Receivables - Receivables under Financing Activity**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
<b><u>Secured Considered Good</u></b>						
Loan against Shares (secured by shares)	405,374,411	185,752,994	311,324,775	382,304,004	-	-
<b>TOTAL</b>	<b>405,374,411</b>	<b>185,752,994</b>	<b>311,324,775</b>	<b>382,304,004</b>	<b>-</b>	<b>-</b>
-	-	-				

#### **Annexure XVII : Restated Statement of Inventories**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
-						
Closing Stock of Shares	-	-	-	-	284,365	333,715
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,365</b>	<b>333,715</b>
-						

### **Annexure XVIII : Restated Statement of Cash & Bank Balances**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
<b><u>Cash &amp; Cash Equivalent</u></b>						
Cash in Hand	62,977	56,667	48,317	54,157	65,444	45,633
<b><u>Bank Balance</u></b>						
In Current Account	59,748,677	102,864,583	4,104,810	47,105,448	30,138	43,002
In Deposit Account	-	-	-	-	682,871	634,937
<b>TOTAL</b>	<b>59,811,654</b>	<b>102,921,250</b>	<b>4,153,126</b>	<b>47,159,605</b>	<b>778,454</b>	<b>723,572</b>
-						

### **Annexure XIX : Restated Statement of Short Term Loans and Advances**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
-						
<b><u>Unsecured Considered Good</u></b>						
Staff Loans	-	400,000	-	-	-	-
<b><u>Other Loans and Advances</u></b>						
Advance recoverable in cash or in kind or for the value to be received (Rs 10,09,730 due from Ceenik Exports P. Ltd. and Rs. 5,00,000 / Rs 3,90,000 due from Chandra Hingorani both related parties)	50,000	54,500	-	-	1,509,730	390,000
Prepaid Expenses	8,427	27,810	-	-	-	-
<b>TOTAL</b>	<b>58,427</b>	<b>482,310</b>	<b>-</b>	<b>-</b>	<b>1,509,730</b>	<b>390,000</b>

### **Annexure XX : Restated Statement of Other Current Assets**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
Other Current Assets	344	278,300	15,142,694	894	748,349	509,162
<b>TOTAL</b>	<b>344</b>	<b>278,300</b>	<b>15,142,694</b>	<b>894</b>	<b>748,349</b>	<b>509,162</b>

### **Annexure XXI : Restated Statement of Revenue from Operation**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009



-						
<b>Interest</b>						
Interest on Stock Funding	59,447,175	83,079,770	68,997,041	13,744,467	-	-
Interest Inter Corporate Deposit	-	1,275,616	7,788,306	5,639,206	-	-
Income- IPO Funding	-	11,799	105,150	96,052	-	-
<b>Others</b>						
Legal & Other Charges	107,400	95,764	97,490	170,653	-	-
SLB Lending Fees Recd.	-	15,449	-	-	-	-
Collateral Charges	171,030	360,436	2,842	-	-	-
<b>TOTAL</b>	<b>59,725,605</b>	<b>84,838,834</b>	<b>76,990,830</b>	<b>19,650,378</b>	<b>-</b>	<b>-</b>
-	-	-				

#### **Annexure XXII : Restated Statement of Other Income**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
Bank Interest	-	-	-	2,661	63,057	51,983
Dividend on Mutual Funds	10,845	13,844	142,075	119,799	5,000	5,000
Dividend on Shares	49,869	95,248	-	3,875	30,477	34,320
Profit / Loss on sale of Derivatives	1,066,873	(10,335,486)	(1,674,628)	225,314	83,653	49,365
Profit / Loss on sale of Shares	(2,810,894)	3,486,452	19,405	135,401	104,914	(37,722)
Profit / Loss on sale of Mutual funds	1,598,210	534,274	270,454	1,193,600	-	-
Profit / Loss on sale of Investments	-	-	-	581,198	(86,927)	112,876
Interest on IT Refund	175,103	105,482	-	-	-	-
<b>TOTAL</b>	<b>90,007</b>	<b>(6,100,187)</b>	<b>(1,242,695)</b>	<b>2,261,849</b>	<b>200,174</b>	<b>215,822</b>

#### **Annexure XXIII : Restated Statement of Fixed Assets**

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
<b><u>Computers</u></b>						
<b>Gross Block</b>						
Opening Balance	107,600	82,950	-	67,500	67,500	67,500
Additions	-	24,650	82,950	-	-	-
Deductions	-	-	-	67,500	-	-
Closing Balance	107,600	107,600	82,950	-	67,500	67,500
<b>Accumulated Depreciation</b>						
Opening Balance	44,596	17,361	-	67,290	67,151	66,908
During the Year	18,901	27,235	17,361	210	139	243



Adjustments	-	-	-	67,500	-	-
Closing Balance	63,497	44,596	17,361	-	67,290	67,151
<b>Net Block</b>	<b>44,103</b>	<b>63,004</b>	<b>65,589</b>	<b>-</b>	<b>210</b>	<b>349</b>
<b><u>Telephone</u></b>						
<b>Gross Block</b>						
Opening Balance	-	-	-	2,650	2,650	2,650
Additions	-	-	-	-	-	-
Deductions	-	-	-	2,650	-	-
Closing Balance	-	-	-	-	2,650	2,650
<b>Accumulated Depreciation</b>						
Opening Balance	-	-	-	2,240	2,174	2,096
During the Year	-	-	-	410	66	78
Adjustments	-	-	-	2,650	-	-
Closing Balance	-	-	-	-	2,240	2,174
<b>Net Block</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410</b>	<b>476</b>
<b><u>Plant and Machinery</u></b>						
<b>Gross Block</b>						
Opening Balance	-	-	-	28,000	28,000	28,000
Additions	-	-	-	-	-	-
Deductions	-	-	-	28,000	-	-
Closing Balance	-	-	-	-	28,000	28,000
<b>Accumulated Depreciation</b>						
Opening Balance	-	-	-	23,820	23,145	22,354
During the Year	-	-	-	4,180	675	791
Adjustments	-	-	-	28,000	-	-
Closing Balance	-	-	-	-	23,820	23,145
<b>Net Block</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,180</b>	<b>4,855</b>

#### Annexure XXIV : Restated Statement of Capitalization

Particulars	Pre-Issue as at 31st December 2013	Post Issue
Borrowings		
Short Term Debt		
Long Term Debt	613,823,260	613,823,260
Total Debt	613,823,260	613,823,260
Shareholders funds		
Equity Share Capital	3,867,000	45,041,000





Preference Share Capital	1,000,000	1,000,000
Reserves and Surplus	21,507,783	231,133,783
<b>Total Equity</b>	<b>23,435,980</b>	<b>277,174,783</b>
Long Term Debt / Equity Shareholders Funds	26.19	2.21
<b>Total Debts / Equity Shareholders Funds</b>	<b>26.19</b>	<b>2.21</b>

**Notes:**

1. The above has been computed on the basis of Restated Summary Statements of the Company
2. The corresponding Post Issue (IPO) Capitalization Data for each of the amounts given in above workout on the basis of Fixed Price proposed issue of 33,44,000 shares at Rs.75

**Annexure XXV : Accounting Ratios**

Particulars	For the period ended 12/31/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
Net Worth (A)	26,374,783	22,106,287	18,500,943	7,835,674	5,599,077	5,592,504
Net Worth excluding Preference Share Capital (A1)	25,374,783	21,106,287	17,500,943	6,835,674	4,599,077	4,592,504
Restated Profit after Tax (A2)	4,268,496	3,605,343	10,665,269	2,234,097	6,573	38,205
Profit After Tax attributable to Equity Shareholders (B)	4,268,496	3,605,343	10,665,269	2,234,097	6,573	38,205
No. Of shares outstanding at the end of the year (C)	386,700	386,700	386,700	386,700	386,600	386,600
Weighted Average No. of Equity Shares at the time of end of the year (D)	386,700	386,700	386,700	386,625	386,600	386,600
Weighted Average No. of Potential Equity Shares for Diluted EPS (E)	386,700	386,700	386,700	386,625	386,600	386,600
Current Assets (F)	465,474,982	339,654,154	330,831,187	429,464,503	4,115,848	3,095,430
Current Liabilities (G)	7,140,529	5,941,879	46,453,735	19,112,427	38,206	32,545
Earnings Per Share (B/D)	11.04	9.32	27.58	5.78	0.02	0.10
Diluted Earnings Per Share Rs. (B/E)	11.04	9.32	27.58	5.78	0.02	0.10
Return on Net Worth (%) (B/AI)	16.82	17.08	60.94	32.68	0.14	0.83
Net Asset Value per Share (AI/C)	65.62	54.58	45.26	17.68	11.90	11.88
Current Ratio (F/G)	65.19	57.16	7.12	22.47	107.73	95.11

**Notes**

Earnings per Share = Profit available to equity shareholders / weighted avg. number of outstanding of equity shares during the year

Diluted Earnings per share = Profit available to equity shareholders / weighted avg. number of potential equity shares outstanding during the year

Return on Net Worth (%) = Profit available for Equity Shareholders / Net Worth excluding Preference Share Capital X 100

Net Asset Value / Book Value per Share = Networth excluding Preference Share Capital / No. of Equity Shares

Current Ratio = Current Assets / Current Liabilities

## Annexure XXVI : Statement of Tax Shelters

Particulars	For the period ended 31/12/2013	For the year ended March 31				
		2013	2012	2011	2010	2009
Tax Rate Applicable %	30.90%	30.90%	30.90%	30.90%	30.90%	30.90%
Minimum Alternate Tax except SC & SHEC	18.50%	18.50%	18.50%	18%	15%	10%
Net Profit / Loss before taxes and extraordinary items as per Books	6,317,567	4,385,327	15,842,061	2,813,621	27,060	53,927
Tax at Normal Tax Rates	1,952,128	1,355,066	4,895,197	869,409	8,362	16,663
<b>1. Income from Business</b>						
Net Profit / Loss before taxes and extraordinary items as per Books	6,317,567	4,385,327	15,842,061	2,813,621	27,060	53,927
Adjustments						
Items considered separately						
Depreciation as per Companies Act	18,901	27,235	17,361	4,800	880	1,112
Depreciation as per Income Tax Act	(22,705)	(38,274)	(31,485)	(1,599)	(285)	(285)
Adj. on A/c of Securities & Unit Trading	1,212,684	(4,020,725)	(289,859)	(1,772,785)	113,314	(113,630)
Dividend	(60,715)	(109,092)	(142,075)	(123,674)	(35,477)	(39,320)
Donations		100,000	-	-	-	-
Share Related Expenses	(40,000)	160,000	-	-	-	-
Provision against std assets	317,972	(184,912)	338,661	955,760	-	-
Other disallowances		40,488	-	-	-	-
B/f business loss					(268,035)	
<b>Total Income from Business</b>	<b>7,743,704</b>	<b>360,047</b>	<b>15,734,664</b>	<b>1,876,126</b>	<b>(162,543)</b>	<b>(98,194)</b>
Speculation Profit		-	-	-	-	1,072
Less: c/f adjusted		-	-	-	-	(1,072)
Speculation Loss c/f		-	-	-	1,925	-
<b>2. Income From Capital Gains</b>						
Long Term	-	2,994,191	-	1,453,663	-	18,535
Less Exempt	-	(2,994,191)	-	(1,453,663)	-	(18,535)
Short Term	(1,212,684)	1,026,534	295,385	(48,248)	(109,491)	103,383
B/f Short Term Loss set off		-	(48,248)	-	-	-
Short Term Loss c/f	1,212,684	-		48,248	-	-
<b>Total Income from Capital Gains</b>	<b>-</b>	<b>1,026,534</b>	<b>247,137</b>	<b>-</b>	<b>(109,491)</b>	<b>103,383</b>
<b>3. Income from Other Sources</b>						
Dividend	60,715	109,092	142,075	123,674	35,477	39,320
Less Exempt	(60,715)	(109,092)	(142,075)	(123,674)	(35,477)	(39,320)
Others		24,781	-	-	-	-
<b>Total Income from other Sources</b>	<b>-</b>	<b>24,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deductions Chapter VI A		(45,955)				



Taxable Income including Capital Gains	7,743,700	1,365,410	15,981,800	1,876,130	-	5,189
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<u>Tax on Income other than STCG</u>	2,388,061	261,945	4,788,840	562,839	-	-
SC			239,442		-	
Education Cess	69,693	7,858	150,848	16,885	-	
<u>Tax on STCG</u>		73,839	2,851		-	778
SC			143		-	
Education Cess		2,215	90		-	23
Tax Credit	421,111	-	-	-	-	-
<u>Total Tax Payable</u>	1,966,950	345,858	4,791,691	562,839	-	802
EC			239,585		-	
SC	69,693	10,074	150,938	16,885	-	
Tax Payable under Normal Provisions	<b>2,036,643</b>	<b>355,931</b>	<b>5,181,156</b>	<b>579,724</b>	-	<b>802</b>
<b>MAT</b>						
Book Profits u/s 115JB	6,317,567	4,091,323	15,842,061	2,813,621	27,090	53,927
Tax	1,168,750	756,895	2,930,781	506,452	4,064	5,393
Surcharge	-					
Education Cess	35,062	22,707	87,923	15,194	122	162
Tax Payable under MAT	<b>1,203,812</b>	<b>779,602</b>	<b>3,018,704</b>	<b>521,646</b>	<b>4,185</b>	<b>5,555</b>
Tax Payable	2,036,643	779,602	5,181,156	579,724	4,185	5,555

#### Notes

The above adjustments are provided on the basis of the Income Tax Return filed by the Company for the respective asstt years

#### FINANCIAL INFORMATION OF GROUP COMPANIES

We have following Group Companies& details of which are furnished below:-

List of our Group Companies as defined under Regulation 2 (zb) of SEBI (ICDR) Regulations, 2009 –

- **SPS Share Brokers Pvt Ltd**
- **SPS Capital & Money Management Services Pvt. Ltd**
- **Revelation Portfolio Management Pvt Ltd**
- **SPS Capital Ltd.**
- **SPS Multitrade Pvt Ltd.**
- **SPS Multi-Commodity Pvt Ltd.**
- **Krehem Hospitality Pvt Ltd**
- **Krehem Real Estates Pvt Ltd**
- **Sunder Suvidha LLP**



Details of each of our group companies is as follows –

**1 - SPS Share Brokers Pvt Ltd. –**

<b>Name of the Company</b>	<b>SPS Share Brokers Pvt Ltd.</b>
<b>Main Objects</b>	To carry the business as share and stock brokers, underwriters, sub-underwriters, agent & brokers for buying selling, taking, holding, dealing in, converting stock, investment & broking related activities.
<b>Date of incorporation</b>	July 10, 1997
<b>CIN</b>	U67190MH1997PTC109343
<b>PAN</b>	AABCS9622C
<b>Registered Office Address</b>	121/4, M.G. Road, Agra Building, 1ST Floor, Fort, Mumbai-400 001
<b>Promoters</b>	Sandeep P Shah & Pramod P Shah
<b>Board of Directors</b>	Kalpana P Shah Sandeep P Shah Pramod P Shah & Manish Dave

**Financial Results (Rs.Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	940.98	879.89	1075.50	594.99	539.96
Profit After Tax	358.75	(194.11)	263.38	92.04	37.48
Equity Capital	371.00	371.00	371.00	371.00	371.00
Reserves & Surplus	1178.59	819.84	1013.95	750.57	658.53
EPS	9.67	(5.23)	7.10	2.48	1.01
Net Asset Value per share of face value of Rs.10/- each	41.77	32.10	37.33	30.23	27.75

**Shareholding Pattern –**

<b>Name of Promoters</b>	<b>Number of shares of Rs.10/- each held</b>	<b>% age of shareholding</b>
Sandeep P Shah	1,350,000	36.39%
Pramod P Shah	1,950,000	52.56%
Kalpana P Shah	4,10,000	11.05%
<b>Total</b>	<b>37,10,000</b>	<b>100.00%</b>



**Stock Market Data – Not Applicable.**

## **2 - SPS Capital & Money Management Services Pvt. Ltd**

<b>Name of the Company</b>	<b>SPS Capital &amp; Money Management Services Pvt. Ltd</b>
<b>Main Objects</b>	To carry the business as share and stock brokers, underwriters, sub-underwriters, agent & brokers for buying selling, taking, holding, dealing in, converting stock, investment & broking related activities.
<b>Date of incorporation</b>	April 11, 2001
<b>CIN</b>	U67120MH2001PTC131569
<b>PAN</b>	AAHCS4980K
<b>Registered Office Address</b>	121/4, M.G. Road, Agra Building, 1 <sup>st</sup> Floor, Fort, Mumbai-400 001
<b>Promoters</b>	Rina Sandeep Shah
<b>Board of Directors</b>	Rina Sandeep Shah Sandeep P Shah

### **Financial Results**

**(Rs.lacs)**

<b>Particulars</b>	<b>Year ended 31.3.2013</b>	<b>Year ended 31.3.2012</b>	<b>Year ended31.3.11</b>	<b>Year ended 31.3.2010</b>	<b>Year ended 31.3.2009</b>
Income	841.12	306.35	120.88	57.87	69.81
Profit After Tax	188.01	(35.91)	(288.22)	51.25	30.32
Equity Capital	51.00	51.00	51.00	51.00	51.00
Reserves & Surplus	(35.00)	(223.01)	(187.10)	153.81	102.57
EPS	36.86	(7.04)	(46.18)	10.05	5.95
Net Asset Value per share of face value of Rs.10/- each	3.14	(33.73)	(26.69)	40.16	30.11

### **Shareholding Pattern –**

<b>Name of Promoters</b>	<b>Number of shares of Rs.10/- each held</b>	<b>%age of shareholding</b>
Sandeep P Shah	9,890	1.94%
Pramod P Shah	50	0.02%
Rina S Shah	500000	98.04

<b>Total</b>	<b>509940</b>	<b>100.00</b>
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**Stock Market Data – Not Applicable.**

### **3- Revelation Portfolio Management Pvt Ltd**

<b>Name of the Company</b>	<b>Revelation Portfolio Management Pvt Ltd</b>
<b>Main Objects</b>	To act as a SEBI registered portfolio managers to manage the investment portfolios of various individuals, firms and companies and to offer, give, take circulate and or otherwise accept or implement advisory services relating to shares and securities of all kinds.
<b>Date of incorporation</b>	June 7, 2010
<b>CIN</b>	U65923MH2010PTC203781
<b>PAN</b>	AAECR8244A
<b>Registered Office Address</b>	60, Warden Court, 79/81, A.K. Marg, Mumbai- 400036
<b>Promoters</b>	Harish B Shah Dhananhay C Jhaveri Sandeep Pramod Shah Manish Bipin Shah Sanjay Girdhar Dhrva
<b>Board of Directors</b>	Harish B Shah Dhananhay C Jhaveri Sandeep Pramod Shah Manish Bipin Shah Sanjay Girdhar Dhrva

### **Financial Results (Rs Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	44.45	29.87	8.93	NA	NA
Profit After Tax	(1.99)	(15.34)	(1.92)	NA	NA
Equity Capital	124.50	124.50	112.00	NA	NA
Reserves & Surplus	103.25	105.24	108.08	NA	NA
EPS	(0.16)	(1.26)	(0.17)	NA	NA
Net Asset Value per share of face value of Rs.10/- each	18.29	18.45	19.65	NA	NA

### **Shareholding Pattern of our Promoters –**

<b>Name of Promoters</b>	<b>Number of shares of Rs.10/- each held</b>	<b>%age of shareholding</b>
<b>Sandeep P Shah</b>	2,50,000	<b>20.08%</b>
<b>Total</b>	2,50,000	<b>20.08%</b>



**Stock Market Data – Not Applicable.**

**4.SPS Capital Ltd.**

<b>Name of the Company</b>	<b>SPS Capital Ltd.</b>
Main Objects	To promote the formation and mobilization of capital, savings and investment, to transact business as promoters, financiers, monetary agents, to carry on the business of a Company established with the object of financing industrial enterprises, to raise or provide venture capital, to promote or finance the promotion of companies limited by shares, to invest in the shares or other securities of such Companies and to invest in the stocks, shares, bonds, debentures stock obligation, mortgages, security or trust receipts and any other securities or paper issued by any Government, State or Municipality or of any Company or Corporation, to subscribe to and invest in the units or certificates of any venture capital or investment fund and generally to subscribe to and hold, sell, exchange and deal in shares, stocks, bonds or debentures or securities of any Government or Public authority or Company, Trust, Fund or any other entity.
Date of incorporation	February 06, 2010
CIN	U65910MH2010PLC199788
PAN	AANCS8320H
Registered Office Address	66, Tamarind lane, 4/5, Haji Kasam Building, 1 <sup>st</sup> Floor, Fort, Mumbai- 400 001
Promoters	Sandeep P Shah Kalpana P Shah Pramod P Shah Rina Sandeep Shah
Board of Directors	Rina Sandeep Shah Sandeep P Shah Kalpana P Shah

**Financial Results**

**(Rs. Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	0	0	0	0	NA
Profit After Tax	(0.08)	(0.08)	(0.09)	(0.09)	NA
Equity Capital	5.00	5.00	5.00	5.00	NA



Reserves & Surplus	(0.35)	(0.26)	(0.18)	(0.09)	NA
EPS	(0.17)	(0.17)	(0.18)	(0.17)	NA
Net Asset Value per share of face value of Rs.10/- each	9.31	9.48	9.64	9.82	NA

**Shareholding Pattern of our Promoters -**

Name of Promoters	Number of shares of Rs.10/- each held	%age of shareholding
Sandeep P Shah	11.000	22.00%
Pramod P Shah	11.400	22.80%
<b>Total</b>	<b>22,400</b>	<b>44.80%</b>

**5- SPS Multitrade Pvt. Ltd.**

<b>Name of the Company</b>	<b>SPS Multitrade Pvt. Ltd.</b>
Main Objects	To carry on the business in India and abroad as Traders, Distributors, Dealers, Wholesaler, Retails, Exporter, Importer, Brokers, Stockiest & Commission agent, professional fees, Agency business, Selling & Marketing Business, of agricultural, Commercial, Industrial products, Household, Domestic, Automobiles, Farm & farms product, Food product, Leather & Leather products, Rubber & Rubber product Petroleum, Engineering, Plan & machinery etc.....
Date of incorporation	January 29, 2010
CIN	U51900MH2010PTC199467
PAN	AANCS8132P
Registered Office Address	66, Tamarind lane, 4/5, Haji Kasam Building, 1 <sup>st</sup> Floor, Fort, Mumbai- 400 001
Promoters	SPS Capital & Money Management Services Pvt. Ltd Sandeep P Shah M/s Cyber Gyan C & S (I) Private Limited
Board of Directors	Rina Sandeep Shah Sandeep P Shah

**Financial Results**

**(Rs.Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	(1.55)	(4.77)	(13.50)	(0.09)	NA





Profit After Tax	(1.55)	(4.77)	(13.50)	(0.09)	NA
Equity Capital	9.00	9.00	9.00	1.00	NA
Reserves & Surplus	13.14	14.32	19.46	(0.09)	NA
EPS	(1.72)	(5.30)	(15.00)	(0.86)	NA
Net Asset Value per share of face value of Rs.10/- each	24.60	25.91	31.62	9.10	NA

**Shareholding Pattern of our Promoters –**

Name of Promoters	Number of shares of Rs.10/- each held	%age of shareholding
SPS Capital & Money Management Services Private Limited	9000	10
Mr.Sandeep Shah	35900	39.89
Mr.Pramod Shah	100	0.11
<b>Total</b>	<b>45000</b>	<b>50</b>

**Stock Market Data – Not Applicable.**

**6- SPS Multi-Commodity Pvt. Ltd.**

Name of the Company	SPS Multi-Commodity Pvt Ltd.
Main Objects	To do the business of commodity broking, hedging of all type of commodities and commodities derivatives and to act as market makers, finance brokers, sub-brokers, investors, portfolio managers, underwriters and sub underwriters, providers of service for commodity related activities.
Date of incorporation	February 3, 2010
CIN	U51909MH2010PTC199613
PAN	AANCS8156R
Registered Office Address	66, Tamarind lane, 4/5, Haji Kasam Building, 1 <sup>st</sup> Floor, Fort, Mumbai- 400 001
Promoters	SPS Capital & Money Management Services Pvt. Ltd Sandeep P Shah
Board of Directors	Rina Sandeep Shah Sandeep P Shah


**Financial Results**
**(Rs.Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	(0.09)	(0.09)	(0.12)	(0.09)	NA
Profit After Tax	(0.09)	(0.09)	(0.12)	(0.09)	NA
Equity Capital	1.00	1.00	1.00	1.00	NA
Reserves & Surplus	(0.38)	(0.30)	(0.21)	(0.09)	NA
EPS	(0.85)	(0.86)	(1.23)	(0.87)	NA
Net Asset Value per share of face value of Rs.10/- each	6.20	7.00	7.90	9.10	NA

**Shareholding Pattern of our Promoters –**

Name of Promoters	Number of shares of Rs.10/- each held	%age of shareholding
Sandeep P Shah	900	9.00%
Pramod P Shah	100	1.00%
<b>Total</b>	<b>1,000</b>	<b>10.00%</b>

**Stock Market Data – Not Applicable.**
**7- Krehem Hospitality Pvt Ltd**

<b>Name of the Company</b>	<b>Krehem Hospitality Pvt Ltd</b>
Main Objects	To carry on the business of or to manage or provide consultancy services in connection with hotels, guest houses, lodging houses, restaurants, catering service, motels, holiday camps, leisure centres, centre for water sports, adventure sports, amusement parks and golf courses, theme parks, exhibition centres, banquet halls, movie theatres, caravan site & cafes etc...
Date of incorporation	July 22, 2009
CIN	U55101MH2009PTC194306
PAN	AADCK7066N
Registered Office Address	79, Bhagyoday Building, 4 <sup>TH</sup> Floor, Nagindas Master Road, Fort, Mumbai- 400001.
Promoters	Rina Sandeep Shah Hemlata Harsh Shah
Board of Directors	Rina Sandeep Shah

	Hemlata Harsh Shah
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**Financial Results**
**(Rs.Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	0	0	0	0	NA
Profit After Tax	0	0	0	0	NA
Equity Capital	1.00	1.00	1.00	1.00	NA
Reserves & Surplus	0	0	0	0	NA
EPS	0	0	0	0	NA
Net Asset Value per share of face value of Rs.10/- each	10.00	10.00	10.00	10.00	NA

**Shareholding Pattern –**

Name of Promoters	Number of shares of Rs.10/- each held	%age of shareholding
Rina Sandeep Shah	2500	25%
Hemlata Harsh Shah	5000	50%
<b>Total</b>	<b>7500</b>	<b>75%</b>

**Stock Market Data – Not Applicable.**
**8. Krehem Real Estates Pvt. Ltd.**

<b>Name of the Company</b>	<b>Krehem Real Estates Pvt Ltd</b>
Main Objects	To carry on the business in and out India, of Purchase, Sale, Development, Broking, Construction, Lease, Renting and Dealing in all kinds of Lands, buildings and all Forms of Estate, including Agricultural Lands & Sites.
Date of incorporation	July 18, 2009
CIN	U70102MH2009PTC194209
PAN	AADCK7065R
Registered Office Address	79, Bhagyoday Building, 4 <sup>TH</sup> Floor, Nagindas Master Road, Fort, Mumbai- 400001.
Promoters	Rina Sandeep Shah Hemlata Harsh Shah
Board of Directors	Rina Sandeep Shah

	Hemlata Harsh Shah
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**Financial Results**
**(Rs.Lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	0.08	0	0	0	NA
Profit After Tax	0	0	0	0	NA
Equity Capital	1.00	1.00	1.00	1.00	NA
Reserves & Surplus	0	0	0	0	NA
EPS	0	0	0	0	NA
Net Asset Value per share of face value of Rs.10/- each	10.00	10.00	10.00	10.00	NA

**Shareholding Pattern –**

Name of Promoters	Number of shares of Rs.10/- each held	%age of shareholding
Rina Sandeep Shah	5000	50%
Hemlata Harsh Shah	5000	50%
<b>Total</b>	<b>10000</b>	<b>100%</b>

**Stock Market Data – Not Applicable.**
**9. SUNDER SUVIDHA LLP**

<b>Name of the Company</b>	SUNDER SUVIDHA LLP
<b>Main Objects</b>	Investments
<b>Date of incorporation</b>	29/04/2011
<b>LLPIN</b>	AAA - 4656
<b>PAN</b>	ACKFS6706R
<b>Registered Office Address</b>	2 <sup>ND</sup> Floor Office, Bhangwadi Shopping Arcade, Kalbadevi Road, Mumbai – 400 002.
<b>Promoters</b>	Mr. Pramod P Shah & Mr. Sandeep P. Shah
<b>Partners</b>	Mr. Pramod P Shah, Mr. Sandeep P Shah, & Mrs. Kalpana P Shah

**Financial Results**
**(Rs .lacs)**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012	Year ended 31.3.2011	Year ended 31.3.2010	Year ended 31.3.2009
Income	0.00	0.00	NA	NA	NA



Profit After Tax	0.00	0.00	NA	NA	NA
Equity Capital	1.00	1.00	NA	NA	NA
Reserves & Surplus	0.00	0.00	NA	NA	NA
EPS	0.00	0.00	NA	NA	NA
Net Asset Value per share of face value of Rs.10/- each	10.00	10.00	NA	NA	NA

#### Sharing in LLP –

Name of Partners	Contribution in Rs.	%age of Profit Sharing
Mr. Pramod P Shah	35000	33.33
Mr. Sandeep P Shah	30000	33.33
Mrs. Kalpana P Shah	35000	33.33

#### Stock Market Data – Not Applicable.

#### CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS OF OUR COMPANY

No changes in past three years.

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

You should read the following discussion and analysis of our Company's financial condition and results of operations together with our Company's financial statements included in this Prospectus. You should also read the Chapter titled "Risk Factors" beginning on page 15 of this Prospectus, which enumerates number of factors and contingencies that could impact our Company's financial condition and results of operations.

These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our Statutory Auditor dated 02/02/2014 in the Chapter titled "Financial Information" beginning on page 96 of this Prospectus.

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

##### a. Overview of our Business:

Our Company was originally incorporated in Mumbai as "**Ceenik Holding Pvt. Ltd**" on March 12, 1996 under the provisions of the Companies Act, 1956. The name of our Company was further changed to **SPS Finquest Pvt. Ltd.** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to **SPS Finquest Limited** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on **April 5, 2013**.

We operate as a Non Deposit taking Non Banking Finance Company (NBFC-ND) engaged primarily in the business of advancing loans and investing/trading in securities. Our Company provides its shareholders with the



opportunity to participate in a diverse portfolio of investments and gain access to a defined investment process and the investment experience of the management team.

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

#### **b. Significant Development Subsequent to 31.3.2013**

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

We have allotted 7, 73,400 Equity Shares as bonus in the ratio of 2:1 to our existing Equity shareholders on 31<sup>st</sup> January, 2014 by capitalization of free reserves

#### **c. Factors that may affect Results of Operations**

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

- General economic and business conditions in the markets in which we operate and in the local, regional, national & International economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in this industry;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, etc.;
- Our ability to protect our intellectual property rights and not infringing intellectual property rights of other parties;
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Any Government Approvals
- The outcome of legal or regulatory proceedings that we might become involved in;
- Conflict of Interest with group entities and related parties
- Our dependence on our Promoters & key management personnel's

#### **d. Analysis of our Financial Performance**

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

(Rs.InLacs)					
Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Revenue From Operation	838.39	769.91	19.65	29.16	8.70
<i>Increase/(Decrease)(%)</i>	8.89	3818.03	(32.62)	235.37	-
Total Revenue	787.39	757.48	219.72	30.99	11.55
<i>Increase/(Decrease)(%)</i>	3.95	244.75	609.07	168.23	-
Employee Cost	14.68	5.95	3.53	1.50	1.30
<i>Increase/(Decrease)(%)</i>	146.73	68.43	135.50	15.38	-
Finance Cost	713.19	584.24	-	-	-

<i>Increase/ (Decrease)(%)</i>	22.07	-	-	-	-
Total Expenses	743.53	599.06	191.58	30.72	11.01
<i>Increase/ (Decrease)(%)</i>	24.12	212.69	523.72	178.91	-
Profit Before Tax	43.85	158.42	28.14	0.27	0.54
<i>Increase/ (Decrease)(%)</i>	(72.32)	463.05	10297.71	(49.82)	-
Net Profit after Tax	36.11	106.46	22.29	0.01	0.38
<i>Increase/ (Decrease)(%)</i>	(66.09)	377.67	180517.59	(96.77)	-

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

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

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

**2. Significant economic changes**

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

**3. Known trends or uncertainties**

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

**4. Future changes in relationship between costs and revenues in case of events such as future increase in finance cost that will cause material change.**

According to our knowledge, there is direct co-relation between finance cost and interest revenue earned and any increase or decrease in our finance would be passed on to the clients.

**5. The extent to which material increase in revenues are due to increased lending, introduction of new clients or services or increased interest rate.**

The increase in revenues is by and large linked to increases in volume of our operations.

**6. New Products or business segments**

As per our current business plan, other than as described in “Our Business” in this Prospectus, our Company is not planning to introduce any new products or business segments.

**7. Business segment in which our Company operates**

The Company operates in single segment i.e. financial activities viz. providing loans against shares & securities, inter corporate loans, trading in shares & securities and arbitrage business in stock and commodity market.

**8. Seasonality of business**

Our business & level of operations are not seasonal in nature. Our business largely depends upon the economy and capital market condition.

**9. Dependence on single or few clients**

90.70% of the total loan portfolio is given to 7 clients; where in case of default by any of the client may lead to huge financial loss to the Company. Further approximately 3.94% of our loans in the portfolio are loans granted to Small and medium enterprises or individuals.

**10. Competitive conditions**

The finance industry in India is highly competitive. Depending on the region in which we operate, our competitors include scheduled commercial banks, money lenders 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.



## SECTION VII - LEGAL AND OTHER INFORMATION

### 7.1 - OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

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

#### 1. Litigations against Our Company

Nil

#### 2. Litigation against our Directors / Promoters / Group Companies

- a) Suit being L.C. Suit No. 1067 of 2006 has been filed in the Bombay City Civil Court at Mumbai by Mr. Sandeep Shah and Mr. Pramod Shah against the Municipal Corporation of Greater Mumbai challenging a notice issued under Section 351 of the Municipal Corporation Act for demolition of alleged unauthorized structure in the office premises at Agra Building, 1<sup>st</sup> floor, 121. M G Road, Mumbai - 400 023. As on date the said notice has been stayed by the Hon'ble Court and the proceedings have been pending. In the aforesaid proceedings the Municipal Corporation of Greater Mumbai has taken out 2 Contempt Notices of Motion for alleged breaches of the stay order by Mr. Pramod Shah and Mr. Sandeep Shah. The said Contempt Motions are also pending. Except the loss of various furniture and fixtures in the premises valued at approximately Rs.50,000/- there is no other financial implication on the Promoters and/or on SPS Finquest Ltd.
- b) Arbitration Proceedings have been initiated by SPS Share Brokers Pvt. Ltd. under rules framed by National Stock Exchange Ltd., Delhi, bearing No. A.M. No. F&O/B-0084/2013 against Nishit Nirmal Doshi for recovery of a sum of Rs.4,75,466.02 with further interest thereon and legal cost. In the said Arbitration the said Nishit Doshi has filed a Counter Claim against the SPS Share Brokers Pvt. Ltd. for a sum of Rs 28, 49,394/- with further interest thereon for Rs.30,23,344/- aggregating to Rs.58,72,740/- In our view the Counter Claim filed by Nishit Doshi is totally frivolous and bogus and SPS Share Brokers have a very good chance of succeeding in the matter. The maximum financial implication on SPS Share Brokers Pvt. Ltd. will be to the extent of Rs.58,72,740/-
- c) One Sumeet Nirmal Doshi has filed a Petition under Section 34 of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court at Delhi against SPS Share Brokers Pvt. Ltd. bearing O.M.P. Petition No. 661 of 2010 inter alia challenging the arbitration award dated 2<sup>nd</sup> March, 2010 passed by Arbitral Tribunal constituted under rules of National Stock Exchange India Ltd. The said petition is pending. There are financial implications on SPS Finquest Ltd. and/or its Promoters on basis of these proceedings.
- d) One Dr. Dhiren Shah and others have instituted arbitration proceedings against all partners of M/s Sandeep & Co. including Pramod Premchand Shah being the owners of Bhangwadi property. The said proceedings have been instituted by the heirs of the deceased partner for share of deceased partner. Pleadings in respect of the said claim have till date not been filed and therefore the amounts so claimed is not known. The said Mr. Pramod Shah has 51% share in the partnership firm and the maximum liability on him would be to the extend of 51% of the award if any that may be passed against the firm. We have been informed that on the books of the said firm the share of the deceased partner is in the negative. There is no financial implications on SPS Finquest Ltd. and/or its Promoters as on date.

- e) A suit in Small Causes Court at Mumbai bearing No. L.E. & C. Suit No. 62/74 of 2012 is filed against Mr. Sandeep Shah and Mr. Pramod Shah by M/s. Nadirshaw Printer & Co. for eviction and recovery of tenanted premises belonging to the said Mr. Sandeep Shah and Pramod Shah situated at 1<sup>st</sup> Floor, Agra Building, 121, M.G. Road, Fort, Mumbai- 400 023. The said office premise is the registered office of SPS Share Brokers Pvt. Ltd. The Pleadings have been completed in the suit and hearing of the suit is awaited. The said Sandeep Shah and Pramod Shah have in their defense challenged the very title of the said Nadirshaw Printer & Co. to the property as landlords. There is no financial implication on SPS Finquest Ltd, however one of its Promoter Mr. Sandeep Shah may lose his tenancy rights in the property being subject matter of the said LE & C Suit No. 62/74 of 2012 in event suit is decreed.

### 3- Litigation by our Promoters and Group Companies.

- a) A complaint under Section 138 of Negotiable Instrument Act (cheque bouncing) is filed by SPS Share Brokers Pvt Ltd. against Minakshi Manish Vora for recovery of a sum of Rs.8,52,000/- with interest thereon. The case is filed before the Learned Metropolitan Magistrate's 33<sup>rd</sup> Court at Ballard Pier bearing C.C. No. 490/SS/2012. The case is pending and is at the stage of evidence. There is no financial implication on SPS Finquest Ltd. and/or their Promoters.
- b) A suit being S.C. Suit No. 992 of 2009 has been filed in Bombay City Civil Court at Bombay by Mahendra Gandhi against Municipal Corporation of Greater Mumbai for stay of orders of demolition passed by Municipal Corporation of Greater Mumbai in respect of some portion of the one of the building forming part of the larger property popularly known as "Bhangwadi" situated at Kalbadevi Road, Mumbai -400 002. Mr. Pramod P Shah, being one of the partners of the firm M/S. Sandeep & Co. who are the landlords of the said Bhangwadi. alongwith said Mr. Mahendra Gandhi & Others has intervened in the matter and is supporting the case of the Municipal Corporation for demolition of unauthorized structure. The outcome of the case will have no financial bearing of any nature of the Company. The case is still date pending. There will be no financial implication on SPS Finquest Ltd. and/or on Promoters on basis of these proceedings

We certify that except as stated herein above:

- (a) there are no pending proceedings for offences for non-payment of statutory dues by the promoters of the Company.
- (b) there are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- (c) there are no pending litigation against the promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- (d) there are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- (e) there are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- (f) there are no litigations against the promoters / Directors in their personal capacity.
- (g) the Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.
- (h) as per the audited Balance sheet as at Mar 31, 2013, there are no SSI units to whom, our Company owns any sum which is outstanding for more than 30 days.

## MATERIAL DEVELOPMENTS

In the opinion of the Board, there has not arisen, since the date of the last audited financial statements disclosed in this Prospectus (save except as disclosed in the section titled “*Risk Factors*” beginning on page 15 of this Prospectus), any circumstances that materially or adversely affect or are likely to affect the profitability of the Company on a or the value of our assets or our ability to pay our material liabilities within the next twelve months.

## 7.2 GOVERNMENT & OTHER KEY APPROVALS

On the basis of the indicative list of approvals below, the Company is permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by the Company to undertake the Issue or carry on its business activities. It must, however, be distinctly understood that, in granting these approvals, Government of India, State Government, Reserve Bank of India and other authorities do not take any responsibility for Company’s financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

The Company has obtained necessary approvals and registrations from various authorities in relation to its business activities; which include:

### APPROVALS PERTAINING TO THIS ISSUE

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on 05/12/2013, authorized the Issue subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act and approvals by such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to a resolution dated 31/01/2014 under Section 81(1A) of the Companies Act, authorized the Issue.
3. The Company has obtained in-principle listing approvals from the SME Platform of BSE dated 19<sup>th</sup> March, 2014.

### Company Incorporation

Our Company was originally incorporated in Mumbai as “**Ceenik Holding Pvt. Ltd**” on March 12, 1996 under the provisions of the Companies Act, 1956. The name of our Company was further changed to **SPS Finquest Pvt. Ltd.** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was changed to **SPS Finquest Limited** and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on **April 5, 2013**.

Company Identification Number (CIN) U67120MH1996PLC098051.

### Approvals for the Company’s Business/ General Approvals

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

The approvals that the Company requires include the following:

1. Incorporation Certificate.
2. Certificate of registration no. B-13.00084 under Section 45IA of the RBI Act, 1934 from the RBI dated February 26, 1998 from the RBI to carry on the business of a non-banking financial institution without accepting public deposits.
3. Allotment of Tax Deduction Account No. MUMC06194G issued under section 203A of the Income Tax Act, by the Income Tax Department.
4. Permanent Account Number of our company – AAACC2671C.
5. Certificate of Registration under Shop And Establishment Act bearing number 760350252/Commercial II Ward A.

6. Applications for Registration of Trade Mark “SPS” with the Registrar of Trade Marks, Mumbai on 11/02/2014 by SPS Share Brokers Pvt. Ltd. (Group Company). Company has received consent from SPS Share Brokers Pvt. Ltd. to use the said Trade Mark.
7. Employees Profession Tax Registration No. – Applied on 21/02/2014
8. Company’s Profession Tax Registration No. – 27585277690P

### **7.3 OTHER REGULATORY AND STATUTORY DISCLOSURES**

#### **A) AUTHORITY FOR THE ISSUE**

Our Board of Directors have vide resolution dated 5/12/2013, authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

Our shareholders have, pursuant to a resolution dated 31/01/2014, under Section 81(1A) of the Companies Act, authorized the Issue.

We have received in-principle approvals from the SME Platform of BSE for the listing of our Equity Shares pursuant to letter dated 19<sup>th</sup> March, 2014. BSE is the Designated Stock Exchange.

#### **B) PROHIBITION BY SEBI, THE RBI OR GOVERNMENT AUTHORITIES**

Our Company, our Promoters, our Directors or any of the Company’s associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Partners have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at any time by any of the Stock Exchange.

Our Company, our Promoters, their relatives, group companies and associate companies have not been declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

#### **C) ELIGIBILITY FOR THE ISSUE**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations. Our Company is eligible for the Issue in accordance with Regulation 106(M)(1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post-issue face value capital is not more than Rupees Ten Crore and we may hence 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 SEBI (ICDR) Regulations and other provisions of Chapter X B of the above regulations, this issue has been 100 % underwritten and that the Lead Manager has underwritten more than 15 % of the total issue size. For further details pertaining to underwriting please refer to “**General Information –Underwriting**” on Page No.44 of this Prospectus.
- b) In accordance with Regulation 106 (R) of SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in this 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) of SEBI (ICDR) Regulations, 2009, we have not filed any Draft Offer Document with SEBI. We shall ensure that our LM 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 SEBI (ICDR) Regulations, 2009, we have entered into an agreement with the LM 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 No.45 of this Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter X B of SEBI (ICDR) Regulations, 2009 as amended from time to time and subsequent circulars and guidelines issued by SEBI and BSE.

However, as per Regulation 106 (M) (3) of SEBI (ICDR) Regulations, 2009, the provisions of regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this issue.

#### **D - BSE ELIGIBILITY NORMS:**

##### **1. Net Tangible assets of at least Rs. 1 crore as per the latest audited financial results**

Our Company has Net Tangible Assets of Rs. 4583.79 Lacs, which is in excess of Rs. 1 Crore as per the latest audited financial results. Our Net Tangible Assets for the period ended December 31 2013 are disclosed as under:

Rs in Lacs	
<b>Particulars</b>	<b>31.12.2013</b>
Fixed Assets – Net Block	0.44
Trade Investments	0.00
Current Assets Loans & Advances -	
Current Investments	2.30
Inventories	-
Short Term Loans & Advances	4054.33
Cash & Cash equivalent	598.12
<b>Total Assets (A)</b>	<b>4655.19</b>
Less – Current Liabilities & Provisions -	
Trade Payables & Other Current Liabilities	36.76
Short Term Provisions	34.64
<b>Total Liabilities &amp; Provisions (B)</b>	<b>71.40</b>
<b>Net Tangible Assets (A – B)</b>	<b>4583.79</b>

Net tangible assets are defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments and current assets (excluding deferred tax assets and intangible assets as defined in AS-26 issued by ICAI) less current liabilities & Provisions.

##### **2. Net worth (excluding revaluation reserves) of at least Rs. 1 crore as per the latest audited financial results**

Our Company satisfies the above criteria. Our Net Worth as per the restated audited financial statements for the period ended December 301 2013 is as under:

Rs in Lacs	
<b>Particulars</b>	<b>31.12.2013</b>
Share Capital	48.67
Add : Reserve and Surplus	173.53
Less : Preliminary expense to the extent written off	--
<b>Net Worth</b>	<b>222.20</b>

Net worth includes Equity Share Capital and Free Reserves, (Net of Miscellaneous Expenditure not written off, if any).

##### **3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least Rs. 3 Crores.**

Company has distributable profits in terms of sec. 205 of Companies Act, 1956 for past two years as follows –

F.Y.	2012-13	2011-12
Distributable profits in terms of sec. 205 of Companies Act, 1956	36.11	106.46

#### 4. Other Requirements

- i. **The post-issue paid up capital of the company shall be at least Rs.1 Crore.**  
As on the date of Prospectus, Our Company has a paid up capital of Rs. 126.01 Lacs, which is in excess of Rs. 1 crore and the Post Issue Capital shall also be in excess of Rs. 1 Crore.
- ii **The Company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.**  
Our Company has already entered into tripartite agreements with CDSL and NSDL along with our Registrar for facilitating trading in dematerialized mode.
- iii. **Companies shall mandatorily have a website.**  
The company has functional website i.e. [www.spsfinquest.co.in](http://www.spsfinquest.co.in)
- iv. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- v. There is no winding up petition against the company that has been accepted by a court.

#### E) DISCLAIMER CLAUSE (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 THIS PROSPECTUS. THE LEAD MANAGER, NETWORTH STOCK BROKING LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, NETWORTH STOCK BROKING LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 22/02/2014 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS 1992 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 MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, IT'S 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 MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;



- B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER 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 PUBLIC ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 SEBI (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 SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
  4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING REQUIREMENTS. .
  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, WILL 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 SEBI (ICDR) 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 CERTIFY THAT SUB REGULATION (4) OF REGULATION 32 OF SEBI (ICDR) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION OF RS. **386.40** LACS SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT BALANCE 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 ISSUE.
  8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAINOBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
  9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN SEBI (ICDR) 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 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 SEBI (ICDR) REGULATIONS WHILE MAKING THE ISSUE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECK LIST CONFIRMING REGULATION WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SEBI (ICDR) 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 A STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY US.

#### **ADDITIONAL CONFIRMATION**

17. WE CONFIRM THAT REGISTRATIONS OF ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE VALID AS ON DATE AND THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
18. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE 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.
19. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN SEBI (ICDR) REGULATIONS, 2009.
20. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALIZATION OF THE SPECIFIED SECURITIES OF THE ISSUER.



21. WE CERTIFY THAT AS PER THE FIRST PROVISIO TO SUB REGULATION (4) OF REGULATION 32 OF SEBI (ICDR) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.

22. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106(P) AND 106 [V] OF SEBI (ICDR) REGULATIONS, 2009 HAVE BEEN MADE.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

#### **F). Disclaimer Clause of BSE**

BSE Limited ("BSE") has given vide its letter dated 19<sup>th</sup> March, 2014, permission to this company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **G) DISCLAIMER STATEMENT FROM THE COMPANY AND THE LM**

Our Company, our Directors, and the LM accept no responsibility for statements made otherwise than in this PROSPECTUS or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, [www.spsfinquest.co.in](http://www.spsfinquest.co.in), would be doing so at his or her own risk.

**The LM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the LM and our Company dated November 14, 2013 and the Underwriting Agreement dated November 14, 2013 entered into between the LM and our Company. All information shall be made available by us and LM 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, etc.**

#### **CAUTION**

Neither our Company nor the Lead Manager is liable to the Applicants for any failure in downloading the Application Forms due to faults in any software/hardware system or otherwise.

The LM and its associates and affiliates may engage in transactions with and perform services for our Company and Promoter Group Entities or associates of our Company in the ordinary course of business and have engaged and may, in future engage, in the provision of financial services for which they have received, and may in future receive compensation.

**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.

**H) DISCLAIMER WITH RESPECT TO JURISDICTION**

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), 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 NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**I) DISCLAIMER CLAUSE OF RBI**

We have obtained registration from RBI as a non-deposit accepting non Non-Banking Finance Company.

Our company's activities are governed by the RBI regulations applicable to non-deposit accepting NBFCs.

It must be distinctly understood, however, that in issuing the certificate of registration Reserve Bank of India does not undertake any responsibility for the financial soundness of our company or for the correctness of any of the statements made or any commitments made or opinion expressed.

**FILING**

A copy of this Prospectus shall not be filed with SEBI nor will SEBI issue any observation on the offer document in terms of Regulation 106 (M) (3). However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Dept, Plot No.C-4A, "G" Block, Bnadra Kurla Complex, Bandra (East), Mumbai-400051.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC situated at Everest building, 100, Marine Drive, Mumbai-400002.

**LISTING**

The Company has obtained approval from BSE vide letter dated 19th March, 2014 to use the name of BSE in this offer document for listing of Equity Shares on the SME Platform of BSE.

In term of Chapter X B of SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in principle listing approval for the shares being offered in this Issue. However, application shall be made to the SME Platform of BSE for obtaining permission for listing of the Equity

Shares offered and sold in the Issue on the SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange with which the Basis of Allotment of Equity Shares will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the SME Platform of BSE as mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after the 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 the 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 twelve working days of the Issue Closing Date.

#### **J) Disclaimer Clause of the SME Platform of BSE**

As required, a copy of the Draft Prospectus was submitted to the SME Platform of BSE. The Disclaimer Clause as intimated by SME Platform of BSE to us, post scrutiny of the Draft Prospectus, has been included in the Prospectus prior to filing with the RoC.

#### **K) 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.

#### **L) CONSENTS**

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, LM and the Registrar to the Issue to act in their respective capacities, have been obtained and will 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 have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

In accordance with the Companies Act and SEBI (ICDR) Regulations, M/S. Kochar & Associates, Chartered Accountants, Statutory Auditors of the Company have given their consent to the inclusion of their report dated 02/02/2014 on the financial statements, and statement related to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Prospectus in the form and context in which they appear herein and such consent and reports will not be withdrawn up to the time of delivery of this Prospectus

#### **M) EXPERT OPINION OBTAINED, IF ANY**

Except as stated in “Statement of Tax Benefits”, the Company has not obtained any expert opinion.

**N) PUBLIC ISSUE EXPENSES**

The total expenses of the Issue are approximately Rs.35 lacs. The expenses of this Issue include, among others, fees payable to LM, Registrar, underwriting commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

S. No.	Particulars	Amount in Rs. Lacs
1	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses	25.00
2	Advertisement & Marketing Exp.	2.00
3	Printing & stationery and postage expenses	5.00
4	Regulatory fees & other Expenses	3.00
	<b>Total</b>	<b>35.00</b>

**O) DETAILS OF FEES PAYABLE****Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting commission) will be Rs.11.50 lacs as per the Memorandum of Understanding between the Company and the LM dated November 14, 2013 the Underwriting Agreement dated November 14, 2013 a copy of which is available for inspection at our registered office.

**P) 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 15/01/2014.

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.

**Q) PREVIOUS PUBLIC OR RIGHTS ISSUE**

We have not made any previous public or rights issue of shares either in India or abroad and we are an unlisted Company as per SEBI (ICDR) Regulations and this Issue is an IPO in terms of SEBI (ICDR) Regulations. .

**R) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH**

Nil

**S) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public offering of the Company, no sum has been paid or is 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.

**T) CAPITAL ISSUE BY COMPANIES UNDER THE SAME MANAGEMENT DURING THE LAST THREE YEARS**

Except as stated in the section titled “*Our Promoter and Group Companies*” beginning on page 91 of this Prospectus, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act. No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

**U) PROMISE vis-a-vis PERFORMANCE**

The Company is an “Unlisted Company” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering”. Further none of our Group Companies are listed on any Stock Exchange in India Or abroad.

**V) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this DP.

**W) STOCK MARKET DATA FOR OUR EQUITY SHARES**

This being our initial public offering, the Equity Shares are not listed on any stock exchange.

**X) MECHANISM FOR REDRESSAL OF INVESTORS’ GRIEVANCES**

The memorandum of understanding to be entered into by the Registrar to the Issue and us will provide for Retention of records with the Registrar to the Issue for a period of at least three years from the last date of Dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as Name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on 05/04/2013 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

Name of the Member	Nature of Directorship	Designation in Committee
Hitesh Shah	Independent Director	Chairman
Girish Jajoo	Managing Director	Member
Ankita Shah	Independent Director	Member

For further details, see section titled “*Our Management*” beginning on page 81 of this Prospectus. We have also appointed Pinal Rakesh Darjias the Compliance Officer for this Issue and he may be Contacted at the registered office of the Company. His contact details are as follows:

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.

**Disposal of Investors’ Grievances and Redressal Mechanism**

No company under the same management within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

**Y) CHANGES IN AUDITORS DURING THE LAST FIVE YEARS**

Auditors For the Year	Financial Year
Bhavna Pandya & Co.	2011-12, 2012-13
B.M.Udeshi & Co.	2010-11
Udayavar Dhanesh Kumar	2009-10

**Z) i) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS**

The details regarding capitalization of reserves are enumerated in the Section titled “*Capital Structure*” Beginning on page 48 of this Prospectus. Other than as mentioned therein, we have not capitalized any of our reserves or profits.

**ii) REVALUATION OF ASSETS DURING THE LAST 5 YEARS**

The company has not revalued its assets since incorporation.

## SECTION VIII – ISSUE RELATED INFORMATION

### 8.1 TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Prospectus, the Prospectus, the Application Form, the ASBA Form, the CAN (Confirmation of Allocation Note) and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the Reserve Bank of India, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

#### AUTHORITY FOR THE ISSUE

Our Board of Directors have authorised the Issue by a resolution dated 05/12/2013 and Our shareholders have authorized the Issue by a special resolution passed pursuant to Section 81 (1A) of the Companies Act, at the EGM held on 31/01/2014.

#### RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

#### MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956. For further details, please refer to “*Dividend Policy*” on page 95 of this Prospectus.

#### FACE VALUE AND ISSUE PRICE

The Equity Shares having a Face Value of Rs.10/- each are being offered in terms of this Prospectus at the price of Rs.75/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled “*Basis of Issue Price*” on page 59 of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; subject to any statutory or preferential claims being satisfied
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, in terms of the Listing Agreement to be executed with the Stock Exchange, and the Memorandum and Articles of Association of the Company.

## MARKET LOT AND TRADING LOT

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

The investors have an option either to receive the security certificate or to hold the securities with depository. 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 Dematerialized form only.

The trading of the equity shares will happen in the minimum contract size of 1600 equity shares and the Same may be modified by the SME Platform of BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 1600 Equity Share subject to a minimum allotment of 1600 Equity Shares to the successful applicants.

## Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of Prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies Collected shall be refunded within 15 days of closure of issue.

## Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold Such Equity Shares as joint-holders with benefits of survivorship.

## MARKET MAKING

As per Reg106 (V) (1) of SEBI (ICDR) Regulations, 2009, the LM will arrange for compulsory market making for a minimum period of three years from the date of listing of Equity Shares. For this purpose, as provided under Reg. 106 V (2), we have entered into an agreement with two Market Makers who shall equally subscribe for their respective quota i.e. for 84000 Equity Shares each totaling for 168000 Equity Shares.

As per Reg. 106 V (4), the inventory with the market maker should be at least 5 % of the total shares to be listed. In view of the above, 1,68,000 Equity Shares (5.02% of 33,44,000 Equity Shares to be listed) are reserved out of the Issue for the Market Maker. However, the promoters' holding will not be eligible for offering to the Market Maker during the initial period of three years from the date of listing.

## NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Applicant along with other joint Applicants may nominate any one person in whom, in the event of death of the sole Applicant or in case of joint Applicants, 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/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109 B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109 A of the Companies Act, shall upon the production of such evidence as may be required by our 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, our 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors want to change the nomination, they are requested to inform their respective depository participant.

#### **MINIMUM SUBSCRIPTION**

The Issue is not restricted to any minimum subscription level as the Issue is 100 % underwritten. If the issuer does not receive the 100 % subscription through 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 1600 shares. However, as per Regulation 106 (V) (5) of SEBI (ICDR) Regulations, 2009, the Market Maker shall buy the entire shareholding of a shareholder of the Company in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Exchange.

#### **RESTRICTIONS ON TRANSFER OF SHARES**

There are no restrictions on transfers and transmission of shares and on their consolidation/ splitting, except as provided in our Articles of Association. For details, please refer to the section titled "**Main Provisions of our Articles of Association**" on Page No.176 of the Prospectus.

#### **Compliance with SEBI (ICDR) Regulations, 2009**

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time.

#### **Option to Receive Securities 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 16<sup>th</sup> Feb 2000, trading in securities of companies making an IPO shall be in dematerialized form only. The Equity Shares on allotment will be traded only on the dematerialized segment of the SME Exchange.

#### **New Financial Instruments**

The Issuer Company is not issuing any new financial instruments through this Issue.

#### **Withdrawal of the issue**

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- (i) The final listing and trading approvals of the SME Platform of BSE, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Prospectus after it is filed with the RoC. In case, the Company wishes to Withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

## Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra, India.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities Laws in the United States, and may not be offered or sold within the United States, except pursuant to an Exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other Jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## 8.2 - ISSUE STRUCTURE

Public Issue of 33,44,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs.75/- per Equity Share, aggregating Rs.2508 Lacs (hereinafter referred to as the "Issue"). The Issue would constitute 74.24% of the post Issue paid-up capital of the Company. 5,15,200 Equity Shares are reserved for Promoters and 1,68,000 Equity Shares have been reserved for the Market Maker in terms of Regulation 106 V (4) SEBI. Therefore, the Net Offer to Public is 26,60,800 Equity Shares. The Issue is being made through the Fixed Price Process and hence, as per sub Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 at least 50% of the Net Offer to Public will be available for allocation on a proportionate basis to Retail Individual Applicants, subject to valid Applications being received at the Issue Price. For details, see "*Issue Procedure*" on Page No.152 of the Prospectus.

Particular of Issue	Retail individual investors	QIBs and Non-Institutional Investors
Basis of allocation if respective category Shares is oversubscribed	A minimum of 50 % of the net offer of shares to the public shall initially be made available on a proportionate basis	The balance net offer of shares to the public shall be made available for allotment to i) individual applicants other than retail individual investors and (ii) other investors including corporate bodies/, institutions irrespective of number of shares applied for on a proportionate basis
Unsubscribed portion, if any	The unsubscribed portion of the net offer to the public in either of the categories specified above , shall / may be made available for allocation to Applicants in the other category , if so required	
Minimum Application Amount	The Application must be made for a minimum of 1600 Equity shares and in multiples of 1600 shares thereafter	The Application must be made for a minimum of such number of equity shares such that the Application Amount exceeds Rs.2,00,000 and in multiples of 1600 shares thereafter
Maximum Application Amount	In multiples of 1600 Equity Shares so as to ensure that the Application Amount payable by the Applicant does not exceed Rs.2,00,000	An Application cannot be submitted for more than the Issue size. However, the maximum Application Amount by a QIB Investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Applicant cannot withdraw its application after the Issue closing date and is required to pay the full Application Amount up to submission of the Application
Mode of Allotment	Physical or in dematerialised form at the option of the Investors	Physical or in dematerialised form at the option of the Investors

Allotment Lot	A minimum of 1600 Equity Shares and in multiples of 1600 Equity Share thereafter	A minimum of 1600 Equity Shares and in multiples of 1600 Equity Share thereafter.
Trading Lot / Market Lot	1600 Equity Shares	1600 Equity Shares
Who can Apply **	Resident Indian individuals; Hindu Undivided Families or HUFs, in the individual name of the Karta; Eligible NRIs, subject to applicable laws.	Resident Indian individuals; Hindu Undivided Families or HUFs, in the individual name of the Karta; Eligible NRIs, subject to applicable laws; companies; corporate bodies; scientific institutions; societies and trusts; sub accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals; Mutual Fund; Venture Capital Fund; FVCI; FIIs and sub-account (other than a sub-account which is a foreign corporate or foreign individual); public financial institution as defined in Section 4A of the Companies Act; a scheduled commercial bank; multilateral and bilateral development financial institution; state industrial development corporation; insurance company registered with the Insurance Regulatory and Development Authority; provident fund with minimum corpus of Rs.25cr; pension fund with minimum corpus of Rs. 25cr; National Investment Fund; insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up by Department of Posts, India,
Terms of Payment	<p>The entire issue price of Rs. 75/- per share is payable on submission of 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 Applicant.</p> <p>In case of ASBA Applicants, the SCSB shall be authorised to block such funds in the Bank A/c of the ASBA applicants as are specified in the ASBA application form.</p>	
Margin Amount	<p>Full Amount payable on Application.</p> <p>In case of ASBA Applicants, the SCSBs shall be authorised to block such funds in the Bank A/c of the ASBA applicants as are specified in the ASBA application form.</p>	

\*\* In case the Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in

which they appear in the Application Form or ASBA Form, as the case may be. For further details, please refer to the section “**Issue Procedure**” on Page No. 152 of this Prospectus

### 8.3- ISSUE PROCEDURE

This section applies to all Applicants. Please note that all Applicants can participate in the Issue through the ASBA process. Please note that QIBs and the Non-Institutional Applicants can participate in the Issue only through the ASBA process. However, Retail Individual Applicants may apply through the Application Form or the ASBA Form. ASBA Applicants should note that the ASBA process involves application procedures that are different from the procedure applicable to Applicants other than the ASBA Applicants. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Amount as is specified in the ASBA application form will be blocked by the SCSB.

#### SEBI Circulars with regard to ASBA Process

1. **Vide SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 01, 2010.**
2. **Vide SEBI Circular (no. CIR/CFD/DIL/1/2011) dated April 29, 2011, SEBI has decided that non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors, making application in public issue shall mandatorily make use of ASBA facility.**

#### Fixed Price Issue Procedure

The Issue is being made under Chapter X B of SEBI (ICDR) Regulations, 2009 via Fixed Price Process as per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009, as amended (the “SEBI Regulations”). Applicants are required to submit their Applications to the Selected Branches / Offices of the Bankers to the Issue who shall duly submit them to the Registrar to the Issue.

In case of QIB Applicants, the Company in consultation with the LM may reject their Applications at the time of acceptance of Application Form, provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

All Applicants may participate in this Issue through ASBA process by providing details of their respective bank accounts in which the corresponding application amounts will be blocked by SCSBs. All Applicants other than the ASBA Applicants are required to submit their Applications through the Bankers to the Issue. ASBA Applicants are required to submit their Applications to the SCSBs.

Investors may note that the Equity Shares will be allotted to all successful Applicants in physical or in dematerialized form as per their option. The Application Forms or ASBA Forms, as the case may be, which do not have the details of the Applicants’ depository account, including the DP ID Numbers, Beneficiary Account Number and PAN shall be treated as incomplete and rejected. Application Forms which do not have the details of the Applicants’ PAN, (other than Applications made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. The Equity Shares on Allotment shall, however, be traded only in the dematerialized segment of the Stock Exchange(s).

Further, our Company and the LM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form or the ASBA Form is exactly the same as the PAN of the person(s) in whose name the relevant Beneficiary Account is held. If the Application Form or the ASBA Form was submitted in joint names, Applicants are required to ensure that the beneficiary account was held in the same joint names in the same sequence in which they appeared in the Application Form or ASBA Form, as the case may be.

## APPLICATION FORM

Applicants (other than ASBA Applicants) are required to submit their Applications through the Bankers to the Issue. Such Applicants shall only use the specified Application Form bearing the stamp of the Bankers to the Issue for the purpose of making an Application in terms of the Prospectus.

ASBA Applicants shall submit an ASBA Application Form either in physical or electronic form to the SCSB or the Designated Branches of the SCSBs authorizing blocking of funds that are available in the bank account as specified in the ASBA Application Form only ("ASBA Account"). The ASBA Application Form will also be available on the websites of the Stock Exchange(s) at least one day prior to the Issue Opening Day. The LM and the SCSBs will provide the hyperlink to BSE SME website on their respective websites.

The SCSBs shall block an amount equal to the Application Amount in the ASBA Account specified in the ASBA 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 Allocation' and consequent transfer of the Application Amount against the allocated Equity Shares to the Issue Account, or until withdrawal/failure of Allocation is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the concerned SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Applicants to the Issue Account. In case of withdrawal/failure of this Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue. Upon completion and submission of the Application Form to the Bankers to the Issue/SCSBs/Designated Branches, the Applicant or the ASBA Applicant, as the case may be, is deemed to have authorized the Company to make the necessary changes in the Prospectus and ASBA Form, as would be required for filing the Prospectus with the RoC, as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicants or the ASBA Applicants, as the case may be.

**SEBI Circulars with regard to ASBA Process are as follows: 1) Circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009; 2) Circular no. SEBI/CIR/CFD/DIL/8/2010 dated October 12, 2010; 3) Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010; and 4) Circular (no. CIR/CFD/DIL/1/2011) dated April 29, 2011, SEBI has decided that non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors, making application in public issue shall mandatorily make use of ASBA facility.**

**The prescribed colour of the Application Form for various categories is as follows:**

Category	Colour of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non ASBA Applicants*)	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Applicants)	Blue

\* Application forms for ASBA Applicant will also be available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)). ASBA Applicants may note that if their Application form does not bear the stamp of the Syndicate member/ SCSB, the Application shall be rejected.

### Who can apply?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
- FIIs and Sub-Accounts registered with SEBI, other than a Sub-Account which is a foreign corporate or foreign individual, only under the QIB Applicants category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign Individuals only under the Non-Institutional Applicants category
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 25 cr and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 25 cr and who are authorized under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India and;
- All other Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
- As per the existing regulations, OCBs cannot apply in the Issue.

**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, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares will be offered and sold only (i) outside the United States in compliance with Regulation S of the Securities Act and 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 Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Further, each Applicant where required must agree in the CAN that such Applicant will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.**

**Applications not to be made by:**

- . Minors
- . Partnership firms or their nominees
- . Foreign Nationals (except NRIs)
- . Overseas Corporate Bodies

**Participation by Associates and affiliates of the LM**



The LM and Syndicate Members except the Market Maker shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the LMs and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

#### **Availability of Prospectus and Application Forms**

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, LM to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form/ASBA Form, as the case maybe.

#### **SUBMISSION OF APPLICATION FORMS BY USE OF NATIONWIDE BROKER NETWORK**

In terms of SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012; the ASBA as well as Non ASBA applicants may submit the application indicating the mode of payment to any registered broker of the Stock Exchange having its office in any of the broker centre of the Stock Exchange. The registered broker would be responsible for uploading the bid on the Stock Exchange platform, banking the cheque / submitting the ASBA form to SCSB, etc.

#### **Option to subscribe in the Issue**

- Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialized form.
- The equity shares, on allotment, shall be traded on stock exchange in dematerialized segment only.
- A single application from any investor shall not exceed the investment limit/maximum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

#### **Application by Indian Public including eligible NRI's applying on Non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.

An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

#### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single 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. With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the ASBA Form. Failing this, our Company in consultation with the LM reserves the right to reject any Application without assigning any reason thereof.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made. 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 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 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 reason thereof.

#### **Applications by Provident Funds / Pension Fund**

In case of Applications made by provident funds / pension fund with minimum corpus of Rs.25 Crores (subject to applicable law) and pension funds with minimum corpus of Rs.25 Crores, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

#### **Applications by Eligible NRIs/FII's/FVCF's on Repatriation Basis**

Application Forms have been made available for Eligible NRIs at our Registered Office, Bankers to the Issue and the Registrar to the Issue.

Applications must be made in the following manner:

- 1) On the Application Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- 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 minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Eligible NRI Applicant may please note that only such applications as are accompanied by payment in Indian Rupees or payment in freely convertible 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 and shall not use the form meant for reserved category.

Applications by Eligible NRIs for an Application Amount of up to Rs 2,00,000/- would be considered under the Retail Portion for the purposes of allocation and Application for an Application Amount of more than Rs.2,00,000/- would be considered under Non-Institutional Portion for the purposes of allocation.

#### **Applications by FIIs**

**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, the aggregate FII holding in our company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, offshore 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 regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or subaccount 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 LM and the Bankers to the Issue that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

#### **Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. 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 of a venture capital undertaking whose shares are proposed to be listed.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance 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.

#### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form or the ASBA Form, as the case may be. Failing this, our Company in consultation with the LM, reserve 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 or the ASBA Form, as the case may be. Failing this, our Company in consultation with the LM, reserve 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, 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).

#### **Applications by provident funds/pension funds**

In case of Applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs.25 crore, 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 or ASBA Form, as the case may be. Failing this, our Company in consultation with the LM, reserve the right to reject any Application, without assigning any reason thereof.

**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 filing of this Prospectus. Applicants are advised to make their independent investigations and ensure that the maximum number of Equity Shares applied for or maximum investment limits do not exceed the applicable limits under laws or regulations or as specified in this Prospectus.**

#### **MAXIMUM AND MINIMUM APPLICATION SIZE**

##### **a) For Retail Individual Applicants:**

The Application must be for a minimum of 1600 Equity Shares and in multiples of 1600 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000.

##### **b) For Other Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 **and in multiples of 1600 Equity Shares** thereafter. 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 Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay the full Application Amount upon submission of the Application.

**Applicants are advised to ensure that any single Application from them does not exceed the maximum investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.**

#### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company in consultation with the LM, reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

a. In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

b. In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserve the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

c. In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs.25 Crores (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crores, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form or ASBA form, as the case may be. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form or ASBA Form, subject to such terms and conditions that the Company and the LM may deem fit.

**Information for the Applicant:**

- Our Company will file the Prospectus with the ROC at least 3 (three) days before the Issue Opening Date.
- Our company and the LM shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the ROC and also publish the same in two daily national newspapers (one each in English and Hindi) and one regional language newspaper, each with wide circulation in the place where Registered Office is situated. This advertisement shall be in the prescribed format.
- The LM will circulate copies of the Prospectus along with the Application form to potential investors. The SCSBs shall ensure that a copy of the Prospectus is made available on their websites.
- Any investor (who is eligible to invest in our Equity Shares, including Eligible NRIs) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM or from any of the Bankers to the Issue. For ASBA Applicants, Application Forms will be available with the Designated Branches of the SCSBs and at the Registered Office of our Company. Electronic ASBA Forms will be available on the websites of BSE SME Exchange and the Designated Branches.
- Eligible Applicants who are interested in subscribing for the Equity Shares should approach the LM or the Bankers to the Issue or their authorized agent(s) to register their Applications. Applicants who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Applications
- QIBs and Non Institutional Applicants can participate in the Issue only through the ASBA process. Retail Individual Applicants have the option to apply through the ASBA Form or the Application Form. Applications by ASBA Applicants shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Applicants applying through the ASBA process also have an option to (i) submit the ASBA Application Form in electronic form; or (ii) submit Applications through the Designated Branches of the SCSBs in the Specified Cities.
- The Applications should be submitted on the prescribed Application Form only. Application Forms (other than ASBA Application Form) should bear the stamp of the Bankers to the Issue. Application Forms, which do not bear the stamp of the Bankers to the Issue, will be rejected. Applications by ASBA Applicant shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard .ASBA Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected
- Applicants applying through the ASBA process also have an option to submit the ASBA Application Form in electronic form, which will also be available on the websites of the Stock Exchange(s) at least one day prior to the Issue Opening Date.
- Applications made in the Name of Minors and/or their nominees shall not be accepted.
- 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.

- Except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of Applications in joint names, each of the Applicants, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form or ASBA Form without the PAN is liable to be rejected. With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified will be “suspended for credit” by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Applicants.

**The Applicants should note that in case the DP ID and Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange(s) do not match with the DP ID and Client ID and PAN available in the database of Depositories, the Application Form is liable to be rejected, our Company, LM and Registrar to the Issue and members of the SCSBs shall not be liable for losses, if any.**

#### **Instructions for Completing the Application Form**

Applications must be:

- Made only in the prescribed Application Form.
- Completed in full, 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. Application Forms should bear the stamp of the LM. Application Forms, which do not bear the stamp of the LM will be rejected. Applicants should note that the Bankers to the Issue and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- For Retail Individual Applicants, the Application must be for a minimum of 1600 Equity Shares and in multiples of 1600 Equity shares thereafter subject to a maximum Application Amount of Rs.2,00,000.
- For Non-Institutional Applicants and QIB Applicants, Applications must be for a minimum of such number of Equity Shares that the Application Amount exceeds or equal to Rs. 2,00,000 and in multiples of 1600 Equity Shares thereafter. Applications cannot be made for more than the Issue. Applicants are advised to ensure that a single Application from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- Eligible NRIs applying at an Application Price of up to Rs. 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an Application Price of more than Rs. 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.
- Applications by Eligible NRIs, FIIs, eligible /permitted Sub-Accounts etc. on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.
- 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 or FCNR accounts, as the case may be, 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.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Applicant 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 only payable to “SPS FINQUEST LIMITED – Public Issue” to the Registrar, in this case being Universal Capital Securities Pvt. Ltd.

#### **Applicant’s PAN, Depository Account and Bank Account 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 Applicant should note that on the basis of PAN of the Applicant, 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, Applicant 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 Applicant or unblocking of ASBA Account. 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, unblocking of ASBA accounts, to Applicant at the Applicant sole risk and neither the LM or the Registrar or the Collection Banks or the SCSBs nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicant should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicant 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 Applicant 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.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN 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.

**INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.**

#### **Refunds**

**In case of Applicant 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 (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicant’s sole risk and neither the Company, the Registrar, Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches three parameters, namely, PAN of the Applicant (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 Applicant 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 Applicant so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**As per the RBI regulations, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds Applicant will be treated on the same basis with other categories for the purpose of allocation.**

#### **Basis of Allotment**

Allotment will be made in consultation with the SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a. 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 oversubscription ratio (number of Applicants in the category x number of Shares applied for).
- b. The number of Shares to be allocated to the successful Applicant will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio). For applications where the proportionate allotment works out to less than 1600 equity shares, the allotment will be made as follows:
  - each successful applicant shall be allotted 1600 equity shares; and
  - 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 (b) above.
- c. If the proportionate allotment to an applicant works out to a number that is not a multiple of 1600 Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 1600 Equity Shares subject to a minimum allotment of 1600 Equity Shares.
- d. 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 multiples of 1600 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 the Prospectus.



- e. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual Applicant as described below:
- i. 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.
  - ii. The balance net offer of shares to the public shall be made available for allotment to individual Applicants other than retail individual investors and other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - iii. 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.

**Explanation-**

For the purpose of sub-regulation (4), if the retail individual investor category is entitled to more than fifty per cent. on proportionate basis, the retail individual investors shall be allocated that Higher percentage.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs.2,00,000/-.

Investors may note that in case of over subscription, allotment shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

The Executive Director / Managing Director of the SME Platform of BSE (The Designated Stock Exchange) in addition to LM and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

## **TERMS OF PAYMENT / PAYMENT INSTRUCTIONS**

The entire issue price of Rs.75/- 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 Applicant.

**ALL NON-RETAIL INVESTORS I.E. QUALIFIED INSTITUTIONAL BUYERS AND NON-INSTITUTIONAL INVESTORS, MAKING APPLICATION IN PUBLIC ISSUE SHALL MANDATORILY MAKE USE OF ASBA FACILITY.**

### **Payment Procedure for Applicants other than ASBA Applicants**

The Company and the LM shall open Escrow Accounts with one or more Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her 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 Collection Banks will act in terms of the Prospectus and the Agreement entered with the Bankers to the Issue. The Collection Bank (s) for and on behalf of the Applicants shall maintain the monies in the Escrow Account. The 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.

After the Closure of the Issue and upon allotment of shares, the Collection Bank(s) shall transfer the balance funds to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Agreement and the Prospectus.

The Applicants should note that the mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the LM, the Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the allocation/Allotment as per the following terms:

### **Payment into Account for Applicants other than ASBA Applicants**

1. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
2. Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Account and submit the same to the Bankers to the Issue. If the payment is not made favoring the Escrow Account along with the Application Form, the Application of the Applicant shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - a) In case of Resident Retail and Non-Institutional Applicants: **“SPS FINQUEST LIMITED – Public Issue –R”**
  - b) In case of Non-Resident Retail and Non-Institutional Applicants: **“SPS FINQUEST LIMITED – Public Issue –NR”**
4. In case of Applications 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. In case of Applications by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
5. In case of Application by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. The monies deposited in the Escrow Account will be held for the benefit of the Applicants.
7. On the Designated Date, the Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Agreement into the Escrow Account with the Bankers to the Issue.
8. On the Designated Date and no later than fifteen (15) days from the Issue Closing Date (if fully subscribed-otherwise no later than seventy (70) days since this is a fully underwritten issue), the Collection Bank shall also refund all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also the excess amount paid on Application, if any, after adjusting for allocation/Allotment to the Applicants.
9. Payments should be made by cheque, or demand draft drawn on any Bank (including a Cooperative 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.

#### **Payment Procedure for ASBA Applicants**

The ASBA Applicants shall specify the bank account number in the ASBA Application Form and the SCSB shall block an amount equivalent to the Application Amount in the bank account specified in the ASBA Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Application or receipt of instructions from the Registrar to unblock the Application Amount. In the event of withdrawal or rejection of the ASBA Application Form or for unsuccessful ASBA Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of



Allotment in the Issue and consequent transfer of the Application Amount to the Escrow Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

#### **Payment by Stock invest**

In terms of the Reserve Bank of India Circular Numbers DBOD Numbers 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 duly completed and accompanied by account payee cheques or drafts shall be submitted to the Bankers to the Issue at the time of submission of the Application. With respect to the ASBA Applicants, the ASBA Application Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection centre of the Bankers to the Issue will acknowledge the receipt of the Application 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.

### **GENERAL INSTRUCTIONS**

#### **Do's:**

1. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Prospectus;
2. Read all the instructions carefully and complete the applicable Application Form;
3. Ensure that the details about Depository Participant ID, Beneficiary Account Number and PAN are correct
4. Ensure that the Applications that submitted are forms bearing the stamp of the LM;
5. Each of the Applicant should mention their Permanent Account Number (PAN) allotted under the IT Act;
6. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
7. 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. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

#### **Don'ts:**

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price different from the Price mentioned herein or in the Application Form;
3. Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
4. Do not pay the Application Amount in cash, by money order or by postal order or by stock invest;
5. Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue. Do not submit the Application without the full Application Amount through the Application Form;

6. 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;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

#### **Additional Instructions for ASBA Applicants only**

##### **Do's:**

1. Ensure that you use the ASBA Form specified for the purposes of ASBA.
2. Read all the instructions carefully and complete the ASBA Form.
3. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialized form only.
4. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Applicant or a person whose bank account will be utilized by the ASBA Applicant for applying has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the LM.
5. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. Ensure that you have funds equal to the number of Equity Shares applied for in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.
8. Ensure that you have correctly checked the authorization box in the ASBA Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Application Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
10. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

##### **Don'ts:**

1. Do not apply on another ASBA Form or on Application Form after you have submitted an ASBA Application to a Designated Branch.
2. Payment of Application Amounts in any mode other than blocked amounts in the ASBA Accounts shall not be accepted under ASBA.
3. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

#### **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 ASBA Form, as the case may be. 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. After applying on an ASBA Form either in physical or electronic mode, where such ASBA Application has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Applicant cannot apply, either in physical or electronic mode, on another ASBA Application Form or a Application Form. Submission of a second application form, whether an ASBA Application Form, to either the same or to another Designated Branch of the SCSB, or a Application Form to the Bankers to the Issue, will be treated as multiple Applications and will be liable to be rejected either before entering the Applications into the electronic application system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue.

More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Application Forms from such ASBA Applicants with respect to any single ASBA Account.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. A check would be carried out for the same PAN, in cases where the PAN is same; such Applications would be treated as multiple Applications.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

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 Applicant 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 Applicant, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicant, Retail Individual Applicant who applied, the Company has a right to reject Applications based on technical grounds.

With respect to ASBA Applications, the Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Application by the SCSB, the Company would have a right to reject the ASBA Application only on technical grounds.

Consequent refunds shall be made as described in the Prospectus and will be sent to the Applicant's address at the Applicant's risk.

## **GROUND FOR TECHNICAL REJECTIONS**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the value of Equity Shares applied for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 1600;
- Category not ticked;
- Multiple Applications as defined in this Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash; Signature of sole and/ or joint Applicant is missing. With respect to ASBA Applications, the ASBA Application form not being signed by the account holders, if the account holder is different from the Applicant;
- Submission of more than five ASBA Application Forms per bank account;
- Application Forms does not have Applicant's depository account details;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulations or —qualified institutional buyers as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ joint Applicant;

- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by QIBs not submitted through the LM or their affiliates or in case of ASBA Applications for QIBs not intimated to the LM;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals.

#### **Signing of Underwriting Agreement and Filing with the Designated Stock Exchange**

We have entered into an Underwriting Agreement dated 14/11/2013 as per which, this Issue is fully underwritten.

#### **Filing of the Prospectus with the Registrar of Companies**

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Announcement of pre-Issue Advertisement**

The Company will issue a statutory advertisement in the form prescribed by SEBI (ICDR) Regulations, 2009 after registering the Prospectus with the ROC in an English and a Hindi language National Daily Newspaper and a Regional language Newspaper where the registered office is situated.

#### **Issuance of Confirmation of Allocation Note (CAN) with respect to ASBA Applicants**

1. Upon approval of the basis of Allotment by the Bombay Stock Exchange, the LM or the Registrar to the Issue shall send to the Bankers to the Issue a list of their Applicants who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Bombay Stock Exchange for QIB Applicants may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Applicants. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date;
2. The LM or Bankers to the Issue 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 to pay the entire Issue Price for all the Equity Shares allocated to such Applicant. Those Applicants who have not paid the entire Application Amount into the Escrow Account at the time of application shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN;
3. Applicants who have been allocated/allotted Equity Shares and who have already paid the Application Amount into the Escrow Account at the time of application shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant to pay the entire Issue Price for the Allotment to such Applicant.

#### **Issuance of CAN with respect to ASBA Applicants**

Upon approval of the basis of Allotment by the Bombay Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Applicants who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the Escrow Account, for each successful ASBA;
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Escrow Account; and

- The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB applying through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Applicants should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and The ASBA Applicants shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Applicant shall be deemed a valid, binding and irrevocable contract with the ASBA Applicant.

### **Allotment of Equity Shares**

The Company will issue and dispatch letters of allotment / securities certificates and / or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of twelve (12) days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Sec 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

After the funds are transferred from the Escrow Account to the Public Issue Account on the designated date, the Company would ensure the credit to the successful Applicants Depository Account. Allotment of the Equity Shares to the Allottees shall be within two working days of the date of Allotment.

Investors are advised to instruct their DP to accept the Equity Shares that may be allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of the Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

### **PAYMENT OF REFUND**

Applicants (other than ASBA Applicants) must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number and PAN 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, Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds for Applicants other than ASBA Applicants**

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through various modes as given hereunder:

**1. ECS (Electronic Clearing System)** – Payment of refund would be done through ECS for Applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for

Applicant having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS. •

**2. Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

**3. RTGS (Real Time Gross Settlement)** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 10.00 lacs, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Applicant.

**4. NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicant 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 dispatched through Speed Post/Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

#### **Mode of making refunds for ASBA Applicants**

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the ASBA Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within nine (9) working days from the Issue Closing Date.

#### **Letters of Allotment or Refund Orders or instructions to SCSBs**

The Company shall give credit to the beneficiary account with depository participants within two working Days from the date of the finalization of basis of allocation. Applicant residing at centres where clearing houses are managed by the RBI and other banks, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

The 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 ten (10) 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 ten (10) working days of the Issue Closing Date.

In case of ASBA Applicants, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the ASBA Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within ten (10) working days of the Issue Closing Date.

#### **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 Exchanges within ten (10) working days of the Issue Closing Date.

In case of Applicant who receives refund through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within fifteen (15) days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within fifteen (15) days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE where the Equity Shares are proposed to be listed are taken within seven (7) working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, 2009, the Company further undertakes that:

- a. Allotment of Equity Shares shall be made within twelve (12) days of the Issue Closing Date;
- b. With respect to Applicants other than ASBA Applicants, 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 fifteen (15) of the Issue Closing Date would be ensured. With respect to the ASBA Applicants, instructions for unblocking of the ASBA Applicant's Bank Account shall be made within fifteen (15) days from the Issue Closing Date
- c. As our Issue is fully underwritten, we shall return the application moneys within seventy (70) days of the Issue Closing Date where the entire subscription including devolvement obligations paid by the underwriters is not received within sixty days of the Issue Closing Date.

#### **INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS**

Our Company shall pay interest at 15 % p.a for any delay beyond the twelve (12) days time period as mentioned in a 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 the Investors within fifteen (15) days or for any delay beyond seventy (70) days in the case of devolvement of underwriting obligation.

However applications received after the closure of issue in fulfillment of underwriting obligations 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 seven (7) working days of finalization of the basis of Allotment.
3. That funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicants within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time; and



6. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc;
7. The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
8. That the promoters' contribution shall be brought in advance before the Issue opens for public subscription

#### **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 unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the Balance Sheet indicating the form in which such unutilised monies have been invested and
4. Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement and also Section 61 of the Companies Act, 1956 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

#### **WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at any time, including after the Issue Closing Date but before the Board Meeting for Allotment of Equity Shares without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, two tripartite agreements have been signed as under:-

- a) Agreement dated 07/04/2013 among NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 12/02/2013 among CDSL, the Company and the Registrar to the Issue.

The Equity Shares of the Company bear an ISIN No: INE502001018

- i. An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants i.e. NSDL or CDSL prior to making the Application.
- ii. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form
- iii. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- iv. Names in the Application 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.

- v. If incomplete or incorrect details are given under the heading ‘Applicant’s Depository Account Details’ in the Application Form, it is liable to be rejected.
- vi. 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.
- vii. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. The SME Platform of BSE, where our Equity Shares are proposed to be listed has electronic connectivity with NSDL and CDSL.
- viii. The trading of the Equity Shares of the Company would be in dematerialized form only on the SME Platform of BSE.

## COMMUNICATIONS

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicant’s 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 or the Designated Branch of the SCSBs where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip or with respect to ASBA Application, bank account number in which the amount equivalent to the Application Amount was blocked.

**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. In case of ASBA Applications submitted to the Designated Branches of the SCSBs, the Applicants can contact the Designated Branches of the SCSBs.**

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI 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 limit is allowed up to 100% under automatic route in our Company.

By way of Circular Numbers 53 dated December 17, 2003, the RBI has permitted FIIs 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.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide RBI circular dated October 4, 2004, the transfer of shares between an Indian resident and a Non-Resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the Foreign Direct Investment (FDI) Policy and transfer does not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations / guidelines prescribed by SEBI/RBI.

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 under the US Securities Act of 1933 (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 under 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 are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in

transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act.

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.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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.

**THE COMPANIES ACT 1956**

**(Public company limited by Shares)**

**ARTICLES OF ASSOCIATION**

**SPS FINQUEST LIMITED**

1. The regulations contained in Table A of the first schedule to the Companies Act, 1956 (hereinafter referred as Table A) shall apply to this Company in so far as are applicable to Public Company and are not amended, modified or substituted by the following Articles.

**INTERPRETATION**

2. In the interpretation of these Articles, unless repugnant to the subject or context: -

a) The company or this company

The company or this company" means SPS FINQUEST LIMITED.

b) The Act

The Act' means the Companies Act 1956, or any statutory modification or reenactment thereof for the time being in force.

c) Auditor

"Auditor means and includes those persons appointed as such for the time being by the Company.

d) Board Meeting

"Board Meeting means meeting of the Directors duly and constituted  
Or as the case may be, the Directors assembled at a Board.

e) Capital

"Capital" means the share capital for the time being raised or authorized to be raised, for the Company.

f) Debenture

"Debenture" includes the Debenture stock.

g) Directors

"Directors" mean the Directors for the time being of the Company of as the case may be the Directors assembled at as Board.

h) Dividend

"Dividend" includes bonus.

i) Gender

Word importing the masculine gender also includes the feminine gender.

j) In Writing or Written

"In Writing" or "Written" includes printing, lithography and other modes of representing or reproducing words in a visible form.

k) Member

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscriber to the Memorandum of the Company.

l) Meeting or Annual General Meeting

“Annual General Meeting” means a General Meeting of the members duly called and constituted and any adjourned holding thereof in accordance of section 166 of the Act.

m) Meeting or Extraordinary general meeting

"Extraordinary General Meeting" means Extraordinary General meeting of the Members duly called and constituted and any adjourned holding thereof.

n) Month

"Month" means a calendar month

o) Office

"Office means the registered office for the time being of the Company.

p) Paid up

"Paid up" includes credited as paid up.

q) Persons

"Persons" includes corporation and firms as well as individuals.

r) Register of members

"Register of member” means the Register of members to be kept pursuant to the Act.

s) The Registrar

The Registrars means the Registrar of the Companies of the state in which the office of the Company is for the time being situated.

t) Officer

'Officer' includes any director, manager or secretary, or any person in accordance with whose direction or instruction the board of Director or any or more of the directors is accustomed to act but save on sections 477, 478, 539, 543, 545, 621, 625 and 633 does not includes an auditor.

u) Seal

"Seal” means the common seal for the time being of the Company.

v) Share

“Share” means share in the share capital of a company and includes stock

Except where a distinction between stock and share is expressed or implied.

w) Special Resolution

"Special Resolution" shall have the meaning assigned thereto by section 189 of the Act.

x) Year and Financial Year.

"Year' means the calendar year and “financial year” shall have the meaning assigned thereto by section 2(17) of the Act.

3. The company is a Public Company within the meaning of section 3(i) (iv) of the Companies Act, 1956 with a minimum paid up capital of Rupees Five Lakhs or such higher amount as may be prescribed from time to time.

## SHARE CAPITAL

4. a) The Authorised Share Capital of the Company is as per Clause V of the Memorandum of Association of the Company which can be increased or reduced in accordance with the relevant provisions of the Companies Act. 1956 by passing ordinary resolution at the General Meeting of the Company.

b) The minimum paid-up capital of the Company shall be Rs.5.00,000/- (Rupees Five Lakhs only).

5. Subject to the provisions of Sections 80 of the Companies Act, 1956 the Company shall have the power to issue preference shares which are / or at the option of the Company liable to be redeemed and the redemption of preference shares hereunder may be effected in accordance with terms and conditions of their issue and failing which in such manner as the Board of Directors think fit.

6. The Board shall duly comply with the provisions of Section 75 of the Act, for filing Return of Allotment with regard to all allotment of shares from time to time.

7. The Board may, at any time increase the Subscribed capital of the Company by issue of new shares out of the unissued part of the Share Capital in the original or subsequently created capital, but subject to Section 81 of the Act and the following provisions, namely:

a. Where the offer and allotment of such shares are made within two years

From the date of incorporation of the Company or within one year from the first allotment of shares made after incorporation, which- ever is earlier, the Board shall be at liberty to offer the shares and allot the same to any person or persons at their discretion.

b. In respect of offers and allotments made subsequent to the date set out in

Clause (a) above, the Directors shall allot the shares subject to the provisions of Section 81 of the Act.

8. The rights attached to each class of shares (unless otherwise provided by

variation of rights in the terms of Issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of three-fourths of the issue shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting, the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, except that then necessary quorum shall be two persons at least holding or representing by proxy one tenth of the issued shares of that class.

9. a) Subject to the provisions of Section 76 of the Act, the company may at

Commission for any time pay a commission to any person for subscribing or agreeing to placing shares, subscribe (whether absolutely or conditionally) for any shares, debentures, debenture-stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company but so that the statutory conditions and requirements shall be observed and complied with the amount of rate of commission shall not exceed five percent of the price at which the shares are issued and in case of debentures the rate of commission shall not exceed 2.5 percent of the price at which the debentures are issued.

b) The Company may also, on any issue, pay such brokerage as may be Lawful.

10. The Directors may allot and issue shares in the Capital of the Company, issue other than for as payment or part payment for any property sold or transferred goods or machinery and appliances supplied or for services rendered to the Company in or about the formation or promotion of the Company or the acquisition and/or conduct of its business; and any shares which may be so allotted, may be Issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.

#### **DEMATERIALISATION AND REMATERIALISATION OF SHARES**

11. The company may after passing a resolution in the meeting of Board of Directors and on the request of the shareholders, dematerialise its shares, partially or totally, by entering into an agreement with a depository. The company may rematerialise its shares in physical form on a request initiated by the shareholder of the company.

#### **LIEN**

12. The company shall have a first and paramount lien —

a. On every share (not being a fully-paid share), for all moneys (whether Presently payable or not) called, or payable at a fixed time, in respect of that share; and

- b. On all shares (not being fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

13 a) the company's lien, if any, on a share shall extend to all dividends payable thereon.

b) The company may sell, in such manner as the Board thinks fit, any shares On which the company has a lien:

Provided that no sale shall be made -

(1) Unless a sum in respect of which the lien exists is presently payable, or

(ii) Until the expiration of fourteen days after a notice in writing stating

And demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

c) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.

d) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

e) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

f) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

g) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### **CONSOLIDATION, DIVISION, SUB DIVISION AND CANCELLATION OF SHARES**

14. (1) Subject to the provisions of Section 94 of the Act, the Company in General

Meeting May, from time to time alter the conditions of its Memorandum for all or any of the following purposes:

(a) To consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(b) To sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however that in the sub-division the proportion between the amount paid on the amount, if any, unpaid, on each reduced shares shall be the same as it was in the case of the share from which the reduced shares is derived;

(c) To cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any persons and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

(2) Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clause (a), (b) and (c) the Company shall, within thirty days thereafter, give notice thereof to the registrar as required by Section 95 of the Act specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.

#### **SHARE CERTIFICATE**

15. Every certificate of title to shares shall be issued under the seal of the Company. Every share certificate and every document of title to the share whether in renewal of an existing share certificate or other document of title or issued for the first time shall be Issued, under the authority of the Board of Directors and in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960

or any modification thereof and in accordance with the provision of law or other rule having the force of Law applicable thereto.

#### **REGISTER AND INDEX OF MEMBERS**

16. The company shall cause to be kept a Registrar and Index of Members in

Accordance with the provisions of the Act. The Company shall be entitled to keep in any State or country outside India a branch Registrar of Members resident in that State or country subject to and in accordance with the provisions of the Act.

#### **SHARES UNDER CONTROL OF THE BOARD**

17. Subject to the provisions of these Articles of Association of the Act, the Shares shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as it may think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted Shares if any class of the Company either (subject to the provisions the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors may think fit. The Board shall cause to be made the returns as to allotment provided for in the Act.

#### **ACCEPTANCE OF SHARES**

18. Any application signed by or on behalf of an application for Shares in the Company, followed, by an allotment of any Shares therein notified to the applicant, shall be an acceptance of Shares within the meaning of these Articles and every person who thus or otherwise accepts any Shares and whose name is on the Register shall, for the purposes of these Articles, be a Member.

19. Every Member or allottee of Shares shall be entitled, without payment, to receive one (1) certificate for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee or fees or, at the discretion of the Directors, without payment of fees as the Directors may, from time to time, determine) to several certificates each for one(1) or more Shares of each class, Every certificates of Shares shall specify the name of the person in whose favour it is issued, the Shares to which it relates and the amount paid up thereon. Such certificates shall be issued only pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment, save in cases of issued against letters of allotment, save in cases of issues against letters of acceptance or remuneration, or in cases of issue of bonus Shares. Every such certificate shall be issued under the Seal of the Company which shall be affixed in the presence of two (2) Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purposes and the two(2) Director or their attorneys and the Secretary or other person shall sign the Share certificate, provided that if the composition of the Board permits it, at least one(1) of the aforesaid two(2) Directors shall be person other than a managing or whole time Director. Particulars of every Share certificates issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

20. All joint allottees of a Share shall, for the purposes of this Article, be treated as a single Member, and the certificate of any Share, which may be the subject of joint ownership, may be delivered to any one of the joint owners on behalf of all of them.

21. The Company shall complete and have ready for delivery the certificate of all Shares allotted or transferred as provided in the Act.

22. A Director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

#### **RENEWAL OF SHARE CERTIFICATE**

23. No certificate of any Share or Shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfers have been duly utilized, unless the certificate in lieu of which it is issued is surrendered to the Company. The Company shall be entitled to charge such fee not exceeding two rupees (Rs.2) per certificates or any replacement of Share Certificates that are defaced or torn as the Board thinks fit.



24. When a new Share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of It and against the stub or counterfoil to the effect on the face of it and lieu of Share Certificate No sub divided/replaced on consolidation of Shares.

25. If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be Issued only with the prior consent of the Board and on payment of such fee, not exceeding two rupees (Rs.2) as the Board may, from time to time, fix and on such terms, if any, as to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

26. When a new Share certificate has been in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Duplicate issued in lieu of Share Certificate No..... The word 'Duplicate' shall

be stamped or punched in bold letters across the face of the Share certificate.

27. Where a new Share certificate has been issued in pursuance of clause(a) or clause (c) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of persons to whom the certificate is issued, the number and date of issue of the Share Certificate in lieu of which the now certificate is issued, and the necessary changes indicated in the Registrar of Members by suitable cross reference in the "Remarks" column.'

28. All blank forms to be issued for issued of Share Certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall, be consecutively machine-numbered and the forms, blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose, and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

29. The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share Certificates except the bank forms of Share Certificates.

#### **THE FIRST NAMED OF JOINT HOLDERS DEEMED SOLE HOLDER**

30. If any Share stands in the names of two (2) or more persons, the person first named in the Register shall, as regards receipt of Dividends or bonus or service of notices and all other matters connected with the Company, except voting at Meetings and the transfer of Shares be deemed the sole holder thereof.

#### **THE COMPANY NOT BOUND TO RECOGNISE ANY INTEREST IN SHARE**

##### **OTHER THAN OF REGISTERED HOLDER**

31. Except as ordered by a court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any Share. or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto in accordance with these Articles in the person from time to time, registered as the holder thereof: but the Board shall be at liberty at their sole discretion to register any Share In the joint names, of any two (2) or more persons or the survivor or survivors of them.

#### **FUND OF THE COMPANY NOT TO BE APPLIED IN**

##### **PURCHASE OF SHARES OF THE COMPANY**

32. None of the funds of the Company shall be applied in the purchase of any Shares in the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any Shares in the Company or in its holding company, save as provided by the Act.

#### **CALLS**

33. The Board may, from time to time subject to terms on which any Shares or Debentures may have benefit issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by a resolution by circulation) make such calls as it thinks fit upon the Members or Debenture holders in respect of all moneys unpaid on the Shares or Debentures held by them respectively, and each

Member or debenture holders shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

#### **NOTICE OF CALLS**

34. Fifteen days' notice in writing at the least of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

#### **CALLS TO DATE FROM RESOLUTION**

35. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.

#### **CALL MAY BE REVOKED AND POSTPONED**

36. A call may be revoked or postponed at the discretion of the Board.

#### **LIABILITY OF JOINTHOLDERS**

37. The joint-holders of a Share or Debenture shall be jointly and severally liable to pay all calls in respect thereof.

#### **DIRECTORS MAY EXTENDTIME**

36. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members or Debenture holders who, from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no Member or debenture holders shall be entitled to such extension save as a matter of grace and favour.

#### **PROOF ON TRIAL OF SUIT FOR MONEY DUE ON SHARES OR DEBENTURES**

39. On the trial or hearing of any action or suit brought by the Company against

any Member or Debenture holder or their representatives for the recovery of any money claimed to be due" to Company in respect of his Shares or Debentures, it shall be sufficient to prove that the name of the Member or Debenture holder in respect of whose Shares or Debentures the money is sought to be recovered appears entered on the Register of the Members or Register of Debenture holders as the holder, at or subsequently to the date at which the money sought to be recovered . is alleged to have become due on the Shares or Debentures in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and the notice of such call was duly given to the Member or Debenture holder or their representatives sued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

#### **FORFEITURE OF SHARES OR DEBENTURES**

IF MONEY PAYABLE ON SHARES OR DEBENTURES NOT PAID NOTICE TO BE GIVEN TO MEMBER OR DEBENTURE HOLDER.

40. If any Member or Debentures fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

#### **FORM OF NOTICE**

41. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state , that in the event of the non-payment at or before the time and at the place appointed, the Shares or Debentures in respect of which the call was made or installment is payable, will be liable to be forfeited.

## **IN DEFAULT OF PAYMENT, SHARE OR DEBENTURE TO BE FORFEITED**

42. If the requirements of any such notice as aforesaid shall not be complied with, every or any Share or Debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include in the case of Shares all Dividends declared or any other money, payable in respect of the forfeited Share and Debenture and not actually paid before the forfeiture.

## **NOTICE OF FORFEITURE TO A MEMBER OR DEBENTUREHOLDER**

43. When any Share or Debenture shall have been so forfeited, notice of the forfeiture shall be given to the Member or Debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Member or Registrar of Debenture holders but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

## **FORFEITED SHARE OR DEBENTURE TO BE PROPERTY OF THE COMPANY**

### **AND MAY BE SOLD ETC.**

44. Any Share or Debenture so forfeited shall be deemed to be the property of the Company, and may sold, re allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as such the Board shall think fit.

## **MEMBERS OR DEBENTURES HOLDERS STILL LIABLE TO PAY MONEY**

### **AT TIME OF FORFEITURE AND INTEREST**

45. Any Member or Debenture holder whose Shares or Debentures have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company, on demand all calls, installments interest and expenses owing upon or in respect of such Shares or Debentures at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment thereof, if it think fit.

## **EFFECT OF FORFEITURE**

46. The forfeiture of a Share or Debenture shall involve extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the Share or Debenture and all other rights incidental to the Share or Debenture, except only such of those rights as by these are expressly saved.

## **EVIDENCE OF FORFEITURE**

47. A declaration in writing that the declarant is Director or Secretary of the Company and that a Share or Debenture in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of facts therein, stated as against persons claiming to be entitled to the Share or Debenture.

## **VALIDITY OF SALE**

48. Upon any sale after forfeiture or for enforcing a lien purported exercise of the powers hereinbefore given the Board may appoint some person to execute an instrument of transfer of the Shares or Debentures sold and cause the purchaser's name to be entered in the Register of Member in respect of the Shares sold the purchaser shall not be found to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register of Members in respect of such Debentures the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the same shall be in damages only and against the company exclusively.

## **CANCELLATION OF SHARE OR DEBENTURE CERTIFICATES IN RESPECT OF FORFEITED SHARES OR DEBENTURES**

49. upon any sale. re-allotment or other disposal under the provisions of the proceeding Articles, the certificate or certificates originally issued in respect of the respective Share or Debentures shall (unless the same shall on deemed by the Company have been previously surrendered to it by the defaulting Members or Debenture holders) stand cancelled and become null and void of no effect and the Directors shall be

entitled to issue a duplicate certificate or certificates in respect of the said Shares or Debentures to the person or persons entitled thereto.

#### **POWER TO ANNUL FORFEITURE**

50. The Board may at any time before any Share or Debenture so forfeited shall have been sold, re allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

#### **TRANSFER**

51. A. Each Shareholder may at any time transfer Shares held by it to a third

Party or parties, by way of private sale, public offer or private placement, in accordance with the provisions of the Act, provided that.

b. The instrument of transfer of any share in the company shall be executed

by or on behalf of both the transferor and transferee.

c. The transferor shall be deemed to remain a holder of the share until the

name of the transferee is entered in the register of members in respect thereof.

52. Subject to the provisions of section 108, the shares in the company shall be transferred in the following form, namely:-

a. The share transfer form is same as Form No. 7-B in Appendix 1

53. Subject to the provisions of section 154. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### **DIRECTORS MAY REFUSE TO REGISTER TRANSFERS**

54. The Directors may, at any time in their own absolute and uncontrolled discretion and without assigning any reasons or grounds, decline to register or acknowledge any transfer of any share and in particular may so decline in any case in which the company has a lien upon the shares desired to be transferred or any call or installment regarding any of them remains unpaid.

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 or persons indebted to the Company on any account whatsoever except in case of a lien on shares on account of unpaid call money.

PROVIDED THAT nothing herein shall preclude the Board from refusing to register, transfer of any share in favour of any person of whom the Board of Directors do not approve irrespective as to whether or not such a person is already an existing member of the Company.

#### **REGISTER OF TRANSFERS**

55. The Company shall keep a "Register of Transfer" and the same shall be fairly and distinctly entered particulars of every transfer or transmission of any Share.

#### **DEATH OF ONE OR MORE JOINTHOLDERS OF SHARES**

56. In the case of the death of anyone (1) or more of the persons named in the Register of Members as the joint-holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person.

#### **TRANSMISSION OF SHARES**

57. The executors or administrators or holders of a succession certificate or the legal representatives of a deceased Member (not being one (1) of two (2) or more joint-holders) shall be the only persons recognised by the Company as having any title to the Shares registered in the name of such number, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representative unless such executors or administrators or legal representatives shall have first

obtained Probate or Letters 'of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that any case, where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letter's of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 73 register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.

#### **NO ISSUE OR TRANSFER TO INSOLVENT ETC.**

58. No Share shall in any circumstances be issued or allotted or transferred to any insolvent or person of unsound mind.

#### **TRANSFER TO BE PRESENTED WITH EVIDENCE OF TITLE**

59. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the Certificate of the Shares to be transferred and such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

#### **CONVERSION OF SHARES INTO STOCKS**

60. The company may, by ordinary resolution, -

- (a) Convert any paid-up shares into stock; and
- (b) Reconvert any stock into paid-up shares of any denomination.

61. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit,

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

62. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

63. Such of the regulations of the company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and 'shareholder' in those regulations shall include "stocks and "stockholder" respectively.

#### **SHARE WARRANTS**

64. The company may issue share warrants subject to, and in accordance with, the provisions of section 114 and 115; and accordingly the Board may in its discretion, with respect to any share which Is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

- 1) The bearer of a share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares Included in the deposited warrant.
- 2) Not more than one person shall be recognised as depositor of the share warrant.
- 3) The company shall, on two days' written notice, return the deposited share warrant to the depositor.

65. Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote or exercise any other privilege of a member at a meeting of the company, or be entitled to receive any notices from the company.

66. The bearer of a share warrant shall be entitled in all other respects to the same Privileges and advantages as if he were named in the register of members as the Holder of the shares included in the warrant, and he shall be a member of the company.

67. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

## **MEETING OF MEMBERS**

### **ANNUAL GENERAL MEETING**

68. The Company shall in each year hold a General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. Every Annual General Meeting shall be called in accordance with the provisions of section 166 of the Act and the notices calling the Meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and audited statement of accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts), the proxy register with proxies and the Register of Directors' Shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall prepare the Annual Return, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the act.

### **EXTRAORDINARY GENERAL MEETING**

69. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so on the requisition In writing by any Member or Members holding in the aggregate not less than one- tenth (1/10) of such of the paid-up capital as at that date carries the rights of voting in regard to the matter in respect of which the requisition has been made.

### **REQUISITION OF MEMBERSTO STATE OBJECT OF MEETING**

70. Any valid requisition so made by Members must state the objects of the Meeting proposed to be called, and must be signed by the" requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one (1) or more requisitionists.

### **ON RECEIPT OF REQUISITION, BOARD TO CALL MEETING AND IN**

### **DEFAULT REQUISITIONISTS MAY DO SO**

71. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one (21) days of the requisition being deposited at the Office to cause a Meeting to be called on a day not later than forty-five (45) days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up Share capital held by all of them or not less than one-tenth (1/10) of such of the paid-up share capital of the Company as at the date of deposit of the requisition carries the right of voting in regard to that matter, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three (3) months from the date of the delivery of the requisition as aforesaid.

### **LENGTH OF NOTICE FOR CALLING MEETING**

72. A General Meeting of the Company shall be called by giving not less than twenty-one (21) days notice in writing

### **WHEN MEETING MAY BE CALLED AT SHORTER NOTICE**

73. A General Meeting may be called after giving shorter notice than that specified in sub-clause (a) hereof, if consent is accorded thereto.

a. in the case of an Annual General Meeting, by all the Members entitled to vote thereat; and.

b. in the case of any other Meeting, by Members of the Company holding not less than ninety-five percent (95%) of such part of the paid-up Share capital of the Company as gives a right to vote at the Meeting. Provided that where any Members of the Company are entitled to vote on some resolution or resolutions to be moved at a Meeting and not on the others, those members shall be taken into account for

the purposes of this sub-clause in respect of the former resolution or resolutions and not in respect of the latter.

#### **CONTENTS OF NOTICE AND PERSON ON WHOM IT IS TO BE SERVED**

74. Every notice of a General Meeting of the Company shall specify the place, date and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

#### **STATEMENT IN EVERY NOTICE**

75. In every notice there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote Instead of himself and that a proxy need not be a Member of the Company.

#### **TO WHOM NOTICE TO BE GIVEN**

76. The notice shall be given to such persons as are entitled to receive notice from the Company under the provisions of the Act.

#### **SPECIAL BUSINESS AT ANNUAL GENERAL MEETING**

77. In the case of an Annual General Meeting of the Company all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to (i) the consideration of the Accounts, the Balance Sheet and Reports of the Board of Directors and auditors, (ii) the declaration of Dividend. (iii) The appointment of Directors in the place of those retiring and (iv) the appointment of and the fixing of the remuneration of the auditors.

#### **SPECIAL BUSINESS AT OTHER MEETINGS**

78 In the case of any other Meeting all business shall be deemed special.

#### **EXPLANATORY STATEMENT**

79. Where any items of business to be transacted at the Meeting are deemed to be special as aforesaid, these shall be annexed to the Notice of the Meeting a statement setting out all material facts concerning each such item of business including / in particular the nature of the concern or Interest, if any, therein of every Director, and Where any item of special business as aforesaid to be transacted at a meeting of the company relates to. or affects, any other Company. the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty percent (20%) of the paid up share capital of that other Company.

#### **RESOLUTION REQUIRE SPECIAL NOTICE**

80. Where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of intention to move the resolution shall be given to company not less than fourteen (14) days before the Meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to have been served and the day of the Meeting.

#### **NOTICE TO MEMBERS OF RESOLUTION**

81. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable. Shall give them notice thereof either by advertisement in a newspaper having appropriate circulation or in any other mode allowed by the Articles not less than seven (7) days before the Meeting.

#### **OMISSION TO GIVE NOTICE NOT TO INVALIDATE THE RESOLUTION PASSED**

82. The accidental omission to give any such notice as aforesaid to any of the Members, or of the non receipt thereof shall not invalidate any resolution passed at any such Meeting.

#### **MEETING NOT TO TRANSACT BUSINESS NOT MENTIONED IN THE NOTICE**

83. No General Meeting Annual or Extraordinary shall be competent to enter upon, discuss, or transact any business which has not been mentioned in the notice or notices upon which it is convened.



**QUORUM AT GENERAL MEETING**

84. Five (5) members present in person shall be quorum for a General Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented In accordance with section 187 of the Act.

**IF QUORUM NOT PRESENT, MEETING TO BE DISSOLVED OR ADJOURNED**

85. If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum shall not be present, the Meeting, if convened by or upon the requisition of Members, shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine.

**CHAIRMAN**

86. The Chairman of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary .If there be no such Chairman of the Board or if at any Meeting he shall not be present within fifteen (15) minutes of the time appointed for holding such Meeting or if present he is unable or unwilling to take the Chair, then the Directors present may choose one of their numbers to be the Chairman of the meeting. If no director be present or if all directors present decline to take the chair, then the Members present shall elect one of their number to be the Chairman of that Meeting.

**QUESTIONS AT GENERAL MEETING HOW DECIDED**

87. At any General Meeting a resolution put to the vote of the Meeting shall, unless a poll is demanded in accordance with Article 91 hereof, be decided on a show of hands. In the case of an equality of votes, whether on a show of hands or a poll the Chairman shall not have a casting vote.

**CHAIRMAN'S DECLARATION OF RESULT OF VOTING ON SHOW OF HAND****SHALL BE CONCLUSIVE**

88. A declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously, or by a particular majority or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**DEMAND ON POLL**

89. Before or on the declaration of the results of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by the person or persons specified below, that is to say by any member present in person or by proxy and holding shares in the Company which confers a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than Rs.50,000/- has been paid up.

**POLL, HOW TAKEN**

90. A poll demanded on any question, other than the election of the Chairman, or on a question of adjournment, shall be taken not later than forty-eight (48) hours from the time when the demand was made, as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the Meeting shall have the power to regulate the manner in which a poll shall be taken. The result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

**SCRUTINEERS AT POLL**

91. Where a poll is to be taken the Chairman of the Meeting will appoint two (2) scrutinizers to scrutinize the votes given on the poll and to report thereon to him. One ( 1) of the scrutinizers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provide. such Member is available and willing to be appointed, chairman shall have power at any time before the rest of the poll is declared to remove a scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

**DEMAND FOR POLL NOT TO PREVENT TRANSACTION OF OTHER BUSINESS**



92. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

## **VOTE OF MEMBERS**

### **EVERY MEMBER ENTITLED TO ATTEND, SPEAK AND VOTE**

93. Subject to the provisions of these Articles and of the Act, every Member shall be entitled to be present and to speak and vote at every Meeting.

### **VOTING IN PERSON FOR BY PROXY**

94. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate which is a Member may vote either by a proxy or by a representative duly authorised in accordance with the provisions of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

### **VOTING RIGHTS**

95. Subject to the provisions of the Act and of these Articles, the voting rights of the Members shall be as follows.

Upon show of hands, every Member present in person and holding any equity Share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Company.

Upon a poll every Member present in person or by proxy shall have one vote for each equity Share held by him.

### **CASTING OF VOTES BY A MEMBER ENTITLED TO MORE THAN ONE VOTE**

96. On a poll taken at a Meeting of the Company, a Member entitled to more than one (1) vote, or his proxy, or Other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all (ho votes he uses.

### **VOTES OF JOINT MEMBERS**

97. If there be joint registered holders of any Share, anyone (1) of such persons present in person may vote at any Meeting or may appoint another person (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have the right to speak at the Meeting and, if more than one (1) of such joint holders be present at any Meeting, that one (1) of the said persons so present whose name stands higher on the Register of Member shall alone be entitled to speak and to vote In respect of such shares, but the other or others of the joint holders shall be entitled to be present at the Meeting. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.

### **APPOINTMENT OF PROXY**

98. Every proxy (whether a Member or not) shall be appointed by an instrument in writing signed under the hand of the appointer or his attorney, or if such appointer is a body corporate under the Common seal of such body corporate or be signed by an 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 Meetings and shall be entitled to vote only on a poll.

### **DEPOSIT OF INSTRUMENT OF APPOINTMENT**

99. The instrument appointing a proxy and a power of attorney or other authority (if any), under which it is signed or a notarized certified copy of that power or authority, shall be deposited at the Office not later than forty-eight (48) 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.

### **FORM OF PROXY**

100. .Every instrument of proxy, whether of a specified Meeting or otherwise, shall, as nearly as circumstances will admit, be in any of the forms sot out in Schedule IX of the Act.

## **VALIDITY OF VOTES GIVEN BY PROXY NOTWITHSTANDING DEATH OF MEMBER**

101. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the proxy is given provided that no intimation in writing of the death or insanity revocation or transfer shall have been received at the Office before the Meeting.

## **TIME FOR OBJECTIONS TO VOTE**

102. 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 purposes of such Meeting or poll whatsoever.

## **CHAIRMAN OF ANY MEETING TO BE THE JUDGE OF VALIDITY OF ANY VOTE**

103. The Chairman of any Meeting shall be 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.

## **MINUTES OF GENERAL MEETING**

104. The Company shall cause minutes of all proceedings of every General Meeting to be kept in accordance with the applicable provision of Act.

## **PASSING OF RESOLUTION BY POSTAL BALLOT**

105. Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company: Any business that can be transacted by the Company in General Meeting; and Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot. The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard.

## **DIRECTORS**

### **NUMBER OF DIRECTORS**

106. The number of Directors of the Company shall not be less than three (3) and not more than twelve (12) (excluding alternate Directors, if any).

The Subscribers of the Memorandum of Association of the Company shall be the first Directors of the Company.

### **RETIREMENT OF DIRECTORS**

107. Subject to the provisions of the Act, all Directors of the Company shall be liable to retire by rotation and shall be elected by the shareholders in General Meeting.

### **RETIREMENT BY ROTATION OF DIRECTORS**

108. At every Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three, the number nearest to one third shall retire from office.

### **ELIGIBILITY**

109. A retiring Director shall be eligible for re-election.

### **APPOINTMENT OF ALTERNATE DIRECTORS**

110. The Board may appoint an alternate director, to act for original director during his absence for a period of not less than three (3) months from the State in which meetings of the Board are ordinarily held. An alternate director appointed under, his article shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed and shall vacate office if and

when the original Director returns to such State. If the term of office of the original Director is determined before he so returns to such State, any provision in the Act or in these Articles for the automatic reappointment of retiring Directors in default of another appointment shall apply to the original Director and not to the alternate Director. The act of an alternate Director acting for the original Director will be deemed to be the act of the original Director.

#### **DEBENTURE DIRECTOR**

111. Any Trust Deed for securing debentures or provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures stocks, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture stocks, from time to time, to remove and re-appoint any director so appointed. The Director appointed under this Article is herein referred to as 'Debenture Director and the term "Debenture Director means the Director shall not be liable to retire by rotation or be removed by the Company and shall not be bound to hold any qualification share. 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 provisions herein contained.

#### **BOARD MAY FILL UP VACANCIES AND ADD TO THEIR NUMBER**

112. Subject to the provisions of the Act, the Board may from time to time appoint any other qualified person to be a Director to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed In Article 105.

#### **QUALIFICATIONS OF DIRECTORS**

113. A Director shall not require to hold any Shares by way of qualification.

#### **REMUNERATION OF DIRECTORS**

114. The remuneration payable to the Directors of the Company other than Managing Directors or Whole-time Directors of the Company for attendance at Meetings of the Board or any Committee thereof or otherwise shall be such fee or amount determined by the Board from time to time within the limits, if any, permitted under or pursuant to the Act for the time being.

#### **DIRECTORS MAY ACT NOTWITHSTANDING ANY VACANCY**

115. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the minimum number fixed by Article 105, hereof, the continuing Director may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting, but for no other purpose.

#### **WHEN DIRECTOR VACATES OFFICE**

116. The office of a Director shall become vacant when:

He is found to be of unsound mind by a Court of Competent jurisdiction; or he applies to be adjudged an insolvent; or

He is adjudged an insolvent; or

He is convicted by a court of any offence involving moral turpitude and sentence in respect thereof to imprisonment for not less than six months; or

he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without / obtaining leave of absence from the Board: or

he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner or any Private Company of which he is a Director accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295; or

he being in any way whether directly or indirectly concerned or interest in a contract or arrangement or proposed contract or arrangement, entered into or lobe entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or

he becomes disqualified by an order of the Court under Section 203 of the Act; or

he is removed by an ordinary resolution of any before the expiry of his period of office in pursuance of Section 284; or

if by notice in writing to the Company, he resigns his office; or

having been appointed a Director by virtue of his holding any office of other employment

in the Company, he ceases to hold such office or other employment in the Company.

## **MANAGING DIRECTOR**

### **RIGHT TO APPOINT MANAGING DIRECTORS AND WHOLE TIME DIRECTORS**

117. The Board of Directors may subject to the provisions of the Act, appoint a Managing Director(s) and Whole-time Directors of the Company.

### **SPECIAL POSITION OF MANAGING DIRECTOR(S) AND WHOLE TIME**

#### **DIRECTORS**

118. The Managing Director(s) and Whole-time Directors shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and they shall, ipso facto and immediately, cease to be the Managing Director(s) and/or Whole-time Directors if they cease to hold the office of Directors from any cause. Similarly upon, they, ceasing to be the Managing Director(s) or Whole-time Directors for any cause, they shall ipso facto cease to be Directors.

### **REMUNERATION OF MANAGING DIRECTOR(S) AND WHOLE TIME**

#### **DIRECTORS**

119. The remuneration of a Managing Director(s) or Whole-time Directors shall, subject to the provisions of any contract between him and the Company from time to time, be fixed by the Board of Directors and may be by way of fixed salary, or commission on profits or turnover of the Company or by participation in any such profits, or by any or all of those modes.

### **POWERS OF MANAGING DIRECTOR(S) AND WHOLE TIME DIRECTORS**

120. The Board of Directors may from time to time entrust to and confer upon the Managing Director(s) or the Whole-time Directors, for the time being such of the powers exercisable under these presents by the Board of Directors as they may think fit and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

### **ROTATION OF DIRECTORS**

#### **WHICH DIRECTOR TO RETIRE**

121. At every Annual General Meeting one-third of the Directors shall retire from office. The Director to retire in every year shall be one who has been the longest in office since his last election, but as between persons who became Director on the same day, the Directors to retire shall (unless and otherwise agreed among themselves) be determined by lot.

### **POWER OF GENERAL MEETING TO INCREASE OR REDUCE NUMBER OF**

#### **DIRECTORS**

122. The Company in General Meeting may, from time to time by Ordinary Resolution increase or reduce the number of the Directors within the limits fixed in this behalf by these presents.

### **REMOVAL OF A DIRECTOR**

123. The Company may, by any Ordinary Resolution, remove any Director before the expiration of the period of office, and appoint another qualified person in his stead. The person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed but he may be eligible for re-election.

**ADDITIONAL DIRECTOR**

124. The Board shall have power at any time, and from time to time to appoint a person as an additional Director who shall hold office only up to the date of the next following general meeting. Such person shall however be eligible for re-appointment by the Company at that general meeting as a Director provided that the number of Directors and additional Directors together shall not exceed the maximum strength fixed for the Board by these Articles of Association.

**POWER & DUTIES OF DIRECTORS****GENERAL POWER OF COMPANY VESTED IN DIRECTORS**

125. The control of the Company shall be vested in the Directors and the business of the Company shall be managed by the Directors, who, In addition to the powers and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby any statute or law expressly directed or required to be exercised or done by the Company in General Meeting.

**DIRECTORS MAY CONTRACT WITH COMPANY**

126. Subject to the provision of Section 297, 299 and 302 of the Act. the Directors (including Managing Director ) shall not be disqualified by reasons of his or their office, as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract of arrangement entered into by or on behalf of the Company with any Director or with any company or partnership firm in which any Director shall be a member or a partner or otherwise interested be void, nor shall any director so contracting or being such member or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only such director holding that office or of the fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

**DIRECTORS MAY APPOINT COMMITTEES**

127. The Board may subject to the provisions of Section 292 and other relevant provisions of the Act and of these Articles appoint committees of the Board, and delegate any of the powers, other than the powers to make calls and to issue debentures, to such committee or committees and may from time to time revoke and discharge any such committees either wholly or in part and either as to the person or purposes, but every committee so formed shall be in exercise of the powers so delegated, conform to any regulations Mal may from time to time be imposed on it by the Board.

**MEETING OF A COMMITTEE HOW TO BE GOVERNED**

128. The meeting and proceedings of any such committee of the Board shall be governed by the provisions herein contained for regulating meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Board under the last preceding Article.

**PROCEEDINGS OF BOARD MEETING****MEETINGS OF DIRECTORS**

129. The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months on normal business day and at least four such Meetings shall be held in every year.

**NOTICE OF MEETINGS**

130. At least 14 days notice of every meeting of the Board shall be given in writing by registered post/ courier and by facsimile to every Director for the time being in India at his registered address in India and also to every Director resident outside India at his registered address outside India, provided that where a Director is resident outside India, notice of the meeting of the Board shall also be sent to his duly appointed alternate if any, at his usual address in India.

131. A meeting of the Board may be convened at shorter notice by the Chairman in the case of emergency or if special circumstances so warrant. Notices of meetings of the Board shall invariably be accompanied by the agenda setting out the business proposed to be transacted thereat and no business shall

be transacted at a Board meeting which has not been specifically and explicitly mentioned in the notice convening the same, unless at least one present at such meeting agrees otherwise.

#### **QUORUM AT BOARD MEETINGS**

132. Subject to the provisions of the Act the quorum for a meeting of the Board shall be one-third (1/3) of its total strength (any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds (2/3) of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two (2), shall be the quorum.

#### **CHAIRMAN OF THE BOARD**

133. The Directors may from time to time elect one of their numbers to be the Chairman of the Board of Directors determine the period for which he is to hold office.

The Chairman of the Board appointed as aforesaid shall preside at all meetings of the Board and, by virtue thereof, at all General Meetings of the Company. The Chairman, both at meetings of the Board and General Meetings of the Company shall be entitled to a casting vote.

If at any meeting of the Board, the Chairman is not present within 15 minutes after the time appointed for holding the same or if present he is unable or unwilling to take the Chair then the Directors present may elect one of their numbers to be the Chairman of that meeting.

#### **POWER BOARD MEETINGS**

134. A meeting of the Board for the time being at which a quorum is. Present shall be entitled to exercise all powers and to do all such acts and things which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

#### **MINUTES OF BOARD MEETINGS**

135. The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept in accordance with the applicable provisions of the Act.

#### **POWER OF DIRECTORS**

136. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act, or by the Memorandum or by the Articles of the Company required to be exercised or done by the Company in General Meeting, subject nevertheless to these Articles and to the provisions as may be prescribed by the Company in General Meeting, but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made; provided that the Board shall not, exercise the powers which under the Act require the consent of the Company in General Meeting without such consent

#### **CERTAIN POWERS OF THE BOARD**

137. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles but subject to the restrictions referred and contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power,

- (i) to pay and charge to the capital account of the Company any interest lawfully payable thereat under the provisions of section 208 of the Act,
- (ii) subject to section 292 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration or generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory,
- (iii) subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially, in cash or in Shares fully paid up, bonds, debentures, mortgages or other securities of the Company as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company,

- (iv) To secure the fulfilment of any contracts or engagements, entered into by the Company or mortgage or charge upon all or any of the property of the Company in such manner as they may think fit,
- (v) To accept from any Member, as far as may be permissible by law, a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed,
- (vi) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon,
- (vii) To act on behalf of the Company in all matters relating to bankrupts and insolvents,
- (viii) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company,
- (ix) Subject to the provisions of sections 292, 293 (1) (c), 295, 372 A and 373 of the Act, to invest and deal with any moneys of the Company not Immediately required for the purposes thereof, upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in section 49 of the Act, all investments shall be made and held in the Company's own name,
- (x) to determine, from time to time, who shall be entitled to sign, make, draw, accept, endorse and negotiate on the Company's behalf, bills, notes receipts, acceptances, endorsements, cheques, drafts, Dividend warrants, debentures, instruments, releases, contracts, government securities and documents and to give the necessary authority for such purpose,
- (xi) to distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to charge such bonus as part of the working expenses of the Company,
- (xii) to provide for the welfare of employees or ex-employees of the Company and their wives, widows and families or the dependents or relations of such persons, by building or contributing to the building of houses, dwellings 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 towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit,
- (xiii) subject to Article 144, before recommending any Dividend to set apart out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or loan insurance fund, or as a reserve fund or any special fund to meet contingencies or repay debentures or debenture stock, for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes, as the Board may in its absolute discretion think conducive to the interest of the Company, and subject to section 292 of the Act, to invest the several sums so set apart or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board or upon which they expend the same or part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of the reserve fund or division of a reserve fund to another reserve fund or division of a reserve fund and with full power to employ the assets and constituting all or any other above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stocks, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper,
- (xiv) to appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, or



emoluments or remuneration's, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they may think fit,

(xv) to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers including the power to sub-delegate (not exceeding those vested in or exercisable by the Board under these presents) and for such period and subject to such conditions as the Board may from time to time think fit,

(xvi) subject to sections 204 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into and carry out all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient,

(xvii) to pay costs, charges and expenses preliminary and incidental to the promotion, establishment and registration of the Company,

(xviii) to take on lease, purchase or otherwise acquire for the Company and property rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit,

(xix) To grant lease or sub-lease in respect of any of the properties of the Company and to let on lease or on hire the whole or any part of the immovable and movable properties of the Company and to sign, execute. Complete and register all deeds, documents and writings that may be necessary for the purpose aforesaid.

(xx) to appoint any person or persons, firm or Company as a trustee for holding any property of the Company or any property in which the Company is interested or for any other purposes and to execute and do all such instruments and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees,

(xxi) to appoint, remunerate or give by way of commission an emolument out of the funds of the Company to any person or persons for any special acts or services rendered or to be rendered to the Company,

(xxii) To lend or advance money to employees, workers or any other person with or without security and charge interest thereon or otherwise.

(xxiii) to draw, make, accept, endorse, discount, execute, negotiate and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and any other negotiable or transferable instruments,

(xxiv) to open account(s) in the name of the Company In such bank or banks as they may think fit and to operate on such account(s) on behalf of the Company,

(xxv) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property, present and future as they think fit and any such mortgage may contain a power of sale and such powers, covenants and provisions as shall be agreed upon, and.

(xxvi) To give any person employed by the Company commission on the profits of any particular business or transaction or a share in the general profits of the Company.

## **BORROWING POWERS**

### **POWER TO BORROW**

138. Subject to the provisions of the Act, and the provisions of these Articles, the Board may from time to time at its discretion, by a resolution passed at a Meeting of the Board raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company; provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers In the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.

### **PAYMENT OR REPAYMENT OF MONEYS BORROWED**



139. Subject to provisions of Article 153 hereof, the repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit by a resolution passed at a Meeting of the Board and in particular by the issue of Debentures or debenture-stock of the Company or bonds or other commercial paper or by mortgage or charge upon all or any part of the property of the Company (both present and future), and Debentures to debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

#### **TERMS OF ISSUE OF DEBENTURES**

140. 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 any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of Shares shall, subject to the provisions of the Act be Issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

#### **REGISTER OF MORTGAGES, ETC. TO BE KEPT**

the property of the Company; and shall cause the requirements of the Act In that behalf to be duly complied with, so far as they may be applicable.

#### **REGISTER AND INDEX OF DEBENTURE HOLDERS**

142. The Company shall, if at any time it issues Debentures, keep a Register and Index of Debenture holders In accordance with the applicable provisions of the Act. The Company shall have the power to keep in any State or Country outside India a branch register of Debenture holders resident in that State or Country.

#### **COMMON SEAL**

143. The Board shall provide a Common Seal for the purposes of the Company, and shall have power, from time to time, to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for its safe custody and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

The Company shall also be at liberty to have an official seal in accordance with the provisions of the Act, for use in any territory, district or place outside India.

#### **DIVIDENDS**

##### **DIVISION OF PROFITS**

144. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid-up or credited as paid-up on the Shares held by them respectively.

##### **THE COMPANY IN GENERAL MEETING MAY DECLARE DIVIDEND**

145. The Company in General Meeting may declare Dividends to be paid to Members according to their respective rights, but no Dividend shall exceed the amount recommended by the Board but the Company in General Meeting may declare a smaller Dividend.

##### **DIVIDEND ONLY TO BE PAID OUT OF PROFITS**

146. No Dividend shall be declared or paid except in accordance with the provisions of the Act.

##### **CAPITAL PAID - UP IN ADVANCE AT INTEREST NOT TO EARN DIVIDEND**

147. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital not whilst carrying interest, confer a right, to dividend or to participate in profits.

##### **INTERIM DIVIDEND**

148. The Board may, from time to time, pay to the Members such interim Dividend as in their judgment the position of the Company justifies.

**DIVIDENDS IN PROPORTION TO THE AMOUNT PAID-UP**

149. The Company shall pay Dividends in proportion to the amount paid-up or credited as paid up on each Share

**DIVIDENDS ETC., TO JOINTHOLDERS**

150. Anyone (1) of several persons who are registered as the joint- holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or other moneys paid in respect of such Shares.

**DIVIDENDS DECLARED BEFORE REGISTRATION OF TRANSFER OF SHARES**

151. A transfer of Shares shall not entitle the transferee to claim from the Company any Dividend declared thereon before the registration of the transfer.

**DIVIDEND HOW REMITTED**

152. Any Dividend payable in cash may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled or in the case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holders. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any Dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery of the Dividend by any other means.

**UNCLAIMED DIVIDEND**

153. No unclaimed Dividend shall be forfeited, and unclaimed Dividends shall be dealt with in accordance with the applicable provisions of the Act.

**CAPITALISATION**

154. The Company in General Meetings may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for Dividend (or representing premiums received on the issue of Shares and standing to the credit of the Share Premium Account) be capitalized and distributed amongst such of the Members 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 such Members in paying up in full either at par or at such premium as the resolution may provide, any unissued Shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued Shares or debentures and that such distribution or payment shall be accepted by such Members in full satisfaction of their interest in the said capitalized sum; provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of any unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

155. A General Meeting may resolve that any profits arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge from income tax be distributed among the Members on the footing that they receive the same as capital.

156. For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may determine that such cash payments shall be made to any Members upon the footing that fraction of value less than Rs.10/- (ten Rupees) may be disregarded in order to adjust the rights of all parties, and may vest any such cash in trustees upon such trusts for the persons entitled to the Dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with the provisions 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.

**ACCOUNTS****DIRECTORS TO KEEP TRUE ACCOUNTS**

157. The Company shall keep at its Office proper books of accounts and records in accordance with the Act and shall make therein true and complete entries of all its dealings and transactions of or in relation to its business, activities or operations.

#### **STATEMENT OF ACCOUNTS TO BE FURNISHED TO GENERAL MEETING**

155. The Directors shall, from time to time, in accordance with the applicable provisions of the Act, cause to be prepared and to be laid before the Company In Annual General Meeting such balance sheet, profit and loss account and reports as are required by these sections.

#### **COPIES SHALL BE SENT TO EACH MEMBER**

159. 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 (21) days before the Meeting at which the same are to be laid before the Members, be sent to the Members of the Company, to the holders of debentures issued by the Company (not being debentures which ex-facita are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meetings of the Company.

#### **MAINTENANCE OF BOOKS AND RECORDS**

160. The Parties shall use their, and shall cause the Company to use its, best endeavours to maintain books and records which fairly reflect all transactions of the Company, and to maintain al all times an adequate and effective system of internal accounting control and to appoint auditors which are mutually acceptable to both Parties.

#### **AUDITS**

##### **ACCOUNTS TO BE AUDITED**

161. Auditors shall be appointed and their rights and duties regulated in accordance with the applicable provisions of the Act.

##### **ACCOUNTS WHEN AUDITED**

162. The books of accounts and records of the Company shall be audited by the Auditors at the end of each fiscal year of the Company and, unless the parties otherwise agree, also at the end of each calendar year.

##### **ACCOUNTS WHEN AUDITED TO AND APPROVED SHALL BE CONCLUSIVE**

163. Every Account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein. Whenever any such error is discovered the account shall forthwith be corrected, and thenceforth shall be conclusive.

#### **DIRECTOR'S AND OTHERS RIGHT OF INDEMNITY**

164. Subject to the provisions of the Act, every officer for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under the Act in which relief is granted to him by the court.

#### **WINDING UP**

##### **LIQUIDATOR MAY DIVIDE ASSETS IN SPECIE**

165. If the Company shall be wound up, the Liquidator may I with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

##### **LIQUIDATOR TO DETERMINE VALUE OF PROPERTY**

166. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

#### **LIQUIDATOR MAY VEST ASSETS IN TRUSTEES**

167. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities wherein there is any liability.

#### **SECRECY**

168. Every director, manager, auditor, treasurer, member of a Committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the statement of the accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal to any person any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law and except so far as may be necessary in order to comply with any of the provisions in these presents Contained.

## **X. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or entered into more than two years before the date of the Prospectus) which are or may be deemed material have been entered into or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 a.m and 5.00 p.m, on any working day from the date of the Prospectus until the Issue Closing Date.

### **I. MATERIAL CONTRACTS:**

1. Memorandum of Understanding dated 14/11/2013 entered into between our Company and Network Stock Broking Ltd, Lead Manager to the Issue.
2. Agreement dated 15/01/2014 entered into between our Company and Universal Capital Securities Pvt. Ltd., Registrar to the Issue.
3. Escrow Agreement dated 17/02/2014 between our Company, the LM, the Escrow Collection Bank and the Registrar to the Issue
4. Underwriting Agreement dated 14/11/2013 between our Company and the LM.
5. Tripartite agreement dated 12/02/2013 entered into between our Company, CDSL and Registrar to the Issue.
6. Tripartite agreement dated 07/04/2013 entered into between our Company, NSDL and Registrar to the Issue.
7. Two Market Making Agreements both dated 15/02/2014 between our company, the LM and the two Market Makers viz. Wellworth Share & Stock Broking Limited & Javeri Fiscal Services Limited.

### **II. MATERIAL DOCUMENTS:**

1. Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of Incorporation dated 12/03/1996 issued to our Company in the name of "Ceenik Holding Pvt. Ltd.". Subsequently the name of our Company was further changed to SPS Finquest Pvt. Ltd. and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on July 16, 2010. Our Company was converted into a public limited company and consequently, the name of our Company was further changed to SPS Finquest Limited and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on April 5, 2013.
3. Resolution passed at the meeting of the Board of Directors held on 05/12/2013 and Special Resolution passed by the shareholders at the Extra Ordinary General Meeting of our Company held on 31/01/2014 pursuant to Section 81(1A) of the Companies Act, 1956
4. Consents in writing of Auditors, Banker to the Issue and Refund Banker, LM, Registrar to the Issue, Underwriter, Market Maker, Legal Advisor to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
5. Resolution passed at the meeting of the Board of Directors held on 05/04/2013 constituting various Committees of the Board
6. Audited Balance Sheets of the Company for the year ended March 31, 2013, 2012, 2011, 2010 & 2009 & for period ended 31st<sup>Dec.</sup>'13 and Audit Report & Restated Financial Statements of the Company dated 25/03/2014 issued by M/s. Kochar & Associates, Chartered Accountants for the year ended March 31, 2013, 2012, 2011, 2010 & 2009 & for period ended 31.12.2013 in terms of Part II of Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratios.
7. Certificate dated 02/12/2013 issued by M/s. Kochar & Associates, Chartered Accountants and Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.

8. Due Diligence Certificate dated 22/02/2014 received from Networth Stock Broking Ltd, Lead Manager.
9. Approval from BSE vide letter dated 19<sup>th</sup> March, 2014 to use the name of BSE in this offer document for listing of Equity Shares on the SME Platform of BSE.

**Any of the contracts or documents mentioned in the 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.**

**XI. DECLARATION**

We hereby declare that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the SEBI (ICDR) Regulations, 2009 issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or the rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

**SIGNED BY THE DIRECTORS OF OUR COMPANY:**

<b>Name &amp; Designation</b>	<b>Signatures</b>
Pramod P Shah	Sd/-
Sandeep P Shah	Sd/
Girish T Jajoo	Sd/
Priyesh Jhaveri	Sd/
Ankita M Shah	Sd/
Hitesh S Shah	Sd/

**SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY:**

<b>Name &amp; Designation</b>	<b>Signature</b>
Pinal Rakesh Darji - Company Secretary & Compliance Officer	Sd/-

Place: Mumbai

Date: 02<sup>nd</sup> May, 2014