



KARNAVATI FINANCE LIMITED

Our company was originally Incorporated as 'Karnavati Finance And Leasing Limited' at Mumbai on December 5, 1984 and received certificate of commencement on May 7, 1985 by Registrar of Companies, Mumbai. The name of our Company was changed to "Karnavati Finance Limited" on December 11, 1989. For further details, in relation to the change in the name of our Company, please refer to the section titled "Our History and Certain Corporate Structure" beginning on page 74 of this Prospectus.

Registered Office: Unit No.2, Sagar Deep Darshan Co Operative Housing Society Limited, S.V Road, Borivali (W), Mumbai - 400092

Company Secretary & Compliance Officer: Mr. Ankit Shukla

Corporate Office: Vraj, 5th Floor, Opp. President Hotel, Near Bhumi Press, Limda Lane, Jamnagar -361001. Tel No: +91-0288-2663042 Fax No: +91 -0288-2673759 **E-Mail:** karnavatifinance@gmail.com; **Website:** www.karnavatifinancelimited.in

PROMOTERS OF THE COMPANY: MR. RAMAN MORZARIA AND MR. JAY MORZARIA

PUBLIC ISSUE OF 25,80,000 EQUITY SHARES OF ₹. 10/- EACH OF KARNAVATI FINANCE LIMITED ("KFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 10/- PER SHARE (THE "ISSUE PRICE") AGGREGATING TO ₹ 258.00 LACS ("THE ISSUE"), OF WHICH 1,40,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 24,40,000 EQUITY SHARES OF ₹. 10 EACH AT A PRICE OF ₹ 10 AGGREGATING TO ₹ 244.00 LACS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 30.86% AND 29.19%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

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

For further details see "Terms of the Issue" beginning on page 132 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 "Issue Procedure" on page 138 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.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS 1 (ONE) TIME THE FACE VALUE.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Public Issue of our Company, there has been no formal market for the securities of our Company. The face value of the shares is ₹ 10/- per Equity Shares and the Issue price is 1 time of the face value. The Issue Price (as determined by our Company in consultation with the Lead Manager) as stated in the chapter titled on "Basis for Issue Price" beginning on page 45 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 or sustained trading in the equity shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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 offering. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have neither been recommended nor approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this Prospectus. **Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 9 of this Prospectus.**


ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this 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 BSE SME Platform. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principal listing approval for the shares being offered in this Issue. However, our Company has received an approval letter dated December 26, 2014 from BSE for using its name in this offer document for listing our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

LEAD MANAGER


CORPORATE STRATEGIC ALLIANZ LIMITED
 402, Samedh Complex, Near Associated Petrol Pump,
 C.G. Road, Ahmedabad – 380 006,
 Gujarat- India.
 Tel No: +91-79- 2642 4138
 Tele Fax No: +91- 79- 40024670
 SEBI REGN NO: INM 000011260
 Email Id: smekfl@csapl.com
 Website: www.csapl.com
 Contact Person: Mr. Nevil R. Savjani

REGISTRAR TO THE ISSUE


SATELLITE CORPORATE SERVICES PRIVATE LIMITED
 B-302, Sony Apartment, Opp. St. Jude High School, 90 ft. Road, Off
 Andheri Kurla Road, Jarimari, Sakinaka,
 Mumbai – 400 072.
 Tel: +91-22- 28520461/462
 Fax: +91-22- 28511809
 SEBI REGN NO: INR000003639
 Email Id: service@satellitecorporate.com
 Website: www.satellitecorporate.com
 Contact Person: Mr. Michael Monteiro

ISSUE PROGRAMME

ISSUE OPENS ON: JANUARY 19, 2015 (MONDAY)

ISSUE CLOSES ON: JANUARY 21, 2015 (WEDNESDAY)

TABLE OF CONTENTS

CONTENTS	PAGE NO.
SECTION I – GENERAL	1
DEFINITIONS AND ABBREVIATIONS	1
COMPANY RELATED TERMS	1
ISSUE RELATED TERMS	1
TECHNICAL AND INDUSTRY RELATED TERMS	3
CONVENTIONAL AND GENERAL TERMS /ABBREVIATIONS	4
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	7
FORWARD LOOKING STATEMENTS	8
SECTION II – RISK FACTORS	9
SECTION III – INTRODUCTION	
SUMMARY OF OUR INDUSTRY	16
SUMMARY OF OUR BUSINESS	19
SUMMARY OF OUR FINANCIAL INFORMATION	22
THE ISSUE	26
GENERAL INFORMATION	27
CAPITAL STRUCTURE	32
SECTION IV – PARTICULARS OF THE ISSUE	
OBJECTS OF THE ISSUE	42
BASIS FOR ISSUE PRICE	45
STATEMENT OF TAX BENEFITS	47
SECTION V – ABOUT US	
INDUSTRY OVERVIEW	54
OUR BUSINESS	66
KEY INDUSTRY REGULATIONS AND POLICIES	70
HISTORY AND CERTAIN CORPORATE MATTERS	74
OUR MANAGEMENT	78
OUR PROMOTERS AND PROMOTER GROUP	87
FINANCIAL INFORMATION OF OUR GROUP COMPANIES	90
RELATED PARTY TRANSACTIONS	94
DIVIDEND POLICY	95
SECTION VI – FINANCIAL INFORMATION	
AUDITORS REPORT AND FINANCIAL INFORMATION OF OUR COMPANY	96
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	110
SECTION VII – LEGAL AND OTHER REGULATORY INFORMATION	
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	115
GOVERNMENT AND OTHER STATUTORY APPROVALS	118
OTHER REGULATORY AND STATUTORY DISCLOSURES	120
SECTION VIII – ISSUE RELATED INFORMATION	
TERMS OF THE ISSUE	132
ISSUE STRUCTURE	136
ISSUE PROCEDURE	138
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	157
SECTION IX – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION	
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION	158
SECTION X – OTHER INFORMATION	
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	198
SECTION XI – DECLARATION	200

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
“KARNAVATI FINANCE” “KFL”, “our Company”, “we”, “us”, “our”, “the Company”, “the Issuer Company” or “the Issuer”	KARNAVATI FINANCE LIMITED, a public limited company incorporated under the Companies Act, 1956 and having as Registered Office at Unit No.2, Sagar Deep Darshan Co Operative Housing Society Limited, S.V Road, Borivali(W), Mumbai - 400092.
Promoters	Mr. Raman Morzaria And Mr. Jay Morzaria
Promoter Group	Companies, individuals and entities (other than companies) as defined under Regulation 2 sub-regulation (zb) of the SEBI ICDR Regulations

COMPANY RELATED TERMS

Term	Description
Articles / Articles of Association/AOA	Articles of Association of our Company
Auditors	The Statutory auditors of our Company, being M/s. Maharishi & Co,Chartered Accountants.
Board of Directors/ Board	The Board of Directors of our Company or a committee constituted thereof
BSE	BSE Limited (Designated Stock Exchange)
Business Location	Premises in which we and/or our Business Associates operate one or more of our business activities.
Companies Act	Companies Act, 1956 and/ or the Companies Act, 2013, as amended from time to time.
Corporate Office	Vraj, 5th Floor, Opp. President Hotel, Near Bhumi Press, Limda Lane, Jamnagar -361001.
Depositories Act	The Depositories Act, 1956, as amended from time to time
Director(s)	Director(s) of Karnavati Finance Limited unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of ₹ 10 each unless otherwise specified in the context thereof
ED	Executive Director
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
Key Managerial Personnel/Key Managerial Employees	The officer vested with executive power and the officers at the level immediately below the Board of Directors as described in the section titled “Our Management” on page 78 of this Prospectus
MD	Managing Director
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of our Company as amended from time to time
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 Outside India Regulation, 2000.
Peer Review Auditor	M/S Maharishi & Co. Chartered Accountants
Registered Office	The Registered office of our Company, located at Unit No.2, Sagar Deep Darshan Co Operative Housing Society Limited, S.V Road, Borivali (W), Mumbai - 400092.
RoC/ Registrar of Companies	Registrar of Companies, Maharashtra.

ISSUE RELATED TERMS

Terms	Description
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 our Company
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by applicants to make an application authorising a SCSB to block the application amount in the ASBA Account maintained with the SCSB. ASBA is mandatory for QIBs and Non-Institutional Applicants participating in the Issue.
ASBA Account	An account maintained with the SCSB and specified in the application form submitted by ASBA applicant for blocking the amount mentioned in the application form.
ASBA Applicants	All prospective investors in this Issue who intend to apply through the ASBA process.
ASBA Public Issue Account	An Account of the Company under Section 40 of the Companies Act, 2013 where the funds shall be transferred by the SCSBs from bank accounts of the ASBA Investors
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Basis of Allotment	The basis on which equity shares will be allotted to successful applicants under the Issue and which is described in the section "Issue Procedure - Basis of allotment" on page 154 of this Prospectus
Bankers to our Company	Corporation Bank
Bankers to the Issue	ICICI Bank Limited
BSE	BSE Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Draft Prospectus	The Draft Prospectus Dated September 29, 2014 issued in accordance with Section 32 of the Companies Act filed with the BSE under SEBI(ICDR) Regulations
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Engagement Letter	The engagement letter dated November 23, 2013 between our Company and the LM
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst our Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of our Company will be opened
Issue Opening Date	The date on which the Issue opens for subscription.
Issue Closing date	The date on which the Issue closes for subscription.
Issue Period	The periods between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
IPO	Initial Public Offering
Issue / Issue Size / Public Issue	The Public Issue of 25,80,000 Equity Shares of Rs 10 each at ₹ 10 per Equity Share aggregating to ₹ 258.00 Lacs by Karnavati Finance Limited
Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 10
LM / Lead Manager	Lead Manager to the Issue, in this case being Corporate Strategic Allianz

	Limited
Listing Agreement	Unless the context specifies otherwise, this means the SME Equity Listing Agreement to be signed between our company and the SME Platform of BSE.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 24,40,000 Equity Shares of Rs 10 each at ₹ 10 per Equity Share aggregating to ₹ 244.00 Lacs by Karnavati Finance Limited
Prospectus	The Prospectus, filed with the ROC containing, inter alia, the Issue opening and closing dates and other information
Qualified Institutional Buyers / QIBs	Mutual Funds, Venture Capital Funds, or Foreign Venture Capital Investors registered with the SEBI; FIIs and their sub-accounts registered with the SEBI, other than a subaccount which is a foreign corporate or foreign individual; Public financial institutions as defined in Section 4A of the Companies Act; Scheduled Commercial Banks; Multilateral and Bilateral Development Financial Institutions; State Industrial Development Corporations; Insurance Companies registered with the Insurance Regulatory and Development Authority; Provident Funds with minimum corpus of Rs 2,500 Lacs; Pension Funds with minimum corpus of Rs 2,500 Lacs; National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and Insurance Funds set up and managed by the army, navy, or air force of the Union of India. Insurance Funds set up and managed by the Department of Posts, India
Refund Account	Account opened / to be opened with a SEBI Registered Banker to the Issue from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made
Refund Bank	ICICI Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable
Registrar/ Registrar to the Issue	Registrar to the Issue being Satellite Corporate Services Private Limited.
Regulations	Unless the context specifies something else, this means the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended from time to time.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs 2,00,000
SCSB	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
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.
Underwriters	Corporate Strategic Allianz Limited and NNM Securities Private Limited
Underwriting Agreement	The Agreement entered into between the Underwriters and our Company dated December 17, 2014.
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday

TECHNICAL AND INDUSTRY RELATED TERMS

Term	Description
AMFI	Association of Mutual Funds in India
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
EL	Equipment Leasing Company
HFC	Housing Finance Companies
HP	Hire Purchase Finance Company

IC	Investment Company
KYC	Know Your Customer
LAS	Loan against Shares
LC	Loan company
MBFC	Mutual Benefit Financial i.e., Nidhi Company
NBFC	Non Banking Financial Company
NBFC – ND	Non Banking Financial Company – Non Deposit Taking
NBFC – ND - NSI	Non Banking Financial Company – Non Deposit Taking – Non Systemically Important
NOF	Net Owned Fund
NPA	Non Performing Assets
PDs	Primary Dealers
PLR	Prime Lending Rate
ICAI	Institute of chartered accountant of India
ICSI	Institute of Company secretaries of India
PPP	Purchasing Power Parity
RNBC	Residuary non banking company
RRB	Regional Rural Bank
SCB	Scheduled Commercial Bank

CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as amended from time to time
AGM	Annual General Meeting
ASBA	Application Supported by Blocked Amount
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
BG	Bank Guarantee
BSE	The Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation Allocation Note
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CRR	Cash Reserve ratio
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
DCA	Department of corporate affairs
DIN	Director's identification number
DP/ Depository Participant	A Depository Participant as defined under the Depository Participant Act, 1996
DP ID	Depository Participant's identification
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortization
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
Financial Year/ Fiscal Year/ FY	The period of twelve months ended March 31 of that particular year
FDR	Fixed Deposit Receipt
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there-under and as amended from time to time
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.

FII	Foreign Institutional Investor (as defined under SEBI FII (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FIs	Financial Institutions
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gov/ Government/GOI	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standard
ICSI	Institute of Company Secretaries of India
ICAI	Institute of Chartered Accountants of India
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offer
I.T. Act	Income Tax Act, 1961, as amended from time to time
INR/ Rs./ Rupees / ₹	Indian Rupees, the legal currency of the Republic of India
Ltd.	Limited
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended.
MOF	Minister of Finance, Government of India
MoU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NIFTY	National Stock Exchange Sensitive Index
NOC	No Objection Certificate
NR/ Non Residents	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA Regulations
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE/NSEL	National Stock Exchange of India Limited
NTA	Net Tangible Assets
p.a.	Per annum
P/E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961, as amended from time to time
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Person of Indian Origin
PLR	Prime Lending Rate
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SAT	Security appellate Tribunal
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to Time
SCSBs	Self Certified Syndicate Banks
SDM	Sub Divisional Magistrate
SEBI	The 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 Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI ICDR Regulations / ICDR Regulations / SEBI ICDR / ICDR	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by it from time to time.
Sec.	Section
Securities Act	The U.S. Securities Act of 1933, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
SME	Small And Medium Enterprises
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time
State Government	The Government of a State of India
Stock Exchanges	Unless the context requires otherwise, refers to, the BSE Limited
STT	Securities Transaction Tax
TDS	Tax Deducted at Source
TIN	Tax payer Identification Number
UIN	Unique Identification Number
U.S. GAAP	Generally accepted accounting principles in the United States of America.
VCFs	Venture capital funds as defined in, and registered with SEBI under, the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended, which have been repealed by the SEBI AIF Regulations. In terms of the SEBI AIF Regulations, a VCF shall continue to be regulated by the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 till the existing fund or scheme managed by the fund is wound up, and such VCF shall not launch any new scheme or increase the targeted corpus of a scheme. Such VCF may seek re-registration under the SEBI AIF Regulations.
Working Days	All days except Saturday, Sunday and any public holiday

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in the Prospectus is derived from our audited financial statements for the financial year ended March 31, 2014, 2013, 2012, 2011 and 2010 prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP which are included in the Prospectus, and set out in the section titled 'Financial Information' beginning on page number 96 of the Prospectus. Our Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year are to the twelve-month period ended March 31 of that year. In the Prospectus, discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

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

Any percentage amounts, as set forth in the sections / chapters titled 'Risk Factors', 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page numbers 9, 66 and 110 respectively, of the Prospectus and elsewhere in the Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP.

Industry and Market Data

Unless stated otherwise, industry data used throughout the Prospectus has been obtained or derived from industry and government publications, publicly available information and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that industry data used in the Prospectus is reliable, it has not been independently verified.

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

Currency and units of presentation

In the Prospectus, unless the context otherwise requires, all references to;

- 'Rupees' or '₹' or 'Rs.' or 'INR' are to Indian rupees, the official currency of the Republic of India.
- 'US Dollars' or 'US\$' or 'USD' or '\$' are to United States Dollars, the official currency of the United States of America.

All references to the word 'Lakh' or 'Lac', means 'One hundred thousand' and the word 'Million' means 'Ten lacs' and the word 'Crore' means 'Ten Million' and the word 'Billion' means 'One thousand Million'.

FORWARD LOOKING STATEMENTS

All statements contained in the Prospectus that are not statements of historical facts constitute 'forward-looking statements'. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in India and other countries.
- Regulatory changes relating to the finance and capital market sectors in India and our ability to respond to them.
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political condition in India.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections "Risk Factors", "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 9, 66 and 110 of this Prospectus, respectively. 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 gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although our Company believes the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, the Directors, the LM, or any of their respective affiliates have 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. Our Company and the Directors will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II: RISK FACTORS

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

Materiality

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

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

Note:

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

In this Draft 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" and elsewhere in this Draft Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Auditors Report" prepared in accordance with the Indian Accounting Standards.

INTERNAL RISK FACTORS

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

Any lending activity is exposed to credit risk arising from the risk of default and nonpayment by borrowers and other counterparties. Our total loans portfolio was ₹ 325.75 lacs, ₹ 290.70 lacs, ₹ 306.11 lacs and ₹ 367.05 lacs during the period ended July 31, 2014, March 31, 2014, March 31, 2013 and March 31, 2012 respectively. As on date, all the loans in our loan portfolio are granted to Small and medium enterprises (SMEs) or individuals. In the F.Y. 2012-13 our company has made provision for bad debts amounting to ₹ 80.64 lacs which is 26.34% of the total loan book size of that year. However, the size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure.

In particular, the customers of the Business Loans may have relatively higher sensitivity to economic conditions and also the unsecured individual borrowers are generally less financially robust than corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and counterparties, we rely on other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. Please refer to the section titled "Our Business" on page 66 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, 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.

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

As of July 31, 2014 and March 31, 2014, we had NPAs of ₹ 8.51 lacs and ₹ 13.03 lacs, respectively against which we have made full provision for the same. The provisioning has been made in terms of prudential norms laid down by RBI. If we are not able to prevent increases in our level of non-performing assets, which are likely to occur with increases in our level of lending activities post this issue, our business and our future financial performance could be adversely affected.

3. We do not own our Registered Office from which we operate.

We do not own the premises, Unit no 2, Ground Floor of Sagar Deep Darshan cooperative Society Limited, Borivali (West) Mumbai, where our Registered Office is situated. The said premises is being given on sub-lease by Mr. Jay Morzaria (Promoter) to our company vide agreement dated July 23, 2014 upto the period ending on January 07, 2015 (agreement between Mr. Jay Morzaria {lessees} and Mrs. Kundanben D Soni {lessor} and Mr. Haresh D. Soni {lessor}). We cannot assure you that we will own, or have the right to occupy, this premises in the future, or that we will be able to continue with the uninterrupted use of this property. This may impair our operations and adversely affect our financial condition. For further details of our office premises please refer to the section titled "Our Business" on page 66 of this Prospectus.

4. We have experienced negative cash flows and any negative cash flows in the future could adversely affect our financial conditions and results of operations.

We have experienced negative cash flows in the recent past, the details of our standalone cash flows are given in the table below:

(₹In Lacs)

Particulars	July 31, 2014	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Cash Flow from Operating Activities	(40.49)	-	(25.08)	(166.08)	(15.81)	-
Cash Flow used in Investing Activities		(10.51)	-	-	(0.62)	(5.27)
Cash Flow from / (used in) Financing Activities		(4.00)	-	-	-	-

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

5. We have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "Objects of the Issue" beginning on page 42 of this Prospectus.

6. We do not have any insurance coverage to protect us against all potential losses to which we may be subject.

We do not maintain any insurance coverage for our operations. We have no coverage for any damage or loss that may be suffered by us and are under a potential threat of loss in business and financial losses.

7. Our Company operates in a highly regulated industry and must constantly adapt to new and changing regulatory requirements. Any inability to manage these requirements in a cost effective and timely manner, or at all, could adversely affect the operations and/or profitability of our Company.

Our Company is regulated principally by, and has reporting obligations to, the RBI. The regulatory and legal framework governing our Company may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted, and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, money laundering, accounting policies, privacy, etc. Our Company is subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms.

The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Any regulatory changes, such as an increase in the minimum capital adequacy requirement for deposit taking NBFCs such as our Company, could, for our Company, result in the imposition of restrictions on our Company's operations, additional costs, and/or the requirement for raising additional capital, all of which could in turn, adversely affect our Company's operations and/or profitability.

8. We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits. For further details regarding our existing as well as pending approvals, please see the chapter titled "Government and Other Statutory Approvals" beginning on page 116 of this Prospectus.

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

Our company's business may be affected due to our inability to protect our existing and future intellectual property rights. Currently, we do not have a registered trademark over our name and logo under the Trade Marks Act and consequently do not enjoy the statutory protections accorded to a trademark registration.

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

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

Vraj Prime Developers Private Limited

The summary of audited financials for the previous years are as follows:

(₹ in lakhs except per share data)

Particulars	March 31, 2014	March 31, 2013
Equity Share Capital (face value ₹ 10/- each)	1.00	1.00
Reserves & Surplus (excluding revaluation reserve)	(0.23)	(0.19)
Total Income	0.00	0.00
Profit/ (Loss) after Tax	(0.05)	(0.19)
Earnings Per Share (in ₹)	(0.50)	(1.9)
Net Asset Value Per Share (in ₹)	7.70	8.10

M/s. Vraj Dheera Developers

Financial Performance

The summary of financials for the previous years are as follows:

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Partners Capital	(1.00)	0.49	0.45
Total Income	0.10	0.37	0.00
Net Profit	(0.04)	(0.005)	0.00

M/s. Vraj Hari Developers

Financial Performance

The summary of financials for the previous years are as follows:

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Partners Capital	2.33	0.42	0.09
Total Income	0.08	0.77	1.31
Net Profit	(0.10)	(0.005)	(0.006)

11. We have been unable to locate certain of our corporate records with respect to the increase/alteration of our paid up share capital.

We have been unable to locate certain forms filed with the Registrar of Companies, with respect to the allotment of 90,400 Equity Shares allotted on December 31, 1986, allotment of 1,60,600 Equity Shares allotted on September 30, 1987 and allotment of 32,600 Equity Shares allotted on March 31, 2006. Details regarding the said allotments as mentioned above have been ascertained based on the minutes of the meetings of the Board of Directors. For further details, please see the section "Capital Structure of the Company" on page 32 of prospectus.

12. We have not entered into any definitive arrangements to monitor the utilization of the Issue Proceeds.

As per the SEBI (ICDR) Regulations 2009, appointment of monitoring agency is required only for Issue size above ₹50,000 lacs. Hence, we have not appointed any monitoring agency and the deployment of Issue

Proceeds as stated in the chapter titled "Objects of the Issue" beginning on page 42 of this Prospectus, is not subject to monitoring by any independent agency. Major portion of the funds being raised through this Issue will be utilized for augmenting our capital base and for providing for our fund requirements for increasing our operational scale with respect to our NBFC activities which are based on the management estimates.

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

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. So, there can be no assurance that we will be able to pay dividends in the future.

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

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

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

We have entered into transactions with our promoters, our Group Companies and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. Based on our audited and restated financials for fiscal 2013 and 2014 our aggregate related party transactions were ₹ 14.78 Lacs and ₹ 19.13 Lacs respectively. For further details, please refer to "Annexure XII – Related Party Transactions" of the "Auditors Report" beginning on page 107 of this Prospectus.

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

In deciding whether to sanction loan to a particular customers, we rely on financial and other relevant information furnished to us by the customer, and our personal contacts and networks based on which we perform our credit assessment. Please see "Business Overview" beginning on page 66 of this Prospectus for further details regarding our credit appraisal process. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, our business, future financial performance and results of operations may be materially and adversely affected.

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

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

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

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

19. The new Companies Act, 2013 is in the process of being implemented and any developments in the near future may be material with respect to the disclosures to be made in this Prospectus as well as other rules and formalities for completing the Issue.

The Companies Act, 2013 has been published on August 29, 2013, 282 Sections that have been notified till date, any further notifications by the MCA after our filing of this Prospectus may be material with respect to the disclosures to be made in this Prospectus as well as other rules and formalities for completing the Issue. The Companies Act, 2013 is expected to replace the existing Companies Act, 1956. The Companies Act, 2013 provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, the requirements for independent directors, director's liability, class action suits etc.

EXTERNAL RISK FACTORS

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

Our Company is subject to various regulations and policies. For details see section titled “Key Industry Regulations and Policies” beginning on page 70 of this Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

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

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

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

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

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

24. 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. Our Company and the Lead Manager have appointed NNM Securities Private Limited as Designated Market Maker for the equity shares of our company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India’s fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets and Finance industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the chapter titled “General Information” beginning on page 27 of this Prospectus.

PROMINENT NOTES

1. This is a Public Issue of 25,80,000 Equity Shares of ₹ 10 each at a price of ₹ 10 per Equity Share aggregating ₹ 258.00 Lacs.
2. For information on changes in our Company's name, Registered Office and changes in the objects clause of the MOA of our Company, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 74 of the Prospectus.
3. Our Net Worth as per Restated Financial Statement as at July 31, 2014 and March 31, 2014 was ₹ 305.87 lacs and ₹ 311.00 Lacs respectively .
4. The Net Asset Value per Equity Share as at July 31, 2014 and March 31, 2014 was ₹ 8.09 and ₹ 8.23 respectively.
5. Investors may contact the Lead Manager for any complaint pertaining to the Issue. All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the Applicant, number of Equity Shares for which the applied, Application Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Applicant.
6. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Name of the Promoters	Average cost of acquisition (in ₹)
Mr Raman Morzaria	10.02
Mr Jay Morzaria	10.00

For further details relating to the allotment of Equity Shares to our Promoter, please refer to the chapter titled "Capital Structure" beginning on page 32 of the Prospectus.

7. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Prospectus.
8. The details of transaction by our Company are disclosed under "Related Party Transactions" in "Annexure XII Financial Information" of our Company beginning on page 107 of this Prospectus.

SECTION III : INTRODUCTION

SUMMARY OF OUR INDUSTRY

Global Economic Conditions:

Global growth, after decelerating for the last three years is poised to improve in 2014, but risks to outlook remain with uncertainties arising from moves to unwind unconventional monetary policies and possibility of a renewed deflation in the euro area. Economic expansion the last three years is poised to improve in 2014, but risks to outlook remain with uncertainties arising from moves to unwind unconventional monetary policies and possibility of a renewed deflation in the euro area. Economic expansion by the US could act as a drag on growth acceleration.

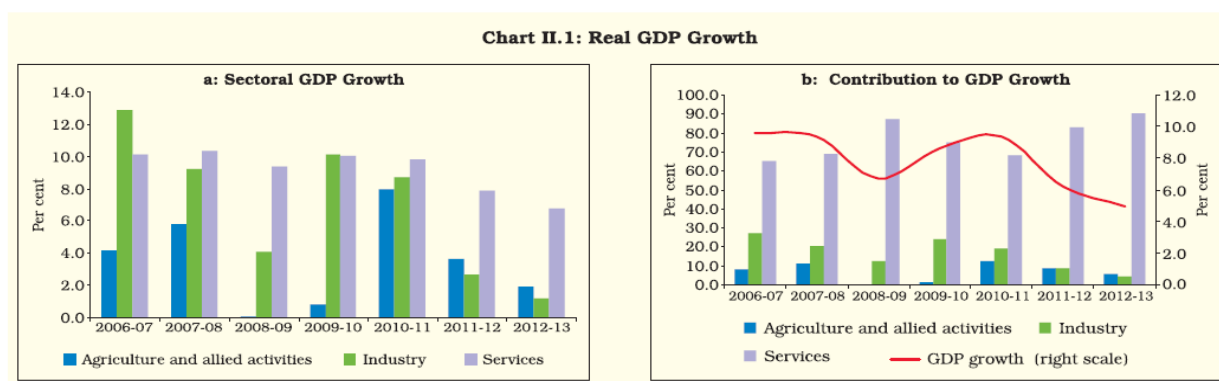
Inflation has continued to be low in advanced economies (AEs) aided by high unemployment and large spare capacities. After a year of deflation, inflation picked up in Japan. Among the emerging economies, monetary policy was tightened further by Indonesia, India, and Brazil, as they confronted high inflation and pressures on their exchange rates. Going forward, inflation risks for EMDEs are likely to stay in the near-term conditioned by structural factors and demand pressures emanating from narrowing output gap. However, global commodity price cycle is likely to stay benign on the back of improved supplies of oil, metals and food.

The US Fed's announcement on December 18 of tapering of its large scale asset purchase programme had a limited impact on global financial markets in sharp contrast to the May indication. India, having rebuilt its buffers during Q3, withstood the announcement better than many of its peers. Going forward, the spacing of the Fed's tapering moves over the course of 2014 could influence market movements even though some of it seems to have been priced in

(Source: RBI Macroeconomic and Monetary Developments Third Quarter Review 2013-14 <http://rbidocs.rbi.org.in/Publications/PDFs/MDF2701145070AFA428.pdf>)

❖ Indian Economy:

India's real GDP growth continued to moderate for the second successive year in 2012-13 and dropped to 5.0 per cent, the lowest in the past 10 years (Appendix Table 1). A combination of factors has contributed to growth moderation over past two years. These include structural impediments, high inflation for three years and cyclical slowdown in both global and domestic economies. Consequently, activity in all major sectors of the economy decelerated during the year, with the industrial sector suffering the most. While the agriculture sector slowed for the second consecutive year in 2012-13 due to the weak monsoon, industrial and services sector growth decelerated for the third consecutive year after the recovery from the global crisis in 2009-10. Nevertheless, India's growth continued to remain service-led with the highest contribution (90.0 per cent) to GDP growth during the year.

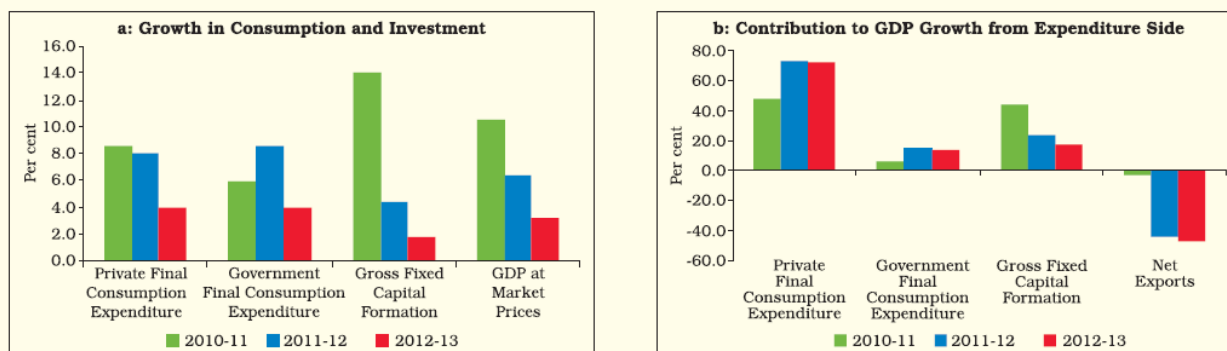


- **Sluggish consumption and investment demand for the second consecutive year**

The growth rate of GDP at market prices nearly halved during 2012-13 due to a reduction of growth in consumption (both private and government) and fixed investment. Private consumption expenditure, which accounts for around 60 per cent of real GDP at market prices, continued to decelerate for the second

consecutive year due to the persistence of high consumer price inflation. Supply bottlenecks and weak demand further dragged fixed investment growth for the second consecutive year.

Chart II.2: Expenditure Side of GDP



(Source: RBI Annual Report 2012-2013)

❖ Non Banking Financial Companies:

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

(Source:- FOQ on RBI website <http://www.rbi.org.in/scripts/FAQView.aspx?Id=71>)

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.)

NBFCs are categorized a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs,

b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-ND SI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

Non-Banking Financial Company

- **Asset Finance Company (AFC)**
- **Investment Company (IC)**
- **Loan Company (LC)**
- **Infrastructure Finance Company (IFC)**
- **Systemically Important Core Investment Company (CIC-ND-SI)**
- **Infrastructure Debt Fund**
- **Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI)**
- **Non-Banking Financial Company – Factors (NBFC-Factors)**

(Source:- FOQ on RBI website <http://www.rbi.org.in/scripts/FAQView.aspx?Id=71>)

SUMMARY OF OUR BUSINESS

BUSINESS OVERVIEW

Our company was Incorporated as 'karnavati Finance and leasing Limited' at Mumbai on December 05, 1984 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra. On December 11, 1989 the name of the Company was changed to 'karnavati Finance Limited'. Later in the year 2001-2002 the company was taken over by present promoter Mr Raman Morzaria by acquiring 2,51,000 equity share at Rs 10.50 from Mr. Rajnikant Worah and his associate via share purchase agreement dated May 10, 2001.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Certificate no. 13.00064 dated February 24, 1998.

BUSINESS STRENGTHS

1. Well Experienced Promoters:

Our management team is backed by promoters who have requisite experience in financial markets and lending industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies.

2. Maintain and expand long term Relationship with Clients

In Finance Business the relationship with the clients is more important. 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 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.

3. To develop relations with new clients and strengthen the relations with the existing clients

The relations with the clients help the company to know the client in better way and his integrity can be known to the company. The promoters believe in personal connection with the clients for financing rather than relying more on papers.

4. Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of the Company's loan book. In the F.Y. 2012-13 our company has made provision for bad debts amounting to ₹ 80.64 lacs which is 26.34% of the total loan book size of that year. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

OUR PRODUCTS AND SERVICES

We are a Non Deposit taking Loan Company (NBFC-ND-LC) engaged primarily in the business of providing loans as per the requirement of customers and they are both secured and unsecured finance. We are mainly involved in business loan and personal loan. Our products are typically directed at Individuals and small and medium size entities . Our loan products are customized to the requirements of our borrowers, broadly classified as:

- A. Business Loan
- B. Personal finance

Summary of our Key Policies and Procedures

A. KYC Policy

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

B. Fair Practice Code

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

1. Application for loans and their proceedings:

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

2. Loan appraisal and terms/conditions

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

3. Disbursement of loans including changes in terms and conditions

- Notice to the borrower should be given of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- All securities should be released on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the borrower. If such right of set off is to be exercised, the borrower should be given notice about the same with full particulars about the remaining claims and the conditions under which we are entitled to retain the securities till the relevant claim is settled/ paid.

4. General

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

5. Dispute

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

Location:

A. PROPERTIES

Our Company does not own any property. However we have acquired premises on Leave and License basis details of which are as under:

Sr. no	Description of Property	Parties to the Agreement	Agreement date	License Period	Usage	Rent paid per month (in ₹)
1.	Vraj 5 TH Floor, Opp President Hotel, Near Bhumi Press, Limda Lane, Jamnagar	Raman Morzaria Lessor and Karnavati Finance Limited	September 15, 2013	36 Months	Corporate office	5,000/-
2.	Unit no 2 , Ground Floor of Sagar Deep Darshan Society Limited, Borivali (West) Mumbai	Jay Ramanbhai Morzaria and Karnavati Finance Limited	July 23, 2014	Up to January 14, 2015	Registered office	Nil
3.	301 3rd Floor, Center-1, Near Wockhardt Hospital, Kalawad Road Rajkot 360005	Mr. Vinesh Makadia and Karnavati Finance Limited	June 06, 2007 *	Until Revoked	Branch Office	Nil

Flow Chart For Proposed Process Of Giving Loan

1. The Prospective Customer approaches the Company
2. The Prospective Customer is then required to fill up the Application Form and submit the relevant KYC documents (like ID Proof, Income Tax Returns), Performa Invoice etc., with the Company.
3. The documents received by the Company are then verified and the application form is checked for its completeness
4. The Company may ask for any additional information
5. If all the documents are in order, the application forms along with the supporting documents are forwarded to the sanctioning authority for approval.
6. If the sanctioning authority sanctions the finance and the sanction Letter is issued to the Customer. The sanction letter provides for the interest rate, and number of installments in which the amount financed to be repaid.
7. Assets purchased are then verified.
8. Post Issue of Sanction Letter, documents such as Hypothecation Agreement, Promissory Note, Power of Attorney, Letter of Waiver, TTO set (if the asset purchased is a vehicle), Finance Agreement etc. are executed. Once all the formalities are completed, cheque is issued in favour of the Customer.

SUMMARY OF OUR FINANCIAL INFORMATION

Restated Financial Statements along with Restated Summary Statements

Annexure I - Restated Summary Statement of Assets and Liabilities

₹ in Lacs

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Equity & Liabilities						
(a) Shareholder's Fund	378.00	378.00	378.00	378.00	200.00	200.00
(b) Reserves & Surplus						
Statutory Reserve	1.65	1.65	0.75	0.75	0.72	0.70
General reserve	0.15	0.15	0.15	0.15	0.15	0.15
Net Surplus/(Deficit) in the statement of profit and loss	(73.93)	(68.80)	(72.37)	6.50	6.35	6.29
Sub Total.....(1)	305.87	311.00	306.53	385.40	207.22	207.14
Non Current Liabilities						
(a) Long term Borrowings	22.04	3.04	3.04	3.04	3.04	3.04
(b) Other Long term Liabilities			2.04	2.04	-	-
Sub Total.....(2)	22.04	3.04	5.08	5.08	3.04	3.04
Current Liabilities						
(a) Trade Payables	20.39	22.56	9.23	17.74	1.23	-
(b) Other Current Liabilities		-	4.00			0.25
(c) Short term provisions	2.47	0.75	0.65	0.03	1.58	1.06
Sub Total.....(3)	22.86	23.30	13.88	17.77	2.81	1.31
TOTAL LIABILITIES...(1+2+3)	350.77	337.35	325.49	408.25	213.07	211.49
ASSETS						
Non Current Assets						
(a) Fixed Assets						
Tangible Assets	12.05	13	3.96	4.84	6.43	5.60
(b) Non - Current Investments						
(c) Long term Loans and Advances						
(d) Other non Current Assets			2.71	2.57	3.00	2.61
Sub Total.....(4)	12.05	13	6.67	7.41	9.43	8.21
Current Assets						
(a) Cash and bank balances	6.63	28.12	12.69	33.77	21.34	37.78
(b) Short Term Loans and Advances	325.75	290.71	306.11	367.05	182.28	165.50
(c) Other Current Assets	6.34	5.52	0.02	0.02	0.02	-
Sub Total.....(5)	338.72	324.35	318.82	400.84	203.64	203.29
TOTAL ASSETS...(4+5)	350.77	337.35	325.49	408.25	213.07	211.49

Annexure II - Restated Summary Statement of Profits and Losses
₹ in Lacs

Particulars	For the Period ended	For the Year ended on				
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Income from continuing operations						
Revenue from operations	9.26	37.43	15.04	24.19	13.20	14.13
Other Income		-	-	0.05	1.22	-
Total Revenue	9.26	37.43	15.04	24.24	14.42	14.13
Expenses						
Employee benefits expense	0.98	4.25	6.08	5.41	2.61	2.66
Finance Costs	0.01	0.03	0.12	0.09	-	-
Other expenses	2.24	9.53	5.57	9.75	6.06	6.49
Bad Debts Written Off		-	-	1.94	2.15	0.67
Provision for NPA	8.51	13.03	80.64	5.53	1.98	0.48
Depreciation and amortisation expenses	0.52	1.46	0.88	1.14	1.02	1.97
Total Expenses	12.26	28.30	93.29	23.86	13.82	12.27
Restated profit before tax from continuing operations	(3.00)	9.13	(78.25)	0.38	0.60	1.86
Tax expense/(income)						
Current tax	1.72	4.66	0.62	0.21	0.52	1.16
Deferred tax charge/(credit)						
Total tax expense	1.72	4.66	0.62	0.21	0.52	1.16
Restated profit after tax from continuing operations (A)	(4.72)	4.47	(78.87)	0.17	0.08	0.70

Annexure III - Restated Summary Statement of Cash Flows

₹ in Lacs

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before taxation	(3.00)	9.13	(78.25)	0.38	0.60	1.86
Non cash adjustments to reconcile profit before tax to net cash flows						
Depreciation and amortisation expense	0.52	1.46	0.88	1.14	1.02	1.97
Loss/(profit) on sale/scrap of fixed assets (net)				(0.05)	(1.22)	
Provision for NPA	8.51	(4.41)	80.64	5.53	1.98	-
Operating profit before working capital changes (as restated)	6.03	6.18	3.27	7.01	2.38	3.83
Movement in Working Capital						
(Increase)/decrease in loans and advances		-	-	0.43	-	-
(Increase)/decrease in Short term loans and advances	(43.54)	19.82	(19.70)	(190.30)	(18.77)	41.08
(Increase)/decrease in other current assets	(0.82)	(5.50)	-	-	-	(0.68)
(Increase)/decrease in other Non current assets		-	-	-	-	-
Increase/(decrease) in Long term Liabilities		-	-	-	-	(5.60)
Increase/(decrease) in trade payables & others	(2.16)	11.29	(8.51)	18.55	0.98	-
Increase/(decrease) in Other Current Liabilities		(0.22)	-	-	-	-
Increase/(decrease) in short term provisions		-	-	-	-	-
Cash flow from operations	(40.49)	31.57	(25.08)	165.87	15.41	39.20
Direct taxes paid (including fringe benefit taxes paid) (net of refunds)		(1.63)	-	-	(0.40)	(0.10)
Net cash generated from operating activities (A)		29.94	(25.08)	(166.08)	(15.81)	39.10
B. CASH FLOW USED IN INVESTING ACTIVITIES						
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances		-10.51	-	-	(5.20)	(5.27)
Sale of Fixed Assets		-	-	5.00	4.58	-
Net cash used in investing activities (B)		(10.51)	-	0.50	(0.62)	(5.27)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES						
Proceeds from Borrowings	19.00	-	-	-	-	-
Proceeds from issue of Share Capital		-	-	178.00	-	-
Share Capital & Share Application Money		(4.00)	4.00	-	-	-

Share Premium		-	-	-	-	-
Interest paid		-	-	-	-	-
Net cash generated from/(used in) financing activities (C)	19.00	(4.00)	4.00	178.00	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(21.49)	15.43	(21.08)	12.42	(16.43)	33.83
Cash and cash equivalents at the beginning of the year	28.12	12.69	33.77	21.35	37.78	3.95
Cash and cash equivalents at the end of the year	6.63	28.12	12.69	33.77	21.35	37.78

Components of Cash and Cash Equivalents	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Cash & Cheques on hand	2.62	14.12	12.22	29.98	20.98	29.36
Balance with scheduled banks		-	-	-	-	-
Current & Deposit account	4.01	14.00	0.47	3.79	0.37	8.42
	6.63	28.12	12.69	33.77	21.35	37.78

THE ISSUE

Present Issue in terms of the Prospectus:

Issue Details	
Equity Shares Offered: Public Issue of Equity Shares by our Company	25,80,000 Equity Shares of ₹ 10 each
Of which:	
Reserved for Market Makers	1,40,000 Equity Shares of ₹10 each
Net Issue to the Public	24,40,000 Equity Shares of ₹10 each
Of which	
Retail Portion	12,20,000 Equity Shares of ₹ 10 each
Non Retail Portion	12,20,000 Equity Shares of ₹ 10 each
Equity Shares outstanding prior to the Issue	57,80,000 Equity Shares of ₹10 each
Equity Shares outstanding after the Issue	83,60,000 Equity Shares of ₹10 each
Use of Proceeds	For further details please refer chapter titled "Objects of the Issue" beginning on page no 42 of the Prospectus for information on use of Issue Proceeds

Notes

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to section titled 'Issue Structure' beginning on page 136 of this Prospectus.

The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on August 08, 2014 and by the shareholders of our Company vide a special resolution passed pursuant to section 62(1)(C) of the Companies Act at the AGM held on September 06, 2014.

GENERAL INFORMATION

Our company was originally incorporated at Mumbai in the year December 05, 1984 with the name of Karnavati Finance & Leasing Limited. The name of our Company was changed to "Karnavati Finance Limited" on December 11, 1989. In the year 2001-2002, the company was taken over by present promoter Mr. Raman Morzaria by acquiring 2,51,000 Equity Share at Rs 10.50 per equity Shares from Mr. Rajnikant Worah and his associates via share purchase agreement dated May 10, 2001.

For further details in relation to the corporate history of our Company, see the section titled "*History and Certain Corporate Matters*" on page no 74.

BRIEF COMPANY AND ISSUE INFORMATION

Registered Office	Unit No. 2, Sagar Deep Darshan Co-operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai-400092 Tel No : +91-022-31908900 Web Site : www.karnavatifinancelimited.in Email :- karnavatifinance@gmail.com Contact Person :-Mr. Jay Morzaria
Corporate Office	"Vraj Building", 5th Floor, Opp. Hotel President, Near. Bhumi Press, Limda Lane, Jamnagar-361001 Tel No : +91- 0288 2663042 Fax No :+91- 0288 2673759 Web Site : www.karnavatifinancelimited.in Email :- karnavatifinance@gmail.com Contact Person :- Mr. Ankit Shukla
Date of Incorporation	December 5, 1984
Company Identification No.	U65910MH1984PLC034724
Company Category	Company Limited By Shares
Registrar Of Company	Maharashtra, Mumbai
Address of the RoC	ROC MUMBAI, 100, Everest, Marine drive, Mumbai- 400002. Phone: 022-22812627/22020295/22846954 Fax: 022-22811977 Email Id :roc.mumbai@mca.gov.in
Designated Stock Exchange	BSE Limited. SME Platform
Issue Programme	Issue Opens On : January 19, 2015 (Monday) Issue Closes On: January 21, 2015 (Wednesday)

Company Secretary and Compliance Officer	Mr. Ankit Shukla C/o Karnavati Finance Limited "Vraj Building", Fifth Floor, Opp. Hotel President, Beside Bhoomi Press, Limda Lane, Jamnagar Tel No : +91- 0288 2663043 Fax No : +91 - 0288 2673759 Web Site : www.karnavatifinancelimited.in Email :karnavatifinance@gmail.com
---	--

Note: Investors can contact the Compliance Officer in case of any pre issue or post issue related problems such as non-receipt of letter of allotment or share certificates, credit of securities in depositories beneficiary account or dispatch of refund order etc.

BOARD OF DIRECTORS OF OUR COMPANY

Our Board Of Directors Consist of:

Name	Designation	DIN No.
Mr. Jay Morzaria	Managing Director	02338864
Mr. Raman Morzaria	Executive Director	00203310

Mr. Jay Ketanbhai Somaiya	Independent Director	06933178
Mr. Kaushal Bharatbhai Ruparel	Independent Director	06939630

For further details pertaining to the education qualification and experience of our Directors, please refer page no 87 of this Prospectus under the chapter titled “Our Management”

DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

Lead Manager to the Issue	Registrar to the Issue
CORPORATE STRATEGIC ALLIANZ LIMITED SEBI REGN NO: INM 000011260 402, Samedh Complex, Near Associated Petrol Pump, C.G. Road, Ahmedabad – 380 006, Gujarat- India. Tele Fax No: +91- 79- 4002 4670 Email Id: smekfl@csapl.com Investors Grievance Id: investors@csapl.com Website: www.csapl.com Contact Person: Mr. Nevil R. Savjani	SATELLITE CORPORATE SERVICES PVT LTD SEBI REGN NO: INR000003639 B-302, Sony Apartment, Opp. St. Jude’s High School, 90 ft. Road, Off Andheri Kurla Rd, Jarimari, Sakinaka, Mumbai – 400 072, Maharashtra – India Tel: +91-22- 28520461/462, Fax:+91-22- 28511809 Email Id: service@satellitecorporate.com Website: www.shareproservices.com Contact Person: Mr. Michael Monteiro

Bankers to the Company	Legal Advisor to the Issue
Corporation Bank Shop No.27-36,Ground Floor, Manek centre, Pandit Nehru Marg, Jamnagar-361 008. Tel: +91-0288- 2550312 2676723,2677623, Email Id: cb262@corpbank.co.in Contact Person: Mr. R. Vasudevan	Shah and Associates C/3/201, Anushruti Tower, Nr.Jain Temple, Thaltej S.G.Highway, Ahmedabad 380060 Tel No.:+91-079- 26880570 Mobile No.:09426837114 Email : dshahadvocate@gmail.com Contact Person : Mr. Dharmesh Shah

Statutory and Peer Auditor of the Company	Advisor to the Issue
Maharishi & Co. Chartered Accountants "Aparna", Behind Jivandeep Hospital, Limda Lane, Jamnagar-361001 Tel No.:+91-0288 2665023/24, 2662637,2542491/92 Fax No.:+91-0288-2661612 Email : info@maharishiandco.com Contact Person : Mr. Prashant Maharishi	Raichura & Co. Chartered Accountants 321,3rd Floor,Madhav Square, Limda lane Corner, Jamnagar- 361 001 Tel No.: +91-0288 2916835 Email : caraichra@gmail.com

Bankers to the Issue (Escrow collection Banks)	Refund Banker to the Company
ICICI Bank Limited Capital Market Division 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai-400 020 Tel No. : 022-2285 9923 Fax. No : 022-2261 1138 Email : rishav.bagrecha@icicibank.com Website: www.icicibank.com Contact person : Mr.Rishav Bagrecha	ICICI Bank Limited Capital Market Division 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai-400 020 Tel No. : 022-2285 9923 Fax. No : 022-2261 1138 Email : rishav.bagrecha@icicibank.com Website: www.icicibank.com Contact person : Mr.Rishav Bagrecha

Self Certified Syndicate Banks

The SCSBs as per updated list available on SEBI's website (www.sebi.gov.in) Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

Statement Of Inter-Se Allocation Of Responsibilities

Since Corporate Strategic Allianz Private Limited is the lead Manager to the issue, all the responsibility of the issue will be managed by them.

Credit Rating

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

Trustee

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

Appraisal And Monitoring Agency

In terms of sub regulation (1) Regulation 16 of SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency in relation to the issue.

However, as per the Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and in accordance with the Corporate Governance requirements, the Audit Committee of our Company would be monitoring the utilization of the Issue Proceeds.

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

Underwriting Agreement

This Issue is 100% Underwritten. The Underwriting agreement is dated December 17, 2014 Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹ in Lacs)	% of the Total Issue Size Underwritten
Corporate Strategic Allianz Limited 402, Samedh Complex, Near Associated Petrol Pump, C.G. Road, Ahmedabad – 380 006.	24,40,000	244.00	94.57
NNM Securities Pvt. Ltd B6 And B7, Siddhivinayak Plaza, 2nd Floor, Plot No.B-31,Oshiwara, Opp Citimall,Beh. Maruti Showroom, Andheri Link Road, Andheri (West), Mumbai - 400053	1,40,000	14.00	5.43
Total	25,80,000	258.00	100

In the opinion of our Board of Directors (based on a certificate given by the Underwriter), the resources of the above mentioned Underwriters are sufficient to enable them to discharge the underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager have entered into a tripartite agreement dated December 17, 2014 with the following Market Maker, duly registered with BSE Limited to fulfil the obligations of Market Making:

NNM Securities Pvt. Ltd

B6 - B7, Siddhivinayak Plaza, 2nd Floor, Plot No.B-31,Oshiwara,
Opp Citimall,Beh. Maruti Showroom,
Andheri Link Road,Andheri (West),

Mumbai - 400053
Phone No: 022-40790011,40790036,40790038,40790031,40790015
Fax No: 022-40790033
E-Mail Id: support@nnmsecurities.com, nikunj@nnmsecurities.com
Website: www.nnmsecurities.com
Contact Person: Mr. Nikunj Anilkumar Mittal
SEBI Reg. No. : INB011044634/INF011044634

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

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

- 1) The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- 2) The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 3) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
- 4) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 5) 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.
- 6) The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.
- 7) 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, 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.
- 8) The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our 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.

- 9) **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.

10) **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹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.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

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

- 11) **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

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

- 12) Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the issue size and as follows:

Issue Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)	Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)
Upto ₹ 20 Crore	25%	24%
₹ 20 Crore To ₹ 50 Crore	20%	19%
₹ 50 Crore To ₹ 80 Crore	15%	14%
Above ₹ 80 Crore	12%	11%

CAPITAL STRUCTURE

Our Equity Share Capital before the issue and after giving effect to the issue, as on the date of filing of this Prospectus, is set forth below:

(₹ In lacs, except shares data)

Sr. No	Particulars	Aggregate Nominal Value (₹)	Aggregate Value (₹) in lacs at issue Price
A.	AUTHORISED EQUITY CAPITAL		
	1,00,00,000 Equity Shares of ₹ 10/- each	1000.00	
B.	ISSUED, SUBSCRIBED & PAID -UP CAPITAL BEFORE THE ISSUE		
	57,80,000 Equity Shares of ₹ 10/- each	578.00	
C.	PRESENT ISSUE IN TERMS OF THIS PROSPECTUS#		
	25,80,000 Equity Shares of ₹ 10/- each at a par	258.00	258.00
	Which Comprises		
(I)	Reservation for Market Maker(s) 1,40,000 Equity Shares of ₹ 10/- each at a par will be available for allocation to Market Maker	14.00	14.00
(II)	Net Issue to the Public 24,40,000 Equity Shares of ₹ 10/- each at a par	244.00	244.00
	Of Which		
(I)	12,20,000 Equity Shares of ₹ 10/- each at a par shall be available for allocation for Investors applying for a value of upto ₹ 2 lacs	122.00	122.00
(II)	12,20,000 Equity Shares of ₹ 10/- each at a par shall be available for allocation for Investors applying for a value of above ₹ 2 lacs	122.00	122.00
D.	ISSUED, SUBSCRIBED AND PAID UP CAPITAL AFTER THE PRESENT ISSUE		
	83,60,000 Equity Shares of ₹ 10/- each	836.00	
E.	SHARE PREMIUM ACCOUNT		
	Share Premium account before the Issue		Nil
	Share Premium account after the Issue		Nil

Note:

#The present issue of 25,80,000 equity shares in terms of this Prospectus has been authorised by a resolution of our Board dated August 08, 2014 and by a special resolution passed pursuant to Section 62 (1) (C) of the Companies Act, 2013 at the AGM by the shareholders of our Company held on September 06, 2014.

Class of Shares

The company has only one class of shares i.e. Equity shares of ₹ 10/- each only.

Changes in Authorized Share Capital :

Sr. No.	Particulars of Increase / Modification	Cumulative No. of Shares	Cumulative Authorised Capital (₹ in Lacs)	Date of Meeting	Whether EGM/AGM
1.	On Incorporation	10,00,000	100.00	-	-
2.	Increase from ₹ 100 Lacs to ₹ 200 Lacs	20,00,000	200.00	July 27, 2007	EGM
3.	Increase from ₹ 200 Lacs to ₹ 500 Lacs	50,00,000	500.00	April 7, 2011	EGM
4.	Increase from ₹ 500 Lacs to ₹ 1000 Lacs	1,00,00,000	1000.00	September 6, 2014	AGM

Notes to the Capital Structure:

1. Share Capital History:

Our existing Share Capital has been subscribed and allotted as under:

Date of Allotment/ Fully Paid Up	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Consideration	Remarks	Cumulative Number of Equity Shares	Cumulative paid up share capital	Cumulative Share Premium
December 6, 1984	70	10	10	Cash	Subscribers to the Memorandum	70	700	NIL
December 31, 1986	90,400	10	10	Cash	Further allotment	90,470	9,04,700	NIL
September 30, 1987	1,60,600	10	10	Cash	Further allotment	2,51,070	25,10,700	Nil
December 24, 2001	5,700	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	2,56,770	25,67,700	Nil
March 21, 2002	5,600	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	2,62,370	26,23,700	Nil
February 25, 2003	15,300	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	2,77,670	27,76,700	Nil
October 3, 2003	32,600	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	3,10,270	31,02,700	Nil
March 29, 2006	3,72,500	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	6,82,770	68,27,700	Nil

March 31, 2006	32,600	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	7,15,370	71,53,700	Nil
March 30, 2007	2,39,500	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	9,54,870	95,48,700	Nil
March 31, 2008	8,29,500	10	10	Cash	Further allotment to Public	17,84,370	1,78,43,700	Nil
June 16, 2008	2,15,630	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	20,00,000	2,00,00,000	Nil
April 30, 2011	10,00,000	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	30,00,000	3,00,00,000	Nil
May 9, 2011	7,80,000	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	37,80,000	3,78,00,000	Nil
September 27, 2014	20,00,000	10	10	Cash	Further allotment to Promoters/ Promoter Group and Others	57,80,000	5,78,00,000	Nil

Note:

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

2. Share Capital Build-up of our Promoters & Lock-in

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

Date of Allotment / Transfer	Nature of Issue/ Allotment (Bonus, Rights etc)	Consid eration	No. of Equity Shares	Cumulati ve No. of Equity Shares	Face Valu e (₹)	Issue/ Trans fer Price	% of total pre and post issue capital		Lock in Period
(i)	Mr. Ramanbhai P. Morzaria								
September 29, 2001	Transfer	Cash	1,11,000	1,11,000	10	10.50	1.92	1.33	3 years

February 25, 2003	Allotment	Cash	5,000	1,16,000	10	10	0.09	0.06	3 years
March 29, 2006	Allotment	Cash	1,000	1,17,000	10	10	0.02	0.01	3 years
March 30, 2006	Transfer	Cash	(1,000)	1,16,000	10	10	(0.02)	(0.01)	3 years
June 16, 2008	Allotment	Cash	3,000	1,19,000	10	10	0.05	0.04	3 years
April 30, 2011	Allotment	Cash	3,00,000	4,19,000	10	10	5.19	3.59	3 years
August 27, 2014	Transfer	Cash	12,13,700	16,32,700	10	10	21.00	14.52	3 years
September 27, 2014	Allotment	Cash	10,50,000	26,82,700	10	10	18.17	12.56	1 year
	Total		26,82,700				46.41	32.09	

(ii)	Mr. Jay Ramanbhai Morzaria								
March 29, 2006	Allotment	Cash	1,000	1,000	10	10	0.02	0.01	1 year
March 30, 2007	Allotment	Cash	2,000	3,000	10	10	0.03	0.02	1 year
March 25, 2011	Transfer	Cash	10,000	13,000	10	10	0.17	0.12	1 year
April 30, 2011	Allotment	Cash	1,80,000	1,93,000	10	10	3.11	2.15	1 year
July 02, 2014	Transfer	Cash	44,500	2,37,500	10	10	0.77	0.53	3 years
August 27, 2014	Transfer	Cash	7,66,100	10,03,600	10	10	13.25	9.16	1 Year
	Total		10,03,600				17.36	12.00	

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations and in terms of the aforesaid table, an aggregate of 20% of the post-Issue Equity Share Capital of our Company i.e. 16,72,000 equity shares shall be locked in by our Promoters for a period of three (3) years from the date of Allotment (“**minimum Promoters’ contribution**”).

The Promoters’ contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained written consents from our Promoters for the lock-in of 16,77,200 Equity Shares for a period of three years from the date of Allotment in the Issue.

We confirm that the minimum Promoters’ contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets;
- Equity Shares acquired during the preceding three years resulting from a bonus issue by utilisation of revaluation reserves or unrealized profits of the issuer or from bonus issue against equity shares which are ineligible for minimum Promoters’ contribution;
- Equity Shares acquired by Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue; or equity shares pledged with any creditor.
- Further, our Company has not been formed by the conversion of a partnership firm into a company and no Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.

- The share certificates for the Equity Shares in physical form, which are subject to lock-in, shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories.

3. Equity Shares locked-in for one year

In addition to 20% of the post-Issue shareholding of our Company locked-in for three years as the minimum Promoters' contribution, the balance Pre-Issue Paid-up Equity Share Capital i.e. 41,02,800 Equity Shares, would be locked-in for a period of one year from the date of Allotment in the proposed Initial Public Offering. Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories.

4. Other requirements in respect of 'lock-in'

In terms of Regulation 40 of the SEBI ICDR Regulations, 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 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI ICDR Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36 of the SEBI ICDR Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and the pledge of specified securities is one of the terms of sanction of the loan;
- If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI ICDR Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

5. Our shareholding pattern

The shareholding pattern of our Company before the issue as prescribed under clause 35 of the Listing Agreement is mentioned below:

Category Code (I)	Category of Shareholder (II)	No. of Shareholders (III)	Total No. of shares (IV)	No. of Shares held in Dematerialized form (V)	Total Shareholding as a % of total no of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	No. of Shares (VIII)	As a % (IX)= (VIII)/(IV)*100
(A)	Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/HUF	4	53,05,400	Nil	91.79	91.79	Nil	Nil
(b)	Central Government/ State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(c)	Bodies Corporate	1	23,900	Nil	0.41	0.41	Nil	Nil
(d)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	5	53,29,300	Nil	92.20	92.20	Nil	Nil
(2)	Foreign						Nil	Nil
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	NIL	Nil	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	5	53,29,300	Nil	92.20	92.20	Nil	Nil
(B)	Public Shareholding							
(1)	Institutions						Nil	Nil
(a)	Mutual Funds/UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (B) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2)	Non Institutions							
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Individuals-							
	(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh.	3	700	Nil	0.01	0.01	Nil	Nil
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9	450000	Nil	7.79	7.79	Nil	Nil
(c)	Any other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(2)		4,50,700	Nil	7.80	7.80	Nil	Nil
	Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A)+(B)	17	57,80,000	NIL	100.00	100.00	Nil	Nil
(C)	Shares held by Custodians and against which the	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	depository receipts have been issued							
	(i) Promoter and Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	17	57,80,000	NIL	100.00	100.00	Nil	Nil

6. The shareholding pattern of our Promoters and Promoter Group before and after the Issue:

Sr. No	Name of share holder	Pre issue		Post issue	
		No of equity shares	As a % of Issued Capital	No of equity shares	As a % of Issued Capital
(i) Promoters					
1.	Mr.Ramanbhai Pragjibhai Morzaria	26,82,700	46.41	26,82,700	32.09
2.	Mr. Jay Ramanbhai Morzaria	10,03,600	17.36	10,03,600	12.00
	Total A	36,86,300	63.78	36,86,300	44.09
(ii) Promoter Group					
3.	Mr. Kush Ramanbhai Morzaria	13,25,100	22.93	13,25,100	15.85
4.	Mrs. Daxa Ramanbhai Morzaria	2,94,000	5.09	2,94,000	3.52
5.	Midas Impex private Limited	23,900	0.41	23,900	0.29
	Total B	16,43,000	28.43	16,43,000	19.66
	Total (A+B)	53,29,300	92.20	53,29,300	63.75
(iii) Public					
6.	Mr. Ketanbhai Rameshbhai Somaiya	50,000	0.87	50,000	0.60
7.	Mrs. Ranjanben Ketanbhai Somaiya	50,000	0.87	50,000	0.60
8.	Mr. Dilip Bhagat	1,50,000	2.60	1,50,000	1.79
9.	Mr.Navinbhai P. Katariya	40,000	0.69	40,000	0.48
10.	Mr. Jagdish P. Katariya	40,000	0.69	40,000	0.48
11.	Navinbhai P. Katariya (H.U.F.)	30,000	0.52	30,000	0.36
12.	Jagdish P. Katariya(H.U.F.)	30,000	0.52	30,000	0.36
13.	Mahesh P. katariya (H.U.F.)	30,000	0.52	30,000	0.36
14.	Mr. Manish P. Katarmal	30,000	0.52	30,000	0.36
15.	Mr. Sureshbhai Pranlal Parekh	100	0.00	100	0.00
16.	Mr. Bhavesh Mandavia	400	0.00	400	0.00
17.	Mr. Rajubhai Mehta	200	0.00	200	0.00
18.	Public			25,80,000	30.86
	Total(c)	4,50,700	7.80	30,30,700	36.25
	Grand Total	57,80,000	100.00	83,60,000	100.00

- Our Company has not revalued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
- Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
- Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines
- Our Company has not issued any Equity Shares during a period of one year preceding the date of the Prospectus at a price lower than the Issue price

11. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
12. During the past six months immediately preceding the date of filing Prospectus, 25,49,400 Equity shares of the company have been purchased by our Promoters, their relatives and associates, persons in Promoter Group [as defined under sub clause (zb) sub regulation (1) Regulation 2 of SEBI (ICDR) Regulations] and the directors of the company which is a promoter of the Company.
13. The members of the Promoter Group, our Directors or the relatives of our Directors have not financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity, during the six months preceding the date of filing of the Prospectus.
14. Our Company, our Promoters, our Directors and the Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through the Prospectus.
15. There are no safety net arrangements for this public issue.
16. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. 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 for 3 years.
17. As on the date of filing of the Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
18. All the Equity Shares of our Company are fully paid up as on the date of the Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
19. As per RBI regulations, OCBs are not allowed to participate in this Issue.

20. Particulars of top ten shareholders:

(a) Particulars of the top ten shareholders as on the date of the Prospectus:

Sr. No	Name of shareholder	No. of Shares	% of Shares to Pre-Issue Capital
1.	Mr. Ramanbhai Pragjibhai Morzaria	26,82,700	46.41
2.	Mr. Jay Ramanbhai Morzaria	10,03,600	17.36
3.	Mr.Kush Ramanbhai Morzaria	13,25,100	22.93
4.	Mrs. Daxa Ramanbhai Morzaria	2,94,000	5.09
5.	Mr. Dilip Bhagat	1,50,000	2.60
6.	Mr. ketanbhai Rameshbhai Somaiya	50,000	0.87
7.	Mrs. Ranjanben Ketanbhai Somaiya	50,000	0.87
8.	Mr. Navinbhai P. Katariya	40,000	0.69
9.	Mr. Jagdish P. Katariya	40,000	0.69
10.	Mr. Manish P. Katarmal	30,000	0.52
Total		56,65,400	98.02

(b) Particulars of top ten shareholders ten days prior to the date of the Prospectus:

Sr. No	Name of shareholder	No. of Shares	% of Shares to Pre-Issue Capital
1.	Mr.Ramanbhai Pragjibhai Morzaria	26,82,700	46.41
2.	Mr.Jay Ramanbhai Morzaria	10,03,600	17.36
3.	Mr.Kush Ramanbhai Morzaria	13,25,100	22.93
4.	Mrs.Daxa Ramanbhai Morzaria	2,94,000	5.09
5.	Mr. Dilip Bhagat	1,50,000	2.60
6.	Mr.ketanbhai Rameshbhai Somaiya	50,000	0.87
7.	Mrs.Ranjanben Ketanbhai Somaiya	50,000	0.87
8.	Mr.Navinbhai P. Katariya	40,000	0.69
9.	Mr. Jagdish P. Katariya	40,000	0.69
10.	Mr.Manish P.Katariya	30,000	0.52
Total		56,65,400	98.02

(c) Particulars of the top ten shareholders two years prior to the date of the Prospectus

Sr. No	Name of shareholder	No. of Shares	% of Shares to Pre-Issue Capital
1.	Mr. Ramanbhai Pragjibhai Morzaria	4,19,000	6.00
2.	Mr. Kush Ramanbhai Morzaria	3,00,000	4.30
3.	Mrs. Daxa Ramanbhai Morzaria	2,94,000	4.21
4.	Mr. Jay Ramanbhai Morzaria	1,93,000	2.77
5.	Mrs. Kariben L.Godhania	90,000	1.29
6.	Mr. Govindbahi Pragjibhai Morzaria	86,480	1.24
7.	Mr. Ajaybhai Rameshbahi Vala	62,000	0.89
8.	Mrs. Shilpa Govindbhai Morzaria	59,120	0.85
9.	Mr. Batukbhai Devrajibhai Sarania	51,700	0.74
10.	Mr. Vineshkumar Popatbhai Makadia	50,100	0.72
Total		16,05,400	23.00

21. Our Company has not raised any bridge loan against the proceeds of this Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
22. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
23. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
24. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
25. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
26. We have 17 shareholders as on the date of filing of the Prospectus.
27. Our Promoters and the members of our Promoter Group will not participate in this Issue.
28. Our Company has not made any public issue or right issue since its incorporation.
29. Neither the Lead Manager, nor their associates hold any Equity Shares of our Company as on the date of the Prospectus.
30. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Prospectus and the Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.

- 31.** None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled “Our Management” beginning on page number 85 .

SECTION IV : PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

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

1. To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities/Financing Operations.
2. Public Issue expenses.

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

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

OUR REQUIREMENT OF FUNDS AND MEANS OF FINANCE

We are NBFC Company registered with RBI to carry on NBFC activities. The company is providing business loans and personal loan. We intend to utilize the proceeds of this Issue for financing the growth of our business . The details of utilization of proceeds are as per the table set forth below:

Fund Requirements

(Rs. in Lacs)		
Sr. No	Particulars	Proposed Utilizations of Issue Proceed
1.	To augment our capital base and provide for our fund requirements for increasing our NBFC activities/Financing Operations.	206.00
2.	Public Issue Expenses	52.00
	Total	258.00

Means of Finance

(Rs. in Lacs)		
Sr. No	Particulars	Source
1.	Proceed from IPO	258.00
	Total	258.00

We propose to meet our expenditure towards the Objects of the Issue entirely out of the proceeds of the Issue. Accordingly, we confirm that there is no requirement to make firm arrangements of finance as required under regulation 4(2)(g) of the SEBI (ICDR) Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

The fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Issue Proceeds.

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

Details of the Objects

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

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45IA of the Reserve Bank of India Act, 1934. The Company is primarily engaged of secured/ unsecured financing to small business and personal loans to individual, as on March 31, 2014 our loan book stood at Rs 290.70 Lacs. We propose to augment our capital base by ₹206.000 lacs through this Issue and utilize the funds raised from the same to further increase our operational scale of our NBFC activities.

(Rs. In Lacs)

Sr. No.	Particulars	Amount
a.	Providing finance for activities included in our Product Portfolio. (For details regarding the type of loans we would be giving, please see the chapter titled "Business Overview" beginning on page 66 of this Prospectus)	206.00
Total		206.00

2. Issue Related Expenses

The total estimated expenses are Rs. 52.00 Lacs which is 20.15% of Issue Size. The details of Issue expenses are tabulated below:

(Rs. In Lacs)

Sr. No.	Particulars	Amount
1.	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	41.50
2.	Printing & Stationery, Distribution, Postage, etc	2.50
3.	Advertisement & Marketing Expenses	5.00
4.	Regulatory & other expenses	3.00
Total		52.00

SCHEDULE OF DEPLOYMENT OF FUNDS

The entire Issue Proceeds are to be deployed in the current FY 2014-15.

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

The funds deployed up to November 30, 2014 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. M/s. Maharishi & Co., Chartered Accountants pursuant to their certificate dated December 02, 2014 is NIL.

APPRAISAL

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

INTERIM USE OF FUNDS

Pending utilisation for the purposes described in the Objects mentioned above, we may temporarily invest the funds from the issue in interest bearing liquid instruments including Deposits with Banks or repayment of bank liabilities / overdraft, if any and investments in mutual funds and other financial products, other fixed and variable return instruments, and listed debt instruments.

MONITORING OF UTILIZATION OF FUNDS

As the Net Proceeds of the Issue will be less than Rs. 50,000 Lacs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency. The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other

than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

BASIS FOR ISSUE PRICE

Qualitative Factors

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

1. Well Experienced Promoters
2. Maintain and expand long term Relationship with Clients
3. Internal Control and Risk Management

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see the chapter titled "*Business Overview – Business Strength*" on page 66 of this Prospectus

Quantitative Factors

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

1) Basic Earnings per Share (Basic EPS)

Year ended	Basic EPS	Diluted EPS	Weight
March 31, 2014	0.12	0.12	3
March 31, 2013	(2.09)	(2.09)	2
March 31, 2012	0.00	0.00	1
Weighted Average	(0.64)	(0.64)	
July 31, 2014	(0.12)	(0.12)	

Notes:-

- (a) Basic earnings per share (Rs.) $\frac{\text{Net profit after tax (as restated) attributable to shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

EPS Calculation has been done as per Accounting Standard-20, "Earnings Per Share" issued by The Institute of Chartered Accountants of India.

2) Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 10:

Particulars	P/E at the Issue Price (₹ 10)
a. Based on 2013-14 EPS of ₹ 0.12	83.33
b. Based on weighted average EPS of ₹ (0.64)	(15.63)

3) Return on Net Worth

Period	Return on Net Worth (%)	Weights
Year ended March 31, 2014	1.43	3
Year ended March 31, 2013	(25.73)	2
Year ended March 31, 2012	0.04	1
Weighted Average	(7.86)	
July 31, 2014	(1.54)	

Return on net worth (%) = Net Profit after tax as restated / Net worth at the end of the year

4) Minimum Return on increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required maintaining pre-Issue EPS for the Fiscal 2014:

A) Based on Basic and Diluted EPS of ₹ 0.12

a. At the Issue Price of ₹ 10 - **1.30 %** based on restated financial statements.

5) Net Asset Value per Equity Share

Particular	Amount (in ₹)
As of March 31, 2014	8.23
NAV per Equity Share after the Issue	9.14
Issue Price per Equity Share	10
As on July 31, 2014	8.09

Net asset value per share (₹) = Net Worth at the end of the Year / Total number of equity shares outstanding at the end of the year

6) Comparison of Accounting Ratios

Particulars	Face Value (₹)	Total Revenue	EPS (₹)	P/E Ratio*	RONW (%)	NAV (₹)
Karnavati Finance Limited **	10	37.43	0.12	83.33	1.44	8.23
Peer Group#						
Dhanuka Commercial Limited	10	133.06	0.13	39.12	1.12	11.76
S R G Securities Finance Ltd	10	120.13	0.04	641.08	0.42	10.69
Stellar Capital Services Ltd	10	546.47	0.01	1120.52	0.03	22.16

Standalone

The figures of the Peer Group Company is taken from Annual Report for the fiscal year 2013-14 filed on BSE website- www.bseindia.com.

* P/E based on closing market price of September 24, 2014 is taken into consideration from BSE website (www.bseindia.com).

**Based on March 31, 2014 as per Restated financial statements.

The peer group identified is broadly based on the service lines that we are into.

The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue price is 1 times the face value.

The Issue Price of ₹ 10 is determined by our Company, in consultation with the Lead Manager is justified based on the above accounting ratios. For further details, please refer to the section titled "Risk Factors" and chapters titled "Our Business and "Financial Information" beginning on page no 9, 66, and 96 respectively of the Prospectus.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Karnavati Finance Limited
Unit No 2, Sagar Deep Darshan
Co Operative Housing Society Limited,
S.V. Road, Borivali (W), Mumbai - 400092

Dear Sir,

Statement of Possible Tax Benefits Available to the Company and its shareholders

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

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

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

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

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

Our Views expressed in the Annexure are based on the information, explanation and representation obtained from you and 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 the existing provisions of the law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Karnavati Finance Limited and shall not, without our prior written consent, be disclosed to any other person, Maharishi & Co. shall not be liable to Karnavati Finance Limited for any claims, liabilities or express relating to this assignment except to the fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

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 Disclosures Requirements) regulations, 2009.

For, M/s. Maharishi & Co.
Chartered Accountant

Prashant Maharishi
(Partner)
Membership No.: 41452
ICAI Firm Registration No: 124872W
Place: Jamnagar
Date: 24/09/2014

STATEMENT OF TAX BENEFITS

Annexure:

This Statement is only intended to provide the tax benefits to the Company and its Shareholders in a general and summary and does not purport to be a complete analysis or listing of all the provisions or possible tax consequence of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequent and the changing tax laws, each investor is advised to consult their own tax advisor with respect to specific tax implication arising out of their participation in the issue.

(i) SPECIAL TAX BENEFITS

There are no special tax benefits available to the company and shareholders of the Company.

(ii) GENERAL TAX BENEFITS

The Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India, make available the following general tax benefits to companies and to their shareholders. Several of these benefits are dependant on the companies or their shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

I. BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE ACT):

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1. As per Section 10(34) of the Act, income earned by the Company by way of dividend income from another domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(35) of the Acts, the following income will be exempt from tax in the hands of the Company:
 - a. Income received in respect of the units of a Mutual Fund specified under section 10(23D); or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company.
3. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the Company. However, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
4. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.
6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%(plus applicable surcharge and education cess). Further, short term gains as computed above that are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge and education cess) in case of a company.
7. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -

A. 20% of the capital gains as computed after indexation of the cost; or

B. 10% of the capital gains as computed without indexation.

8. The amount of tax paid under section 115 JB by the Company for any assessment year beginning on or after 1st April, 2010 will be available as credit to the extent specified in section 115 JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of Section 115 JAA.
9. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any other source in the subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) and section 73(3) of the Act.
10. Under Section 35 (1) (ii) and (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid. Under Section 35 (1) (iia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times the amount so paid.
11. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
12. As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company.

Section 91 provides for unilateral relief in respect of taxes paid in foreign countries.

II. TO MEMBERS

A. RESIDENT MEMBERS

1. As per section 10(34) of the Act, income earned by the resident member by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the resident member from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members.
3. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -
 - A. 20% of the capital gains as computed after indexation of the cost; or
 - B. 10% of the capital gains as computed without indexation.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.

6. As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from 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 residential house, or for construction of a residential house within three years.
7. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
8. The assessee is not entitled to a deduction in respect of the Security Transaction Tax ('STT') paid by him against the income chargeable under the head 'Capital Gains'.
9. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents

B. Non-Resident Indian Members

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an' equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds, acquired in Indian currency, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be lower of:-
 - a) 20% of the capital gains as computed after indexation of the cost;
 - b) 10% of the capital gains as computed without indexation.
5. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a. long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.
7. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38))and subject to the condition specified therein arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from 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 residential house, or for construction of a residential house within three years.
8. In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20%. Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the act), shall be chargeable at 10%.
9. In accordance with section 115F, subject to the conditions and to the extent specified therein, long- term capital gain 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.

10. 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.
11. In accordance with section 115-I, where a Non Resident Indian opts not to be governed by the provision 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.
12. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
13. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
14. Under the provisions of Section 195 of the Income Tax Act, any income (not being an income chargeable under the head 'Salaries'), payable to non residents, may be eligible to the provisions of withholding tax, subject to the tax treaty. Accordingly income tax may have to be deducted at source in the case of a non-resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.
15. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

OTHER NON-RESIDENT SHAREHOLDERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS):

1. Under section 10 (34) of the Act, income earned by way of dividend (Interim or final) from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.
2. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1,500/- per minor child.
3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds, acquired in Indian currency, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be lower of:-
 - a) 20% of the capital gains as computed after indexation of the cost;
 - b) 10% of the capital gains as computed without indexation.
5. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a

case.

6. Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT.
7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees fifty lacs in a year.
8. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from 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 residential house, or for construction of a residential house within three years.
9. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
10. As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.
11. Under the provisions of Section 195 of the Income Tax Act, any income (not being an income chargeable under the head 'salaries') which is chargeable under the provisions of the Act payable to non residents, is subject to withholding tax as per the prescribed rate in force. Accordingly income tax may have to be deducted at source in the case of a non-resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assesses unless a lower withholding tax certificate is obtained from the tax authorities.

FOREIGN INSTITUTIONAL INVESTORS (FII'S)

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 115 AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:
Long term capital gains-10 %
Short term capital gains (other than referred to in section 111A) - 30%
5. In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
6. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term

specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.

BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115 R of the act.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, no wealth tax will be payable on the market value of shares of the company held by the shareholder of the company.

NOTES:

- i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.
- ii) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- iii) All the above benefits are as per the current tax laws (including amendments made by the Finance Act 2012), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- iv) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- v) This statement is only extended to provide general information to the investors and is neither designed nor intended to be a substitute for Professional Tax Advice. In view of the individual nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.

For, M/s. Maharishi & Co.
Chartered Accountant

Prashant Maharishi
(Partner)
Membership No. : 41452
ICAI Firm Registration No: 124872W
Place: Jamnagar
Date: 24/09/2014

SECTION V- ABOUT US

INDUSTRY OVERVIEW

❖ Global Economic Conditions:

Global growth, after decelerating for the last three years is poised to improve in 2014, but risks to outlook remain with uncertainties arising from moves to unwind unconventional monetary policies and possibility of a renewed deflation in the euro area. Economic expansion the last three years is poised to improve in 2014, but risks to outlook remain with uncertainties arising from moves to unwind unconventional monetary policies and possibility of a renewed deflation in the euro area. Economic expansion by the US could act as a drag on growth acceleration.

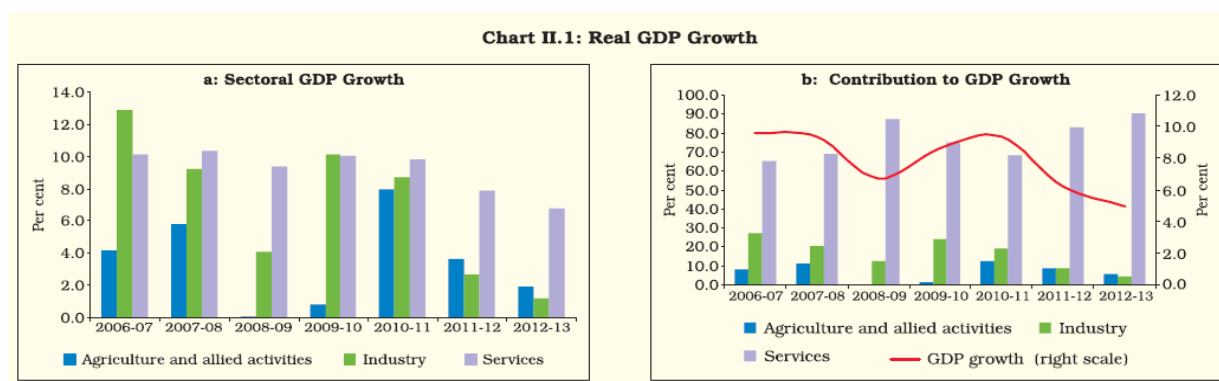
Inflation has continued to be low in advanced economies (AEs) aided by high unemployment and large spare capacities. After a year of deflation, inflation picked up in Japan. Among the emerging economies, monetary policy was tightened further by Indonesia, India, and Brazil, as they confronted high inflation and pressures on their exchange rates. Going forward, inflation risks for EMDEs are likely to stay in the near-term conditioned by structural factors and demand pressures emanating from narrowing output gap. However, global commodity price cycle is likely to stay benign on the back of improved supplies of oil, metals and food.

The US Fed's announcement on December 18 of tapering of its large scale asset purchase programme had a limited impact on global financial markets in sharp contrast to the May indication. India, having rebuilt its buffers during Q3, withstood the announcement better than many of its peers. Going forward, the spacing of the Fed's tapering moves over the course of 2014 could influence market movements even though some of it seems to have been priced in

(Source: RBI Macroeconomic and Monetary Developments Third Quarter Review 2013-14 <http://rbidocs.rbi.org.in/Publications/PDFs/MDF2701145070AFA428.pdf>)

❖ Indian Economy:

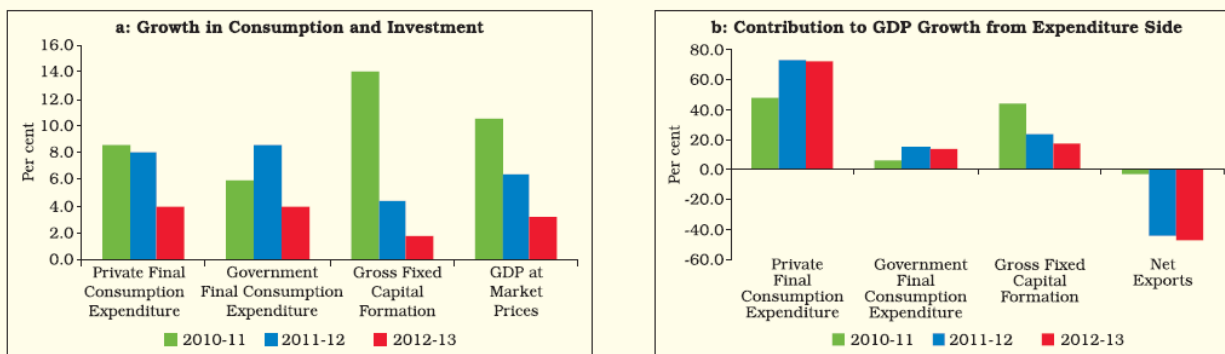
India's real GDP growth continued to moderate for the second successive year in 2012-13 and dropped to 5.0 per cent, the lowest in the past 10 years (Appendix Table 1). A combination of factors has contributed to growth moderation over past two years. These include structural impediments, high inflation for three years and cyclical slowdown in both global and domestic economies. Consequently, activity in all major sectors of the economy decelerated during the year, with the industrial sector suffering the most. While the agriculture sector slowed for the second consecutive year in 2012-13 due to the weak monsoon, industrial and services sector growth decelerated for the third consecutive year after the recovery from the global crisis in 2009-10. Nevertheless, India's growth continued to remain service-led with the highest contribution (90.0 per cent) to GDP growth during the year.



• Sluggish consumption and investment demand for the second consecutive year

The growth rate of GDP at market prices nearly halved during 2012-13 due to a reduction of growth in consumption (both private and government) and fixed investment. Private consumption expenditure, which accounts for around 60 per cent of real GDP at market prices, continued to decelerate for the second consecutive year due to the persistence of high consumer price inflation. Supply bottlenecks and weak demand further dragged fixed investment growth for the second consecutive year.

Chart II.2: Expenditure Side of GDP



(Source: RBI Annual Report 2012-2013)

❖ Non Banking Financial Companies:

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

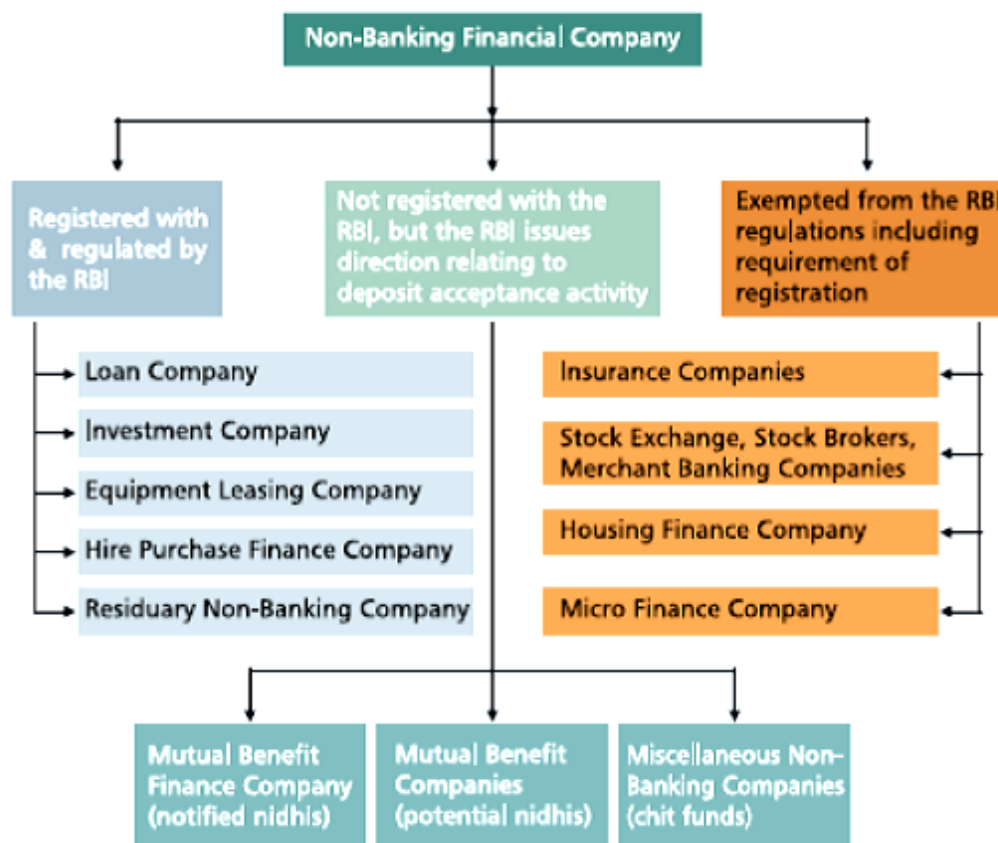
(Source:- FOQ on RBI website <http://www.rbi.org.in/scripts/FAQView.aspx?Id=71>)

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.

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.

Exhibit 2.1: Industry Structure



(Source:- D&B Research Report <https://www.dnb.co.in/BFSISectorInIndia/NonBankC2.asp>)

What is difference between banks & NBFCs ?

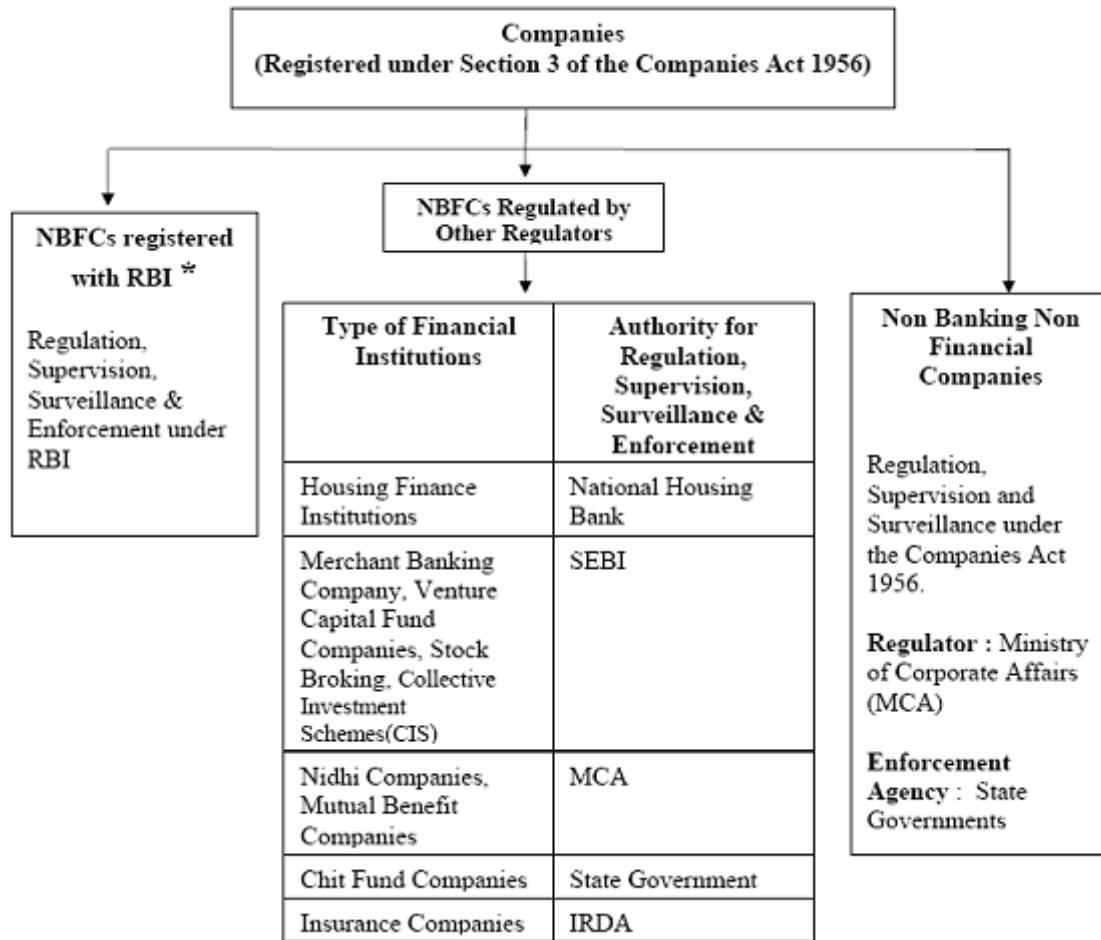
NBFCs lend and make investments and hence their activities are akin to that of banks; however there are a few differences as given below:

- NBFC cannot accept demand deposits;
- NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;
- deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

(Source:- FOQ on RBI website <http://www.rbi.org.in/scripts/FAQView.aspx?Id=71>)

Some financial businesses have specific regulators established by law to regulate and supervise them, such as, IRDA for insurance companies, Securities Exchange Board of India (SEBI) for Merchant Banking Companies, Venture Capital Companies, Stock Broking companies and mutual funds, National Housing Bank (NHB) for housing finance companies, Department of Companies Affairs (DCA) for Nidhi companies and State Governments for Chit Fund Companies. Companies which do financial business but are regulated by other regulators, are given specific exemption by the Reserve Bank from its regulatory requirements, such as, registration, maintenance of liquid assets, statutory reserves, etc. The Chart below gives the nature of activities and the concerned regulator.

Overview of Regulators of Non-Banking Companies

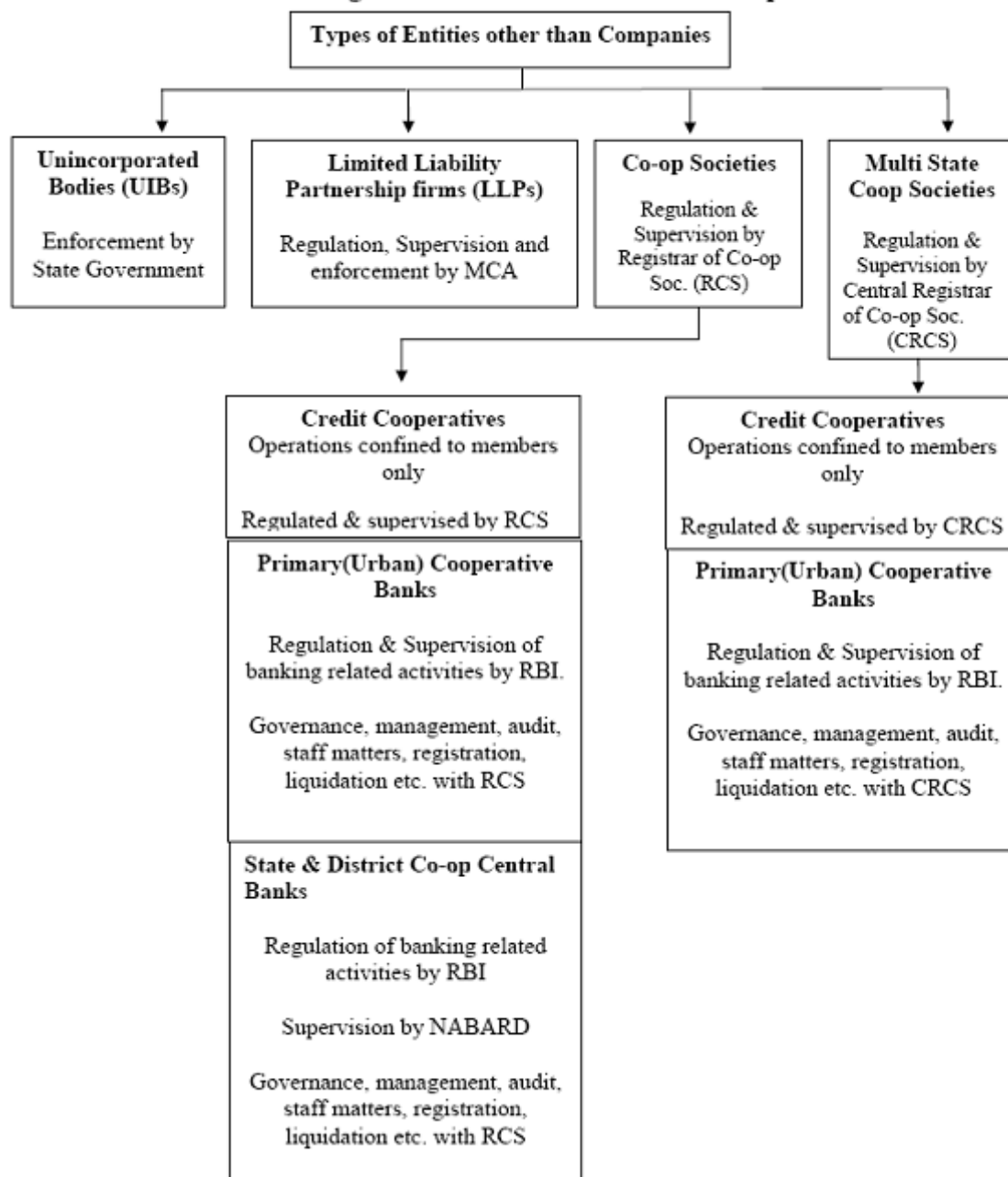


* NBFC is a financial Institution that is into Lending or Investment or collecting monies under any scheme or arrangement but does not include any institutions which carry on its principal business as agriculture activity, industrial activity, trading and purchase or sale of immovable properties. A company that carries on the business of accepting deposits as its principal business is also a NBFC.

The Reserve Bank of India regulates and supervises Non-Banking Financial Companies which are into the business of (i) lending (ii) acquisition of shares, stocks, bonds, etc., or (iii) financial leasing or hire purchase. The Reserve Bank also regulates companies whose principal business is to accept deposits. (Section 45I (c) of the RBI Act, 1934)

The Reserve Bank has been given the powers under the RBI Act 1934 to register, lay down policy, issue directions, inspect, regulate, supervise and exercise surveillance over NBFCs that meet the 50-50 criteria of principal business. The Reserve Bank can penalize NBFCs for violating the provisions of the RBI Act or the directions or orders issued by RBI under RBI Act. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC, or prohibiting them from accepting deposits and alienating their assets or filing a winding up petition

Overview of Regulators of Entities other than Companies



(Source:- <http://www.rbi.org.in/scripts/FAQView.aspx?Id=92>)

In terms of Section 45-IA of the RBI Act, 1934, no Non-banking Financial company can commence or carry on business of a non-banking financial institution without a) obtaining a certificate of registration from the Bank and without having a Net Owned Funds of Rs. 25 lakhs (Rs two crore since April 1999). However, in terms of the powers given to the Bank, to obviate dual regulation, certain categories of NBFCs which are regulated by other regulators are exempted from the requirement of registration with RBI viz. Venture Capital Fund/Merchant Banking companies/Stock broking companies registered with SEBI, Insurance Company holding a valid Certificate of Registration issued by IRDA, Nidhi companies as notified under Section 620A of the Companies Act, 1956, Chit companies as defined in clause (b) of Section 2 of the Chit Funds Act, 1982, Housing Finance Companies regulated by National Housing Bank, Stock Exchange or a Mutual Benefit company.

NBFCs are categorized a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs, b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

Non-Banking Financial Company

- **Asset Finance Company (AFC)**
- **Investment Company (IC)**
- **Loan Company (LC)**
- **Infrastructure Finance Company (IFC)**
- **Systemically Important Core Investment Company (CIC-ND-SI)**
- **Infrastructure Debt Fund**
- **Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI)**
- **Non-Banking Financial Company – Factors (NBFC-Factors)**

- Asset Finance Company (AFC)** : An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.
- Investment Company (IC)** : IC means any company which is a financial institution carrying on as its principal business the acquisition of securities,
- Loan Company (LC)** : LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.
- Infrastructure Finance Company (IFC)** : IFC is a non-banking finance company a) which deploys at least 75 per cent of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of Rs. 300 crore, c) has a minimum credit rating of 'A 'or equivalent d) and a CRAR of 15%.
- Systemically Important Core Investment Company (CIC-ND-SI)** : CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-
 - it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
 - its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;

- c. it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
 - d. it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
 - e. Its asset size is Rs 100 crore or above and
 - f. It accepts public funds
- vi. **Infrastructure Debt Fund:** Non- Banking Financial Company (IDF-NBFC) : IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.
- vii. **Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI):** NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:
- a. loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 60,000 or urban and semi-urban household income not exceeding Rs. 1,20,000;
 - b. loan amount does not exceed Rs. 35,000 in the first cycle and Rs. 50,000 in subsequent cycles;
 - c. total indebtedness of the borrower does not exceed Rs. 50,000;
 - d. tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15,000 with prepayment without penalty;
 - e. loan to be extended without collateral;
 - f. aggregate amount of loans, given for income generation, is not less than 75 per cent of the total loans given by the MFIs;
 - g. loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower
- viii. **Non-Banking Financial Company – Factors (NBFC-Factors):** NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 75 percent of its total assets and its income derived from factoring business should not be less than 75 percent of its gross income.

(Source:- FOQ on RBI website <http://www.rbi.org.in/scripts/FAQView.aspx?Id=71>)

There is a ceiling on acceptance of Public Deposits by NBFCs authorized to accept deposits.. An NBFC maintaining required minimum NOF./Capital to Risk Assets Ratio (CRAR) and complying with the prudential norms can accept public deposits as follows:

Category of NBFC having minimum NOF of Rs 200 lakhs	Ceiling on public deposit
AFC* maintaining CRAR of 15% without credit rating	1.5 times of NOF or Rs 10 crore whichever is less
AFC with CRAR of 12% and having minimum investment grade credit rating	4 times of NOF
LC/IC** with CRAR of 15% and having minimum investment grade credit rating	1.5 times of NOF
* AFC = Asset Finance Company	

** LC/IC = Loan company/Investment Company

As has been notified on June 17, 2008 the ceiling on level of public deposits for NBFCs accepting deposits but not having minimum Net Owned Fund of Rs 200 lakh is revised as under:

Category of NBFC having NOF more than Rs 25 lakh but less than Rs 200 lakh	Revised Ceiling on public deposits
AFCs maintaining CRAR of 15% without credit rating	Equal to NOF
AFCs with CRAR of 12% and having minimum investment grade credit rating	1.5 times of NOF
LCs/ICs with CRAR of 15% and having minimum investment grade credit rating	Equal to NOF

Presently, the maximum rate of interest an NBFC can offer is 12.5%. The interest may be paid or compounded at rests not shorter than monthly rests.

The NBFCs are allowed to accept/renew public deposits for a minimum period of 12 months and maximum period of 60 months. They cannot accept deposits repayable on demand.

The symbols of minimum investment grade rating of the Credit rating agencies are:

Name of rating agencies	Nomenclature of minimum investment grade credit rating (MIGR)
CRISIL	FA- (FA MINUS)
ICRA	MA- (MA MINUS)
CARE	CARE BBB (FD)
FITCH Ratings India Pvt. Ltd.	tA-(ind)(FD)
Brickwork Ratings India Pvt. Ltd.	BWR FA (FD)

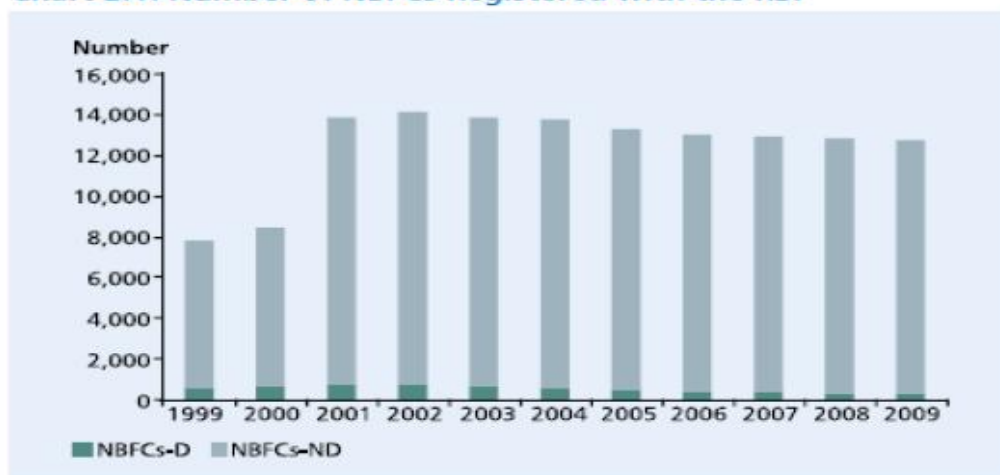
It may be added that A- is not equivalent to A, AA- is not equivalent to AA and AAA- is not equivalent to AAA

Trends & Progress of the NBFCs' Business

Since late 1980s up to mid 1990s, the number of NBFC s increased substantially on the back of easy access of funds from capital market IPOs and deposits from the public. In 1981, there were 7,063 NBFC s. The number went up to 24,009 in 1990 and there were as many as 55,995 NBFC s by 1995. The high deposit rates offered by NBFC s led investors to invest their funds in NBFC s. The deposit base of the NBFC s grew at an average rate of 88.6% per annum between the period Apr-91 to Mar-97.

However, strong growth in NBFC s could not be sustained as in the late 1990s several loans granted by the NBFC s turned sticky, leading some of the large NBFC s to default in repayment to their depositors. This led the RBI to introduce stringent guidelines in 1997-98 which hampered the ability of NBFC 's to raise deposits. Banks also became wary of lending to NBFC s, which translated into high cost of funds for NBFC s. Moreover, increasing competition from the banking system that was opened up for private sector banks in early 1990s affected the NBFC s business. Given these developments, many NBFC s with asset base in excess of Rs 1 billion had to exit their operations. NBFC s, however, recovered from this phase and witnessed strong growth during 2000-02.

Chart 2.1: Number of NBFCs Registered with the RBI



Note: 1) NBFCs-ND pertains to Non Deposit taking NBFCs while NBFCs-D pertains to deposit taking NBFCs
2) All figures are as on end-June
3) Data for 2009 is provisional

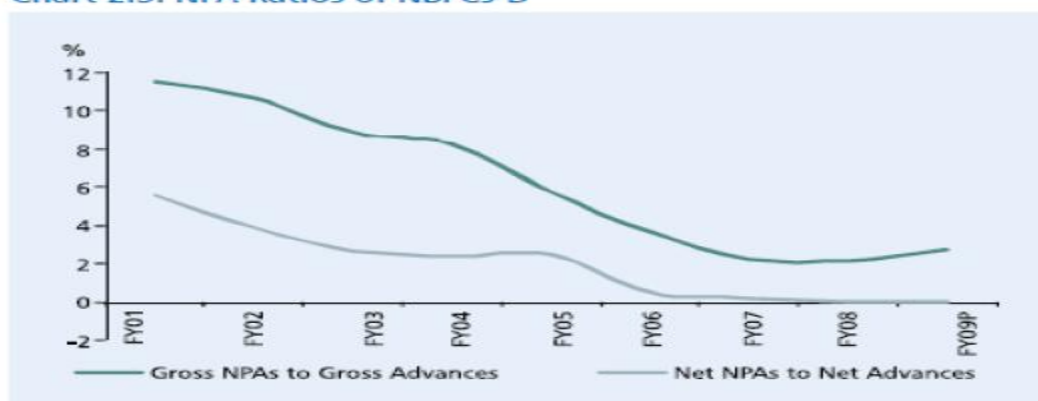
Source: RBI

Financial Performance of NBFCs

Operations of NBFCs, which witnessed sharp contraction during FY04 due to a decline in resource mobilisation, improved thereafter. During FY08, though expenditure witnessed an increase of 45.4%, rise in both fund based income and fee based income led to significant growth in operating profits (263.2% y-o-y during FY08) and net profits (298.3% y-o-y during FY08). Despite the volatile domestic financial markets, financial performance of NBFCs in terms of income and net profits remained modest. Expenditure witnessed some deceleration in growth during FY09. However, the pace at which the expenditure increased during FY09 was higher than that for income, in turn leading to a 2.2% (y-o-y) decline in operating profit. Net profit, on the other hand, registered a moderate growth mainly due to lower provisioning for tax. Given the moderation in income, the cost to income ratio deteriorated to 74.1% during FY09 from 68.9% during FY08. Gross NPA as well as net NPA (as percentage of gross advances & net advances respectively) continued to decline during 2007-08. Among NBFC group, gross NPA as percentage of gross advances of equipment leasing & hire purchase companies increased during FY08 on account of reclassification of NBFCs.

In contrast to the trend during the last few years, Gross NPA ratio increased to 2.7% during FY09 from 2.1% during FY08. Net NPA remained negative with provisions exceeding NPA at end-March 2009. Amongst the NBFC segments, there was a sharp improvement in the asset quality (as reflected in various categories of NPAs) of equipment leasing companies while asset quality of hire purchase companies witnessed sharp deterioration during FY09 as compared against the previous year.

Chart 2.5: NPA Ratios of NBFCs-D



P: Provisional
Source: RBI

In case of capital adequacy ratio, the number of NBFCs with less than the minimum regulatory Capital to risk-weighted average ratio (C RAR) of 12% declined to 9 at end-March 2009 as against 47 as at end-March 2008. Further, at end-March 2009, almost 95.7% of NBFCs had C RAR of 12% or more as

compared with 85.6% of NBFCs during the corresponding period of the previous financial year. This indicates that compliance with CRR requirement has improved in FY09.

The ratio of public deposits to net owned fund (NOF) for all categories of NBFC remained unchanged at 0.2% as at end-March 2009 from the corresponding period of the previous financial year. Among NBFC group, while the ratio of public deposits to NOF for loan companies and hire purchase companies declined during FY09, that of remaining categories registered a marginal increase.

(Source:- D&B Research Report <https://www.dnb.co.in/BFSISectorInIndia/NonBankC2.asp>)

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. NBFCs account for 12.3% of assets of the total financial system. Due to the global economic slowdown and its impact on the domestic economy, NBFC sector faced significant stresses on asset quality, liquidity and funding costs. With the recovery of Indian economy over the last few quarters, demand side of NBFCs has also improved. 2011 has been strong for NBFCs.

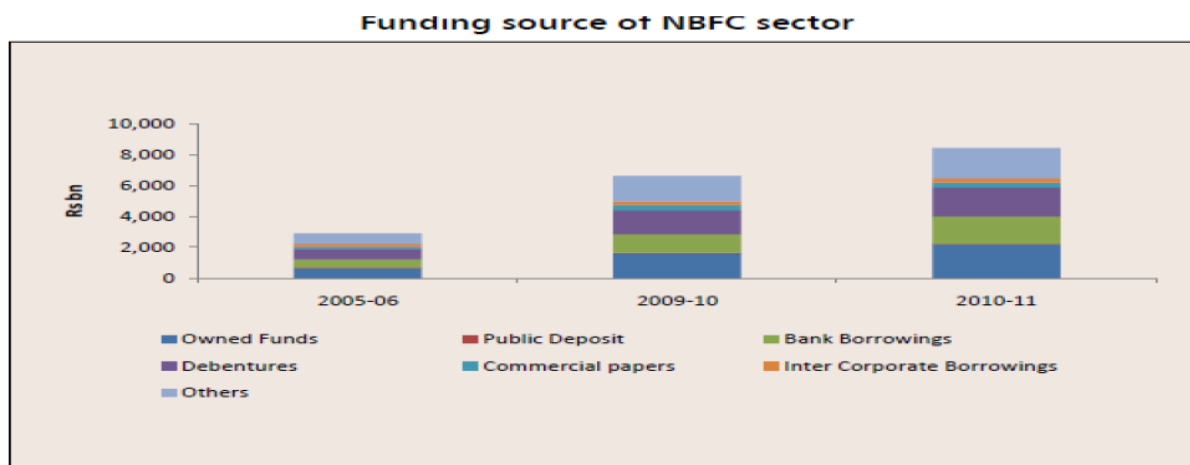
With earlier three categories of NBFCs – loan companies, asset finance companies and investment companies, RBI during the recent times has introduced further new categories of NBFCs as Infrastructure finance companies, core investment companies and the most recent addition with recommendation from the Malegam Committee report being NBFC-MFIs catering to microfinance sector.

The recent times have also witnessed consolidation of several smaller NBFCs and the number of registered NBFCs has declined from 12,630 at end June 2010 to 12,409 at end June 2011 (See data on Registered NBFCs with RBI below).

Table 5.14 : Number of NBFCs Registered with the RBI			
End June	Number of Registered NBFCs	Number of NBFCs-D	Number of NBFCs-ND-SI
2005	13261	507	-
2006	13014	428	149
2007	12968	401	173
2008	12809	364	189
2009	12740	336	234
2010	12630	308	260
2011	12409	297	330

Source : RBI.

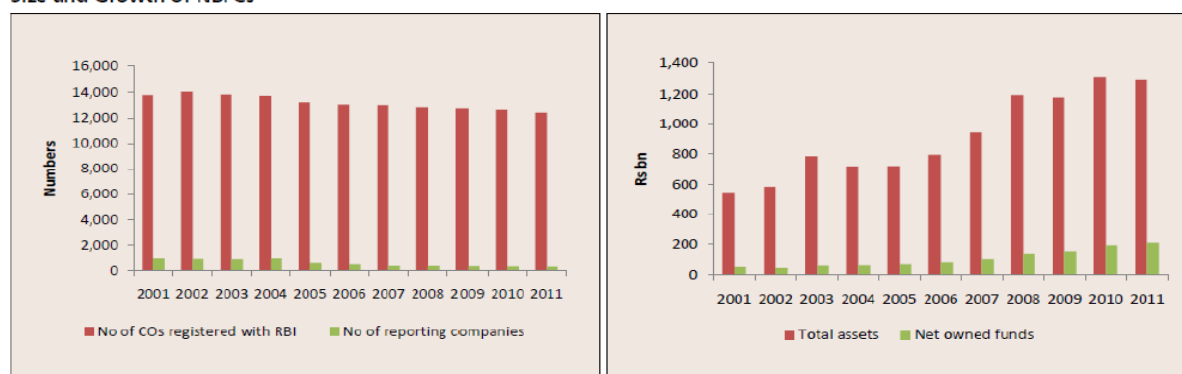
The total assets of the NBFC sector witnessed good growth by the end of FY 2011 and recovered after a difficult year in FY09-10 that was on account of the global financial crisis. As per RBI's report on trends and progress of banking in India (2009-10), total assets of NBFCs (excluding non systemically important non-deposit small NBFCs that account for less than 10% of the sector) increased from Rs. 5.60 lakh crore to Rs. 6.57 lakh crore witnessing a YoY growth of 17.3%. The consolidated balance sheet of NBFCs-D (excluding RNBCs) recorded 11.9 per cent growth for the year ended March 2011 (22.2 per cent in the previous year). Borrowings, which is the major source of funds for NBFCs-D, increased by 9.0 per cent during the year, while public deposits increased sharply by 43.5 per cent largely due to increase in public deposits of three NBFCs-D. Bank borrowings and debentures have remained the prominent source of funding for NBFCs. (See data below):



Source: RBI and D&B Research

On the assets side, loans and advances witnessed a growth of 9.5 per cent while investments increased by 14.1 per cent (primarily on account of increase in SLR investments) for the year ended March 2011.

Size and Growth of NBFCs



Source: RBI and D&B Research

(Source:- An Overview of the Indian NBFC Sector: Performance in 2011, prospects in 2012)

Challenges & Future Outlook

While NBFC s have witnessed substantial growth over the years, there are few areas of concern which need to be addressed. For instance, while NBFC s have enjoyed an edge over banks in semi-urban & rural markets where banking network is not yet strong, they have limited spread in urban markets. Nonetheless, in recent years, NBFC s have begun to create niches for themselves that are often neglected by banks. These primarily include providing finance to non-salaried individuals, traders, transporters, stock brokers, etc.

In the past few years, the increased competition from banks in the retail finance segment has led to excess diversification by NBFCs from their core business activities. The sector has witnessed introduction of various innovative products such as used vehicles financing, small personal loans, three-wheeler financing, IPO financing, finance for tyres & fuel, asset management, mutual fund distribution and insurance advisory, etc. Besides, NBFC s are aspiring to emerge as a one-stop shop for all financial services.

NBFC s have also ventured into riskier segments such as unsecured loans, purchase finance for used commercial vehicles, capital market lending, etc. Moreover, NBFC 's customer profile is concentrated on the self-employed segment. The earlier mentioned factors increase their risk profile which could have adverse impact on the financial health of NBFCs.

Although some improvement has been witnessed in auto sales in last few months, the demand for vehicle finance is likely to remain subdued. Besides, given the significant slowdown in the Indian economy, NBFC s were encountering structural challenges such as increased refinancing risk, short-term asset-liability

mismatch leading to decelerating growth and declining margins. This is expected to have a bearing on the profitability of NBFC s in the medium term.

Given that growth in vehicle finance might remain low in the medium term, NBFC s are expected to focus on rural and semi-urban markets. Credit requirements of rural population are primarily met by banks from organised sector or local money lenders. Though, in recent years there has been some penetration of NBFC s in this segment, the market still remains largely untapped. There is a large section of rural population which does not have access to credit either because of their inability to meet the lending covenants of banks or due to high interest rates of local money lenders. This provides a huge opportunity for NBFC sector to spread their business in the rural & semi-urban markets.

(Source:- D&B Research Report <https://www.dnb.co.in/BFSISectorInIndia/NonBankC2.asp>)

OUR BUSINESS

Our company was Incorporated as 'Karnavati Finance and leasing Limited' at Mumbai on December 05, 1984 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra. On December 11, 1989 the name of the Company was changed to 'Karnavati Finance Limited'. Later in the year 2001-2002 the company was taken over by present promoter Mr Raman Morzaria by acquiring 2,51,000 equity share at Rs 10.50 from Mr Rajnikant Worah and his associate via share purchase agreement dated May 10, 2001.

Our Company is a NBFC registered with RBI to carry on NBFC Activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Certificate no. 13.00064 dated February 24, 1998.

BUSINESS STRENGTHS

Well Experienced Promoters:

Our management team is backed by promoters who have requisite experience in financial markets and lending industry. We believe that their strong technical experience and industry networks will help us in achieving our key business strategies.

Maintain and expand long term Relationship with Clients

In Finance Business the relationship with the clients is more important. 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 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.

To develop relations with new clients and strengthen the relations with the existing clients

The relations with the clients help the company to know the client in better way and his integrity can be known to the company. The promoters believe in personal connection with the clients for financing rather than relying more on papers.

Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of the Company's loan book. In the F.Y. 2012-13 our company has made provision for bad debts amounting to ₹ 80.64 lacs which is 26.34% of the total loan book size of that year. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

OUR PRODUCTS AND SERVICES

We are a Non Deposit taking Loan Company (NBFC-ND-LC) engaged primarily in the business of providing loans as per the requirement of customers and they are both secured and unsecured finance. We are mainly involved in business loan and personal loan. Our products are typically directed at Individuals and small and medium size entities . Our loan products are customized to the requirements of our borrowers, broadly classified as:

- A. Business Loan
- B. Personal finance

Business Loans:

We provide finance for every unique requirement of businessmen, Micro, Small and Medium Enterprises (MSME) and promising entrepreneurs as well as Individual Personal Loans. Our vision is to provide entrepreneurs and budding businesses including MSME with access to finance right at the grassroots level,

serving rural and semi-urban as well as in urban areas by providing various financial products & services to assist them.

Personal Finance

Personal Loan is an unsecured loan, mainly offered to Individuals and small businesses including proprietorship firms & MSMEs, which doesn't require any security and can be availed for any purpose like marriage, personal use, business working capital, expansion, etc. The tenure of these loans given to clients is generally up to 1 year and shown as short term loans and advances in the balance sheet.

Summary of our Key Policies and Procedures

A. KYC Policy

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

For Depositors

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

For Borrowers

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

B. Fair Practice Code

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

1. Application for loans and their proceedings:

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

2. Loan appraisal and terms/conditions

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

3. Disbursement of loans including changes in terms and conditions

- Notice to the borrower should be given of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.
- Decision to recall / accelerate payment or performance under the agreement should be in consonance with the loan agreement.
- All securities should be released on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the borrower. If such right of set off is to be exercised, the borrower should be given notice about the same with full particulars about the remaining claims and the conditions under which we are entitled to retain the securities till the relevant claim is settled/ paid.

4. General

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

5. Dispute

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

Location:

Properties

Our Company does not own any property. However we have acquired premises on Leave and License basis details of which are as under:

Sr. No	Description of Property	Parties to the Agreement	Agreement date	License Period	Usage	Rent paid per month (in ₹)
1.	Unit no 2 , Ground Floor of Sagar Deep Darshan Society Limited, Borivali (West) Mumbai	Jay Ramanbhai Morzaria and Karnavati Finance Limited	July 23, 2014	Up to January 14, 2015	Registered office	Nil
2.	Vraj 5 TH Floor, Opp President Hotel, Near Bhumi Press, Limda Lane, Jamnagar	Raman Morzaria Lessor and Karnavati Finance Limited	September 15, 2013	36 Months	Corporate office	5,000/-
3.	301, 3rd Floor, Center-1, Near Wockhardt Hospital, Kalawad Road Rajkot 360005	Mr. Vinesh Makadia and Karnavati Finance Limited	June 06, 2007 *	Until Revoked	Branch Office	Nil

Flow Chart For Proposed Process Of Giving Loan

1. The Prospective Customer approaches the Company
2. The Prospective Customer is then required to fill up the Application Form and submit the relevant KYC documents (like ID Proof, Income Tax Returns), Performa Invoice etc., with the Company.
3. The documents received by the Company are then verified and the application form is checked for its completeness

4. The Company may ask for any additional information
5. If all the documents are in order, the application form along with the supporting documents are forwarded to the sanctioning authority for approval.
6. If the sanctioning authority sanctions the finance and the sanction Letter is issued to the Customer. The sanction letter provides for the interest rate, and number of installments in which the amount financed to be repaid.
7. Assets purchased are then verified.
8. Post Issue of Sanction Letter, documents such as Hypothecation Agreement, Promissory Note, Power of Attorney, Letter of Waiver, TTO set (if the asset purchased is a vehicle), Finance Agreement etc. are executed. Once all the formalities are completed, cheque is issued in favour of the Customer.

COMPETITION

In financial services, the Company competes with small cooperative Banks and credit societies.

INTELLECTUAL PROPERTY RIGHTS

Our Company does not hold any Intellectual Property nor we have applied for any it till date.

EXISTING CAPACITY & CAPACITY UTILIZATION

Capacity and Capacity Utilization is not applicable to our Company.

HUMAN RESOURCES

As on date of this Prospectus, we have 5 (Five) employees on roll which are spread across various functions viz. administration, marketing, management, daily support staffs. The Company expects that human resources and employee recruitment activities will increase as the Company's business grows.

Purchase of property

There is no property that has been purchased or acquired by the Company or is proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by this Prospectus or the purchase or acquisition of which has not been completed at the date of issue of the Prospectus.

Land

No land has been acquired/ proposed to be acquired along with by the Company from entities having any sort of relation with any Promoter or Director of the Company.

Insurance

Our Company has no Insurance cover of any nature.

KEY INDUSTRY REGULATIONS AND POLICIES

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

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) dated 8th April, 1999 that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC (a) if its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

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

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

Maintenance of Liquid Assets:

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

Prudential Norms:

The RBI has issued the non banking financial (non-deposit accepting or holding) companies prudential norms (Reserve Bank) directions, 2007 as amended from time to time. The prudential norms directions inter alia prescribe guidelines regarding income recognition, assets classification, provisioning requirements, constitution of audit committee, capital adequacy requirements etc. The said prudential norms directions are not applicable to NBFC's being investment companies provided that such NBFC is not accepting / holding public deposits. Therefore, the said prudential norms directions are not applicable to the company.

However, there are no loss assets, doubtful assets or any sub-standard assets in the company. All assets are standard assets.

Exposure Norms:

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

Capital Adequacy Norms & Asset Liability Management:

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

Guidelines on Fair Practices Code:

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

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

There have been no grievances whatsoever pending for redressal.

KYC Guidelines:

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

Prevention of Money Laundering Act, 2002

The RBI has issued a Master Circular dated July 1, 2009 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than Rupees 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below Rupees 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds Rupees1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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

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.

LAWS RELATING TO EMPLOYMENT

Shops and Establishment Act:

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

GENERAL LAWS

The Companies Act, 2013:

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in the year 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.

Several provisions of the Companies Act, 2013 viz, compromise, arrangements and amalgamations, prevention of oppression and mismanagement, revival and re-habilitation of Sick Companies, winding-up, functioning of NCLT and others are yet to be notified. Accordingly, the provisions of Companies Act, 1956 for matters falling under un-notified sections of Companies Act, 2013, shall be governed by the existing

provisions of Companies Act, 1956, until repealed as a result of notification of corresponding provisions of Companies Act, 2013.

The Indian Contract Act, 1872:

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

Income-tax Act, 1961:

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

HISTORY AND CERTAIN CORPORATE MATTERS

Our History and Corporate Profile

Our company was originally Incorporated as 'Karnavati Finance And Leasing Limited' at Mumbai on December 5, 1984 and received certificate of commencement on May 7, 1985 by Registrar of Companies, Mumbai. The name of our Company was changed to "Karnavati Finance Limited" on December 11, 1989.

Our Company is a NBFC registered with RBI to carry on NBFC activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing certificate no. 13.00064 dated February 24, 1998.

In the year 2001-2002, the company was taken over by present promoter Mr. Raman Morzaria by acquiring 2,51,000 Equity Share at Rs 10.50 per equity Shares from Mr. Rajnikant Worah and his associates via share purchase agreement dated May 10, 2001.

We are mainly involved in business loans and personal loan. Our loan products are customized to the requirements of our borrowers, broadly classified as:

- A. Business Loan
- B. Personal finance

Changes in Registered Office

At present, the registered office of the company is situated at Unit No. 2, Sagar Deep Darshan Co-operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai-400092.

Changes in registered office since its incorporation to till date are set forth as under:

Sr. No.	Registered Office		With Effect From
	Shifted From	Shifted To	
1.	94, Nagindas Master Road, fort, Mumbai- 400023	708/B, Aradhana, Bombay Dyeing Spring Mill Compound, Nr. Wadala Telephone Exchange, Naigoan, Mumbai - 400031	October 1, 2001
2.	708/B, Aradhana, Bombay Dyeing Spring Mill Compound, Nr. Wadala Telephone Exchange, Naigoan, Mumbai - 400031	Meghji Vallabhdas, First Bldg, M.G. Road, opp. Gandhi Market Gatkopar (East), Mumbai - 400077	January 24, 2002
3.	Meghji Vallabhdas, First Bldg, M.G. Road, opp. Gandhi Market Gatkopar (East), Mumbai - 400077	B-25, Mistry Building, Room No. 8, Bhat Bazar, Keshavji Naik Road, Masjid Bandar, Mumbai, Maharashtra-400009	August 8, 2008
4.	B-25, Mistry Building, Room No. 8, Bhat Bazar, Keshavji Naik Road, Masjid Bandar, Mumbai, Maharashtra-400009	Unit No. 2, Sagar Deep Darshan Co-operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai-400092.	July 23, 2014

Amendments to the Memorandum of Association

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

Date of Amendment	Particulars
December 11, 1989	The name of our Company was changed from "Karnavati Leasing & Finance Limited" to "Karnavati Finance Limited"
March 29, 2006	Addition of following clause as Sub clause 79 to other Object of Clause III of Memorandum of Association Clause 79
July 27, 2007	The authorized shares capital of ₹ 1,00,00,000 divided into 10,00,000, equity shares of ₹ 10 each was increased to ₹ 2,00,00,000 divided into 20,00,000 equity shares of ₹10 each.

May 01, 2008	<p>Addition of following clause as Sub clause 4A, 4B, 4C and 4D of Clause of III of Memorandum of Association.</p> <p>4A. Subject to the Provisions of the Foreign Exchange Management Act, 1999 and Rules/regulations framed thereunder and subject to approval of Reserve Bank of India or any other Authority, to act as full fledged Money changer (FFMC) and to sell, purchase or otherwise deal in foreign currency notes, coins, travelers cheques or any other foreign instruments, or securities and to provide consultancy in the field of foreign exchange management.</p> <p>4B. To carry on business in India or abroad, as air travel agents, air ticket booking agents, tourist agents and contractors and to facilitate traveling and to provide for tourists and travelers and to promote provisions for convenience of all kinds in Air, Road, Sea, Rail Travels and to run package tours, visa & passport consultancy, hotel Booking.</p> <p>4C. To carry on business as insurance agents in respect of all classes and types of insurance, to act as direct selling associates(DSA), Assets recovery agent of banks and financial institution in respect of all kind of loan given by such banks and financial institution including Housing Loan, vehicle and Consumer Durable Loan, Industrial Loan, Business Loan, personal Loan</p> <p>4D. Subject to applicable Law to carry on the business of Bill purchasing, Bill Discounting, purchasing of NPA from Financial Institution and banks and other Agency.</p>
April 7, 2011	The authorized shares capital of ₹ 2,00,00,000 divided into 20,00,000, equity shares of ₹ 10 each was increased to ₹ 5,00,00,000 divided into 50,00,000 equity shares of ₹ 10 each.
September 06, 2014	The authorized shares capital of ₹ 5,00,00,000 divided into 50,00,000, equity shares of ₹ 10 each was increased to ₹ 10,00,00,000 divided into 1,00,00,000 equity shares of ₹ 10 each.

Major Events

The major events of the company since its incorporation in the particular financial year are as under:

Financial Year	Events
1983-1984	Incorporation Of Our Company as Karnavati Finance & Leasing Limited
1985-1986	Certificate Of Commencement of Business
1989-1990	The Name Of The Company Change from Karnavati Finance & Leasing Limited to Karnavati Finance Limited
1997-1998	RBI approval to carry on NBFC Activities
2001-2002	Change In Management - Company Acquired By Mr. Raman Morzaria, existing Promoter

Subsidiaries/Holdings of the company

Our Company does not have any subsidiary company and company is not a holding company, as on date of filing of the Prospectus.

Injunction and restraining order

Our company is not under any injunction or restraining order, as on date of filing of the Prospectus.

Managerial Competence

For managerial Competence please refer to the section "Our management" on Page no 78 of the prospectus.

Acquisitions / Amalgamations / Mergers/ Revaluation of assets

No acquisitions / amalgamations / mergers or re valuation of assets have been done by the company.

Total number of Shareholders of Our Company

As on the date of filing of this Prospectus, the total numbers of equity share holders are 17. For more details on the shareholding of the members, please see the section titled "Capital Structure" at page 32.

Main Objects as set out in the Memorandum of Association of the Company

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

1. To carry on and undertake the business of leasing finance, hire purchase, investment and trading and to finance lease and hire purchase operation of all kinds, purchasing, selling, hiring or letting on hire and financing all kind of plants and machinery and equipment that the Company may think fit and to assist in financing of all and every kind and description of hire-purchase and deferred payment or similar transaction and to subsidize finance or assist in subsidising or financing the sale and maintenance of any goods, article or commodities of all and every kind and description upon any terms whatsoever and to finance the purchase or otherwise dealing in all forms of immovable and movable property including lands and buildings, plant and machinery, equipments, films, ships, air-craft, automobiles, computers and all consumers, commercial and industrial items rights and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased or hired be new and/or used.
2. To advance, deposit or lend money, securities and properties to or with any company, body corporate, firm, person or association whether falling under the same management or otherwise, in accordance with and to extent permissible under the provision contained in Section 370 and 372 of the Companies Act, 1956 with or without security and on such terms as may be determined from time to time. However, the Company shall not carry on the business of Banking as defined under the Banking Regulation Act, 1949.
3. To carry out financing operation and perform financing service including factoring, project finance consultancy, credit reporting, credit collectors, underwriters, managers, registrars, brokers with provisions for computer service.
4. To provide a leasing advisory/counseling service to other entities and/or form the leasing arm of other entities.
- 4A. Subject to the Provisions of the Foreign Exchange Management Act, 1999 and Rules/regulations framed there under and subject to approval of Reserve Bank of India or any other Authority, to act as full fledged Money changer (FFMC) and to sell, purchase or otherwise deal in foreign currency notes, coins, travelers cheques or any other foreign instruments, or securities and to provide consultancy in the field of foreign exchange management.
- 4B. To carry on business in India or abroad, as air travel agents, air ticket booking agents, tourist agents and contractors and to facilitate traveling and to provide for tourists and travelers and to promote provisions for convenience of all kinds in Air, Road, Sea, Rail Travels and to run package tours, visa & passport consultancy, hotel Booking.
- 4C. To carry on business as insurance agents in respect of all classes and types of insurance, to act as direct selling associates(DSA), Assets recovery agent of banks and financial institution in respect of all kind of loan given by such banks and financial institution including Housing Loan, vehicle and Consumer Durable Loan, Industrial Loan, Business Loan, personal Loan
- 4D. Subject to applicable Law to carry on the business of Bill purchasing, Bill Discounting, purchasing of NPA from Financial Institution and banks and other Agency.

Shareholders' Agreements

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

Other Agreements

Except as stated elsewhere in this Prospectus and except various agreements/contracts, which have been entered in regular course of business with our clients there are no other material agreements or contracts.

Strategic Partners

Our Company has not entered into any strategic partners as on the date of filing this Prospectus.

Financial Partners

Our Company has not entered into any financial partnerships with any entity as on the date of filing of this Prospectus.

OUR MANAGEMENT

Under our Articles of Association, our Company is required to have not less than three (3) directors and not more than fifteen (15) directors. Our Company currently has 4 directors on Board of which two (2) are Independent directors and two (2) are Executive Directors, they are:

1. Managing Director - Mr. Jay R. Morzaria
2. Whole Time Director - Mr. Raman P. Morzaria
3. Independent Director - Mr. Jay K. Somaiya
4. Independent Director - Mr. Kaushal Ruparel

The Following table sets forth details regarding the Board of Directors as of the date of this Prospectus:-

Name, Father's Name, Address, Age, Designation, Status, DIN , Occupation and Nationality	Qualification & No. of Years of Experience	Date of Appointment and Term	Other Directorships
Name : Mr. Jay R. Morzaria Father's Name : Mr. Raman Morzaria Address : "Vraj", 2/60, Paras Society, Jamnagar-361008 Age : 24 Years Designation : Managing Director Status : Executive Director & Non Independent DIN : 02338864 Occupation : Business Nationality : Indian	B.com & LL.B Experience-2 years	September 30, 2010 Term: Appointed as Managing Director w.e.f July 1, 2014 for the period of 5 years and Liable to retire by Rotation	1. Midas Impex Private Limited 2. Vraj Dheera Developers Private Limited 3. Vraj Prime Developers Private Limited
Name : Mr. Raman P. Morzaria Father's Name : Mr. Pragjibhai Morzaria Address : "Vraj", 2/60, Paras Society, Jamnagar-361008 Age : 51 Years Designation : Whole Time Director Status :Executive & Non Independent DIN : 00203310 Occupation : Business Nationality : Indian	Experience-30 years	September 29, 2001 Term: Appointed as Whole Time Director w.e.f July 1, 2014 for the period of 5 years and Liable to retire by Rotation	1. Vraj Construction Private Limited 2. Midas Impex Private Limited 3. Vraj Dheera Developers Private Limited
Name : Mr. Jay Ketanbhai Somaiya Father's Name : Mr. Ketan Ramesh Somaiya Address : B-4, Roongtha Pride, Pethe Nagar Road, Indira Nagar, Nashik - 422009 Age : 25 years Designation : Director Status : Non Executive & Independent DIN : 06933178 Occupation : Practicing C.A Nationality : Indian	B.Com, Chartered Accountant Experience-4years	July 24, 2014 Term: Liable to retire by Rotation	Nil
Name : Mr. Kaushal Ruparel Father's Name : Mr. Bharat Haridas Ruparel Address :4-B/10, Meenant, Kosamgo Nagar, Near Pizza Hut, Kora Kendra, Borivali (W) Mumbai - 400 092 Age :29 Years Designation :Director Status :Non Executive & Independent DIN :06939630 Occupation :Chartered Accountant	B. Com & CA Experience-5 Years	August 02, 2014 Term : Liable to retire by rotation	Nil

Nationality	:Indian			
--------------------	---------	--	--	--

As on the date of the Prospectus:

- A. None of the above mentioned Directors are on the RBI List of willful defaulters.
- B. None of the Promoters, persons forming part of our Promoter Group, our Directors or persons in control of our Company or our Company are debarred from accessing the capital market by SEBI.
- C. None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
- D. None of our Directors are/were directors of any company whose shares were suspended from trading by stock exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five years.
- E. None of our Directors currently are or have been in the past, directors in listed companies which have been / were delisted from being traded from the stock exchanges:

Relationship between the Directors

Mr. Raman Morzaria is a father of Jay Morzaria. Other than this, there is no relationship, in terms of the Companies Act, between any of the directors of our company.

Arrangement and understanding with major shareholders, customers, suppliers and others

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.

Service Contracts

None of our directors have entered into any service contracts with our company and no benefits are granted upon their termination from employment other than the statutory benefits provided by our company. Except statutory benefits upon termination of their employment in our Company or retirement, No officer of our Company, including the directors and key Managerial personnel are entitled to any benefits upon termination of employment.

Borrowing Powers of our Company

Our Articles, subject to the provisions of Section 180(1)(c) of the Companies Act, 2013 authorizes our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders of the Company, through a resolution passed at the AGM September 06, 2014, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding Rs.20 crores at any time.

Brief Profiles of Our Directors

Mr. Raman P. Morzaria

Mr. Raman P Morzaria aged 51 years is one of the core promoter and whole time director of our company and has taken our KFL in the 2001. He has an overall experience of 30 years in the field of finance and real estate development and he is driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is on our Board since acquisition and is responsible for strategic planning and administration of our Company.

Mr. Jay R Morzaria

Mr. Jay R Morzaria aged 24 years is core promoter of our company and has been appointed as managing director of our company with the effect from July 01, 2014. He has completed bachelor of commerce from Mumbai University and law graduation in the year 2012 from Mumbai University. He has an overall experience of 2 years in the field of finance and construction business.

Mr. Jay K Somaiya

Mr. Jay K Somaiya aged 25 years is a Commerce Graduate from University of Pune and is an Associate Member of the Institute of Chartered Accountants of India (ICAI). He has an experience of four years in the field of Company Law matters, Accounting, Auditing and Taxation etc. He is appointed as Non Executive & Independent with the effect from July 24, 2014.

Mr. Kaushal B Ruparel

Mr. Kaushal B Ruparel aged 29 years and has completed bachelor of commerce and cleared his final examination of ICAI. He has wide range of experience in the field of accounting, legal and taxation. He is appointed as Non Executive & Independent with the effect from August 02, 2014.

Compensation and Benefits to the Managing Director and Whole Time Director are as follows:

Mr. Jay Morzaria has been appointed as the Managing Director of the company with effect from July 1, 2014 for a period of five years.

The remuneration payable is as follows:

Name	Mr. Jay Morzaria
Date of Appointment	July 01, 2014
Period	5 years
Salary	25,000 Per Month

Mr. Raman Morzaria has been appointed as the Whole Time Director of the company with effect from July 1, 2014 for a period of five years.

The remuneration payable is as follows:

Name	Mr. Raman Morzaria
Date of Appointment	July 01 2014
Period	5 years
Salary	25,000 Per Month

Sitting fees payable to Non Executive Directors:

Till date we have not paid any sitting fees to our existing Non- Executive Directors.

Shareholding of Directors:

The shareholding of our directors as on the date of this Prospectus is as follows:

Sr. No.	Name of Directors	No. Equity Shares held	Category/ Status
1.	Mr. Jay Morzaria	10,03,600	Executive and Non - Independent
2.	Mr. Raman Morzaria	26,82,700	Executive and Non - Independent
3.	Mr. Jay Ketanbhai Somaiya	Nil	Non Executive and Independent
4.	Mr. Kaushal Ruparel	Nil	Non Executive and Independent

Till Date no Qualification Shares held by any of the Directors.

Interest of Directors:

Except as stated/referred to in the paragraph titled "Immovable Property" beginning on page 68 of this Prospectus, our Directors do not have any interest:

I. In the promotion of our Company; or

II. In any property acquired by our Company within two years from the date of the Prospectus, or proposed to be acquired by our Company.

All the non executive directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

The directors may be regarded as interested in the shares and 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 the issuer company with any company in which they hold directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

Executive Directors are interested to the extent of remuneration paid to them for services rendered to the company.

Except as stated under Related Party Transaction on page no 107 of this Prospectus, our company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Prospectus in which our directors are interested directly or indirectly.

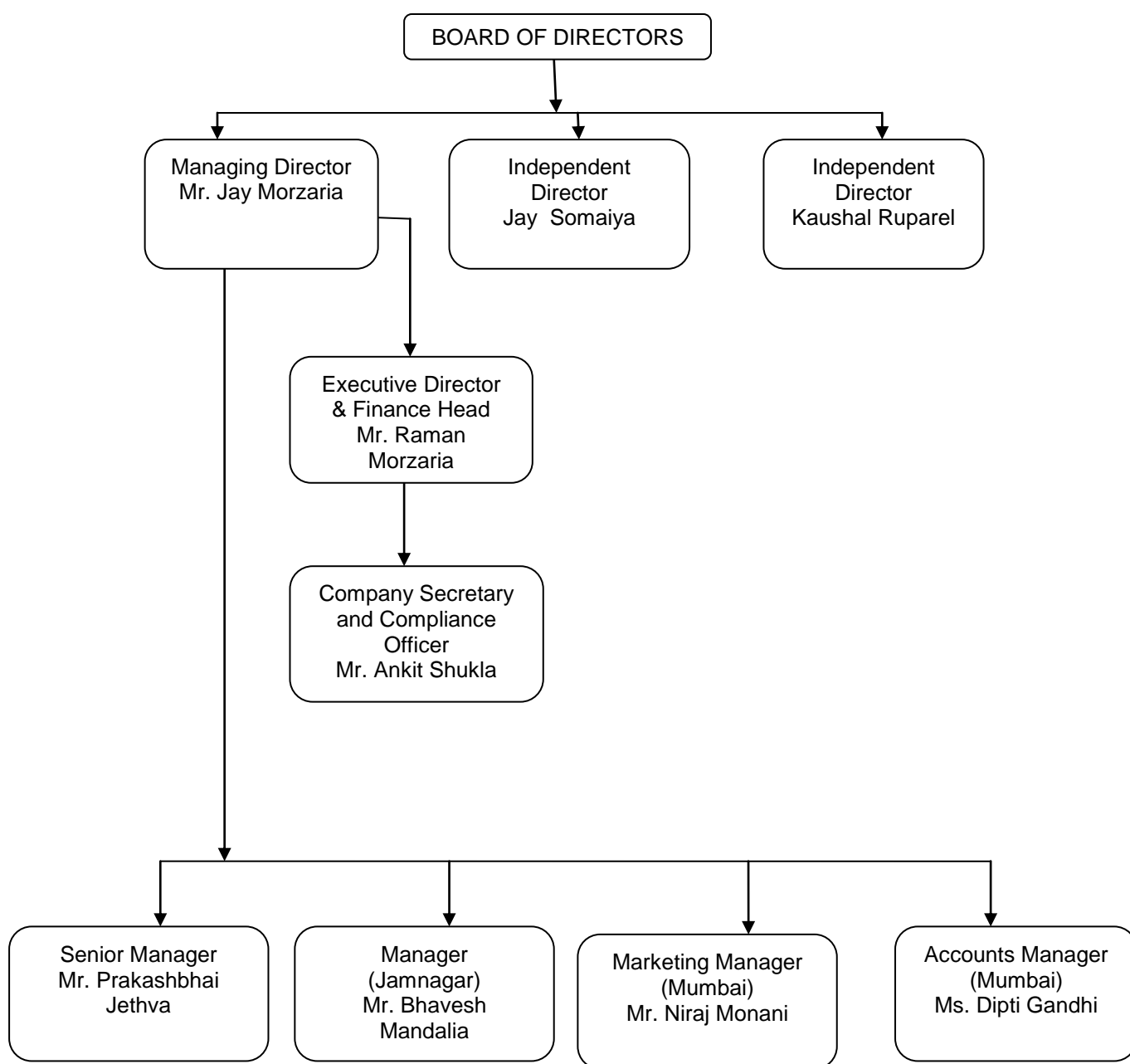
Changes in the Board of Directors during the Last Three Years:

Name of Directors	Date of Appointment	Date of change in Designation	Date of Cessation	Reason for the changes in the board
Mr. Jay Morzaria	September 30, 2010	July 1, 2014	-	Appointed as Managing Director
Mr. Raman Morzaria	September 29, 2001	July 1, 2014	-	Appointed as Whole Time Director
Mr. Jay Ketanbhai Somaiya	July 24, 2014	-	-	Appointed as Independent Director
Mr. Kaushal Bharatbhai	August 02, 2014	-	-	Appointed as Independent Director
Mrs. Daxaben Morzaria	-	-	July 15, 2014	Resigned
Mr. Rajesh Ramankant Lodaya	-	-	July 3, 2014	Resigned
Mr. Vineshkumar Makadia	-	-	July 3, 2014	Resigned

Management Organization Structure:

The Management Organization Structure of the company is depicted from the following chart:

Management Organization Chart



Corporate Governance

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

Composition of Board of Directors:

Currently the Board has Four Directors, of which the Chairman of the Board is Executive Director. In compliance with the requirements of Clause 52 of the SME Listing Agreement, our Company has two executive Directors and two independent and non-executive Directors, on the Board.

Composition of Board of Directors is set forth in the below mentioned table:

Sr. No	Board of Directors	Designation	Status	DIN
1.	Mr. Jay Morzaria	Managing Director	Non-Independent	02338864
2.	Mr. Raman Morzaria	Whole Time Director	Non-Independent	00203310
3.	Mr. Jay Somaiya	Non Executive Director	Independent	06933178
4.	Mr. Kaushal Ruparel	Non Executive Director	Independent	06939630

Constitutions of Committees

In terms of Clause 52 of SME Listing Agreement, our company has already appointed Independent Directors and constituted the following Committees of the Board:

1. Audit Committee.

2. Share Holders/ Investors Grievance Committee.

1. Audit Committee:

Our Company in compliance to clause 52 of SME Listing agreement constituted Audit Committee in the Board Meeting held on September 06, 2014 by inducting Independent directors as committee members.

The members of the Audit Committee are as follows:

Name of Directors	Designation	Nature of Directorship
Mr. Jay Somaiya	Chairman	Independent & Non Executive
Mr. Kaushal Ruparel	Member	Independent & Non Executive
Mr. Jay Morzaria	Member	Executive Director

Our Company Secretary will act as the secretary of the Committee.

Terms of Reference

The terms of reference of Audit Committee comply with the requirements of Clause 52 of the Listing Agreement.

Role of Audit Committee

The scope of audit committee shall include but shall not be restricted to the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
7. 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;
8. Discussion with internal auditors any significant findings and follow up there on;
9. 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;
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
11. 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;
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing;
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The audit committee shall mandatorily review the following information:

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

Powers of the Audit Committee:

The audit committee shall have the powers, which should include the following:

1. To investigate any 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. Shareholders/ Investor's Grievances Committee

Our company has constituted Shareholders/Investors grievance committee in compliance with the clause 52 of the SME Listing Agreement vide resolution passed in the Board Meeting held on September 06, 2014. This committee will redress all grievances of Shareholders/Investors.

The members of the Shareholders/ Investor's Grievances Committee are as follows:

Name of the Directors	Designation	Nature of Directorship
Mr. Jay Morzaria	Chairman	Executive Director
Mr. Jay Somaiya	Member	Independent Director
Mr. Kaushal Ruparel	Member	Independent Director

Our Company Secretary will act as the secretary of the Committee.

Terms of Reference

To allot the Equity Shares of the Company and to supervise and ensure:

- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares;
- Redressal of shareholder and investor complaints like transfer of Shares, non-receipt of balance sheet, non-receipt of declared dividends etc.,
- Issue duplicate/split/consolidated share certificates;
- Allotment and listing of shares;
- Dematerialization/Rematerialization of Share
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- Such other matters as may from time to time are required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Our Key Management Personnel

The Key Managerial Personnel of our Company other than our Managing and Whole time Director are as follows:-

Name, Age, Designation and Date of Joining	Qualification	Previous Employment	Overall Experience	Remuneration paid In previous year (2013-14) (₹ in Lakhs)
Mr Ankit Shukla Age: 32 Designation: Company Secretary and Compliance Officer DOJ: September 07, 2014	Company Secretary/L.L.B/ B.Com	K. A Shukla and Associates	5 Years	Nil
Mr. Bhavesh Mandalia Age: 39 years Designation: Manager DOJ: March 31, 2012	S.S.C	Self employed	15 Years	1.08
Mr. Prakashbhai Jethva Age: 45 Years Designation: Senior Manager DOJ: June 1, 2008	H.S.C	Self Employed	20 Years	0.84
Mr. Niraj Monani Age: 28 Years Designation: Marketing Manager DOJ: May 1, 2012	12 th Pass	Antishia Jewel Pvt Ltd	2 Years	1.08
Ms. Dipti Sanjay Gandhi Age: 31 Years Designation: Accounts Manager DOJ: April 1, 2014	Software diploma in accounts	Careoline Health Tech	9 Years	-

Notes:

- All the key managerial personnel mentioned above are on the payrolls of our Company as permanent employees.
- There is no arrangement / understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel have been recruited.
- None of our Key Managerial Personnel has been granted any benefits in kind from our Company, other than their remuneration.
- None of our Key Managerial Personnel has entered into any service contracts with our company and no benefits are granted upon their termination from employment other than statutory benefits provided by our Company.
- None of our Key Managerial Personnel are related with each other.
- No compensation was paid to the Key Managerial Personnel in the last financial year pursuant to a bonus or profit sharing plan.
- Except Mr. Bhavesh Mandalia holding 400 Equity shares in our company, none of our Key Management Personnel holds any Shares in our Company

Changes in the Key Management Personnel

The following are the changes in the Key Management Personnel in the last three years preceding the date of filing this Prospectus.

Name	Designation	Date of Appointment	Date of Cessation	Reason of changes
Mr Ankit Shukla	Company Secretary	September 07, 2014		Appointment
Ms. Dipti Sanjay Gandhi	Accounts Manager	April 1, 2014	-	Appointment
Mr. Niraj Monani	Marketing Manager	May 1, 2012	-	Appointment

Employee Stock Option Scheme

As on the date of filing of Prospectus company does not have any ESOP Scheme for its employees.

Relation of the Key Managerial Personnel with our Promoters/ Directors

None of our Key Managerial Personnel are related to our Promoters/Directors.

Payment of Benefit to Officers of our Company (non-salary related)

Except the statutory payments made by our Company, in the last two years, our company has not paid any sum to its employees in connection with superannuation payments and ex-gratia/ rewards and has not paid any non-salary amount or benefit to any of its officers.

OUR PROMOTERS AND PROMOTER GROUP

Mr. Raman Morzaria

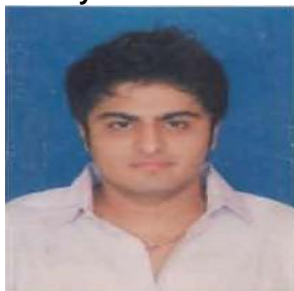


Permanent Account Number	ADAPM9644F
Passport Number	J0717410
Driving License	GJ10 19860048808
Name of Bank	Corporation Bank
Bank Account Number	026200101009533
Residential Address	"Vraj", 2/60, Paras Society, Jamnagar-361008

Mr. Raman P. Morzaria

Mr Raman P Morzaria aged 51 years is one of the core promoter and whole time director of our company and has taken over KFL in the 2001. He has an overall experience of 30 years in the field of finance and real estate development. He is driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is on our Board since acquisition and is responsible for strategic planning and administration of our Company.

Mr. Jay Morzaria



Permanent Account Number	AUFPM0535K
Passport Number	J1348398
Driving License	GJ10/045219/07
Name of Bank	State Bank of India
Bank Account Number	30722642128
Residential Address	"Vraj", 2/60, Paras Society, Jamnagar-361008

Mr. Jay R Morzaria aged 24 years is promoter of our company and has been appointed as managing director of our company with the effect from July 01, 2014. He has completed bachelor of commerce from Mumbai University and law graduation in the year 2012 from Mumbai University. He has an overall experience of 2 years in the field of finance and construction business.

Confirmations

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

Further, we confirm that Permanent Account Number, Bank Account Number, Company Registration Number and address of Registrar of Companies where the company is registered have been submitted to the Stock Exchange at the time of filing the Prospectus with the Stock Exchange.

Further, our Promoters have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Additionally, none of the Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

For details pertaining to other ventures of our Promoters refer chapter titled “Financial Information of our Group Companies” beginning on page 90 of the Prospectus.

Change in the management and control of the Issuer

There has not been any change in the management and control of our Company within five years immediately preceding the date of filing prospectus with the BSE.

Relationship of Promoters with each other and with our Directors

Name	Relationship
Mr. Raman Morzaria	Father of Jay Morzaria
Mr. Jay Morzaria	Son of Raman Morzaria

Interest of Promoters

Except as stated in "Related Party Transaction"—Annexure XII beginning on page 107 of the Prospectus and to the extent of compensation / sitting fees and reimbursement of expenses in accordance with their respective terms of employment, our Promoters do not have any other interest in our business.

Further, our Promoters are also directors on the boards, or are members, or are partners, of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, please see the Annexure “Related Party Transactions” on page 107.

Our Promoters do not have any interest in any property acquired by our Company in the period of two (2) years before filing the Prospectus. Except as stated otherwise in the Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements and no such payments are proposed to be made to them.

For further details of the same please refer to heading titled “Properties” beginning on page 68 under chapter titled “Our Business” and —Statement of Related Party Transaction beginning on page 66 and 107 of the Prospectus.

Payment of benefits to our Promoters

Except as stated in the Annexure “Related Party Transactions” on page 107, there has been no payment of benefits to our Promoters during the two years preceding the filing of this Prospectus.

Our Promoter Group

Promoter and Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb) of the SEBI ICDR Regulations. In addition to our Promoters, the following individuals and entities form a part of the Promoter Group:

A. Natural persons who are part of our Promoter Group

Relationship with promoter	Mr. Raman Morzaria	Mr. Jay Morzaria
Father	Lt. Pragjibhai Laljibhai Morzaria	Mr. Raman Morzaria
Mother	Lt. Premkuvarben	Mrs. Daxaben Morzaria
Spouse	Mrs. Daxaben Morzaria	Mrs. Apoorva Morzaria
Son	Mr. Jay Morzaria	-

	Mr. Kush Morzaria	
Son's Wife	Mrs. Apoorva Morzaria	-
Daughter	-	-
Father's Father	Lt. Laljibhai Morzaria	Lt. Pragjibhai Laljibhai Morzaria
Father's Mother	Mrs. Amrutben Laljibhai Morzaria	Lt. Premkuvarben
Mother's Mother	Mrs. Jayaben Jadavbhai Nathwani	Mrs. Savitaben Amrutlal Kundalia
Mother's Father	Mr. Jadavbhai Karamsingh Nathwani	Mr. Amrutlal Babulal Kundalia
Brother	Lt. Gulabbhai Morzaria Shree Girdharbhai Morzaria Shree Govindbhai Morzaria	Mr. Kush Morzaria
Sister	Mrs. Manjulaben Mangaldas Dattani Mrs. Rasilaben Rameshkumar Somiya Mrs. Sudhaben Amrutlal Modi Mrs. Ranjanben Kanaiyalal Sonaiya	-
Brother's Wife	-	-
Sister's Husband	Mr. Mangaldas V Dattani Mr. Rameshkumar V Somaiya Mr. Amrutlal L Modi Mr. Kanaiyalal G Sonaiya	-

B. Companies, Proprietary concerns, HUF's related to our promoters

Nature of Relationship	Entity
Any Body Corporate in which ten percent or more of the equity share capital is held by promoter or an immediate relative of the promoter or a firm or HUF in which promoter or any one or more of his immediate relative is a member.	Midas Impex Pvt. Ltd. Vraj Prime Developers Pvt. Ltd. Vraj Dheera Developers Pvt. Ltd. Vraj Construction Pvt. Ltd.
Any Body corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	-
Any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent	Vraj Developers – Proprietor Vraj Developers(Vraj Mangal) – Partnership Vraj Dheera Developers – Partnership Vraj Prime Developers – Partnership Vraj Hari Developers – Partnership Vraj Shivam Developers – Partnership Vraj Vasu Developers – Partnership Vraj Shree Developers – Partnership Vraj Kamman Developrs – Partnership Ajay Motor Driving School- Partnership
Partnership firm in which promoter or any of his relative is having interest.	Nil

For further details on our Promoter Group refer Chapter Titled “Financial Information of our Group Companies” beginning on page 90 of Prospectus.

FINANCIAL INFORMATION OF OUR GROUP COMPANIES

Details of our Group Companies

1. Midas Impex Private Limited
2. Vraj Prime Developers Private Limited
3. Vraj Dheera Developers Private Limited
4. Vraj Construction Private Limited
5. M/S. Vraj Vasu Developers
6. M/S. Vraj Shree Developers
7. M/S. Vraj Kamman Developers
8. M/S. Vraj Developers
9. M/S. Ajay Motors Driving School
10. M/S. Vraj Prime Developers
11. M/S. Vraj Dheera Developers
12. M/S. Vraj Shivam Developers
13. M/S. Vraj Hari Developers
14. M/S. Vraj Developers (Proprietorship)

As per C (2) Financial Information of Group companies under Part IX of Part A of Schedule VIII , the details of five largest unlisted Group Companies based on turnover :

Companies:

1. Midas Impex Private Limited

BREIF CORPORATE HISTORY OF THE COMAPANY

The company was incorporated on November 19, 2008 in the name and style of "Midas Impex Private Limited" as a private limited Company with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli having CIN U51109GJ2008PTC055473.

At present the company is engaged in Trading activities.

Registered Office

The registered office of the Company is situated at "Vraj", 1st Floor, Opp. Hotel President, Limda Lane Corner, Jamnagar-361001, Gujarat, India.

Board of Directors

As on date, the Board of Directors comprised of:

Sr. No	Name of the Directors	Designation	DIN Number
1.	Mr. Raman Pragjibhai Morzaria	Director	00203310
2.	Mr. Jay Ramanbhai Morzaria	Director	02338864

Shareholding Pattern

As on date, the Shareholding Pattern is as follows:

Sr. No	Name of the shareholder	Number of Equity shares held	Percentage holding (%)
1.	Mr. Raman Pragjibhai Morzaria	5000	50%
2.	Mr. Jay Ramanbhai Morzaria	5000	50%
	Total	10,000	100%

Financial Performance

The summary of audited financials for the previous years are as follows:

(₹ in lakhs except per share data)

Particulars	For the Year ended on	For the year ended	For the year ended
-------------	-----------------------	--------------------	--------------------

	March 31, 2014	March 31, 2013	March 31, 2012
Equity Share Capital (face value ₹ 10/- each)	1.00	1.00	1.00
Reserves & Surplus (excluding revaluation reserve)	1.34	0.62	0.12
Total Income	71.52	59.20	7.58
Profit/ (Loss) after Tax	1.05	0.49	0.23
Earnings Per Share (in ₹)	7.24	4.94	2.27
Net Asset Value Per Share (in ₹)	23.43	16.19	11.25

- ❖ The Company is not a listed Company
- ❖ The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956 nor is under winding up.
- ❖ There are no defaults in meeting any Statutory/bank/institutional dues and no proceedings have been initiated for economic offences against the Company

2. Vraj Prime Developers Private Limited

BREIF CORPORATE HISTORY OF THE COMAPANY

The company was incorporated on September 12, 2012 in the name and style of "Vraj Prime Developers Private Limited" as a Private Limited Company with the Registrar of Companies, Maharashtra, Mumbai having CIN U45400MH2012PTC235651.

The company was incorporated with the main object to carry on the business as builders, developers, masoners and General construction contractors.

Registered Office

The registered office is situated at Unit no.2, Ground Floor, Sagar Deep Darshan, S.V. Road, Opp. Adidas Show Room, Borivali (West), Mumbai-400092, Maharashtra, India.

Board of Directors

As on date, the Board of Directors comprised of:

Sr. No	Name of the Directors	Designation	DIN Number
1.	Mr. Jay Ramanbhai Morzaria	Director	02338864
2.	Mr. Raju Dilipkumar Anarkat	Director	05294905

Shareholding Pattern

As on date, the Shareholding Pattern is as follows:

Sr. No	Name of the shareholder	Number of Equity shares held	Percentage holding (%)
1.	Mr. Jay Ramanbhai Morzaria	5,000	50%
2.	Mr. Raju Dilipkumar Anarkat	5,000	50%
	Total	10,000	100%

Financial Performance

The summary of audited financials for the previous years are as follows:

(₹ in lakhs except per share data)

Particulars	For the year ended on 31st March , 2014	For the period ended March 31, 2013
Equity Share Capital (face value ₹ 10/- each)	1.00	1.00
Reserves & Surplus (excluding revaluation reserve)	(0.23)	(0.19)
Total Income	0.00	0.00
Profit/ (Loss) after Tax	(0.05)	(0.19)

Earnings Per Share (in ₹)	(0.50)	(1.9)
Net Asset Value Per Share (in ₹)	7.70	8.10

- ❖ The Company is not a listed Company
- ❖ The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956 nor is under winding up.
- ❖ There are no defaults in meeting any Statutory/bank/institutional dues and no proceedings have been initiated for economic offences against the Company

3. M/S. Vraj Dheera Developers

M/s. Vraj Dheera Developers, is a partnership firm formed under the Partnership Act, 1932 vide a partnership deed dated January 30, 2012. It has its office at G-2, Sagar Deepdarshan, S.V. Road, Borivali (West), Mumbai-400092. The firm is established to carry on the business of purchase and sale of properties, builders and promoters, Land Development etc. and other allied business.

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Jay Raman Morzaria	85%
2.	Mr. Anil Ram Tinani	10%
3.	Mr. Dharmshi Narshi Gala	5%

Financial Performance

The summary of financials for the previous years are as follows:

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Partners Capital	(1.00)	0.49	0.45
Total Income	0.10	0.37	0.00
Net Profit	(0.04)	(0.005)	0.00

4. M/S. Vraj Hari Developers

M/s. Vraj Hari Developers, is a partnership firm formed under the Partnership Act, 1932 vide a partnership deed dated June 15, 2011. It has its office at 3, Atmaram Society, Behind Shanti Ashram, Borivali (West), Mumbai-400103. The firm is established to carry on the business of purchase and sale of properties, builders and promoters, Land Development etc. and other allied business.

Sr. No.	Name of the Partners	Profit Sharing Ratio (%)
1.	Mr. Jay Raman Morzaria	50%
2.	Mr. Divyesh Rajendra Desai	50%

Financial Performance

The summary of financials for the previous years are as follows:

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Partners Capital	2.33	0.42	0.09
Total Income	0.08	0.77	1.31
Net Profit	(0.10)	(0.005)	(0.006)

Proprietorship:

5. M/S. Vraj Developers

M/s. Vraj Developers is a Proprietorship concern of Mr. Jay Raman Morzaria having office at 2/60, 'Vraj', Paras Society, Opp. Tirth Restaurant, Near Panchvati, Auto Stand, Jamnagar-361008, India. It is engaged in the business of Civil Contractor.

Financial Performance

The summary of financials for the previous years are as follows:

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Proprietor's Capital	68.89	69.69	76.91
Turnover	57.17	424.45	50.00
Net Profit	3.65	14.10	4.00

Listed companies in the Promoter Group

As on the date of this Prospectus, there are no listed companies in the Promoter Group.

Companies with which our promoter have disassociated during last three years

Our Promoter has not been disassociated from any company during the last 3 years except the following:

Name of the Company	Name of the Promoter	Date of Cessation	Reason For Disassociation
Vraj Devcon Private Limited	Mr. Raman Pragjibhai Morzaria	04/07/2014	The company has not commenced any activity

Common Pursuits

Any of our group company has not any of the objects similar to that of Our Company's Business.

Sales and purchase between our group and associated companies with our companies

For details, see Annexure titled "Related Party Transactions" on page 107.

Business interest of group companies and associated companies in our company

Except as mentioned under Related Party Transactions, page no 107 beginning on page 96 under Chapter titled "Auditors' Report and Financial Information of Our Company" there is no business interest amongst Group Companies.

Changes in Accounting Policies in the last three years

Except as mentioned under the paragraph Changes in Significant Accounting Policies, "Annexure IV" beginning on page 102 under Chapter titled "Auditors' Report and Financial Information of our Company" beginning on page 96 of the Prospectus, there have been no changes in the accounting policies in the last three years.

RELATED PARTY TRANSACTIONS

For details of the related party transaction of our Company, see Annexure XII and IV Notes to Accounts to the financial statements respectively, in “Auditors Report and Financial Information of Our Company” beginning from page 96 of this Prospectus.

DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the 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 not declared any dividends since incorporation.

SECTION VI : FINANCIAL INFORMATION

AUDITORS REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

Restated Standalone Financial Statements

To
The Board of Directors
Karnavati Finance Limited
Unit No. 2, Sagar Deep Darshan
Co-operative Housing Society Limited,
S.V. Road, Borivali (West),
Mumbai-400092

Dear Sirs,

Subject: Financial Information of Karnavati Finance Limited.

We have examined the attached restated financial information of **Karnavati Finance Limited** ("the Company") as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, of Part II of Schedule II of the Companies Act, 1956 as amended ("the Act"), read with the general circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement Regulation) 2009 as amended from time to time (the 'SEBI Regulations'), the Guidance note on "Report in Company's Prospectus (Revised)" issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable (Guidance Note') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 31/08/2014 in connection with the proposed issue of Equity Shares of the Company.

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

These Restated Financial Information have been extracted by the management from the financial statements for the period ended on 31st July, 2014 and for the Financial years 31st March, 2014, 31st March, 2013, 31st March, 2012, 31st March 2011, 31st March 2010 approved by the Board of Director and adopted by the Members for the financial year ended 31st March, 2014, 31st March, 2013, 31st March, 2012, 31st March, 2011 and 31st March, 2010.

Financial Information of the Company

1. In accordance with the requirements of Paragraph B, Part II of Schedule II to the Act, the SEBI Regulations and the terms of our engagement agreed with you, we further report that:
 - i. The Restated Statement of Asset and Liabilities of the Company as at 31st July, 2014 31st March 2014, 31st March, 2013, 31st March, 2012, 31st March 2011 and 31st March 2010 as set out in "**Annexure I**" to this report read with the Significant Accounting Policies and related Notes in Annexure IV & V are after making such adjustments and regrouping as in our opinion are appropriate in the year to which they relate and more fully described in Schedules to the Restated Summary Statements.
 - ii. The Restated Profits & Loss Statement of the Company for the Period ended on 31st July 2014 and for the financial year ended 31st March, 2014, 31st March, 2013, 31st March, 2012, 31st March 2011 and 31st March, 2010 as set out in "**Annexure – II**" to this report read with the Significant accounting policies and related Notes in "**Annexure IV**" are after making such adjustment and regrouping as in our opinion are appropriate in the year to which they relates and more fully described in Schedules to the Restated Summary Statements.
 - iii. The Restated Statement of Cash Flow of the company for the Period ended on 31st July 2014 and years ended 31st March, 2014, 31st March 2013, 31st March, 2012, 31st March 2011, 31st March 2010 as set out in "**Annexure – III**" to this report read with the Significant accounting policies and related Notes in "**Annexure IV**" are after making such adjustment and regrouping as in our opinion are appropriate in the year to which they relates and more fully described in Schedules to the Restated Summary Statements.

2. Based on the above, and based on the financial statements audited by us, for the years as mentioned above, we are of the opinion that the Restated Standalone Financial Statements:
- i. Have been made in accordance with the provisions of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, and after incorporating Adjustments suggested in paragraph 9 of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations,
 - ii. do not contain any extra- ordinary items that need to be disclosed separately other than those presented in the restated Standalone Financial Statements and do not contain any qualifications required adjustments.
 - iii. There was no qualification in the audit reports issued by us for the respective years which would require adjustment in these Restated Financial Statements.

Other Financial information

3. We have also examined the following financial information as set out in the Annexure prepared by the management and approved by the Board of Directors relating to the for the Period ended on 31st July 2014 and the years ended 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010.
- i. Statement of significant accounting policies as appearing in **Annexure IV**
 - ii. Statement of Standalone Other Income as appearing in **Annexure V**
 - iii. Statement of Standalone Accounting & Other Ratios as appearing in **Annexure VI**
 - iv. Statement of Standalone Capitalization of the company as appearing in **Annexure VII**
 - v. Statement of Standalone Tax Shelters as appearing in **Annexure VIII**
 - vi. Statement of Standalone Long term Borrowings as appearing in **Annexure IX**
 - vii. Statement of Standalone Short term Loans and Advances as appearing in **Annexure X**
 - viii. Statement of Standalone Contingent Liabilities & Capital Commitments as appearing in **Annexure XI**
 - ix. Statement of Standalone Related Party Transaction as appearing in **Annexure XII**
 - x. Statement of Standalone Dividend paid as appearing in **Annexure XIII**

In our opinion, the above financial information of the Company read with Significant Accounting Policies & Notes to Accounts attached in Annexure IV to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI (ICDR) Regulations issued by SEBI, as amended from time to time subject to and read with other notes and is materially consistent with the existing Accounting Standards.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred therein.

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

Thanking you

For Maharishi & Co
Firm Regn. No.: 124872W

Prashant Maharishi
Partner
M. No: 41452

Place :Jamnagar
Date : 26/11/2014

Restated Financial Statements along with Restated Summary Statements

Annexure I - Restated Summary Statement of Assets and Liabilities

₹ in Lacs

Particulars		As at					
		31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
	Equity & Liabilities						
	(a)Shareholder's Fund	378.00	378.00	378.00	378.00	200.00	200.00
	(b)Reserves & Surplus						
	Statutory Reserve	1.65	1.65	0.75	0.75	0.72	0.70
	General reserve	0.15	0.15	0.15	0.15	0.15	0.15
	Net Surplus/(Deficit) in the statement of profit and loss	(73.93)	(68.80)	(72.37)	6.50	6.35	6.29
	Sub Total.....(1)	305.87	311.00	306.53	385.40	207.22	207.14
	Non Current Liabilities						
	(a)Long term Borrowings	22.04	3.04	3.04	3.04	3.04	3.04
	(b)Other Long term Liabilities			2.04	2.04	-	-
	Sub Total.....(2)	22.04	3.04	5.08	5.08	3.04	3.04
	Current Liabilities						
	(a)Trade Payables	20.39	22.56	9.23	17.74	1.23	-
	(b)Other Current Liabilities		-	4.00			0.25
	(c)Short term provisions	2.47	0.75	0.65	0.03	1.58	1.06
	Sub Total.....(3)	22.86	23.30	13.88	17.77	2.81	1.31
	TOTAL LIABILITIES...(1+2+3)	350.77	337.35	325.49	408.25	213.07	211.49
	ASSETS						
	Non Current Assets						
	(a)Fixed Assets						
	Tangible Assets	12.05	13	3.96	4.84	6.43	5.60
	(b)Non - Current Investments						
	(c)Long term Loans and Advances						
	(d)Other non Current Assets			2.71	2.57	3.00	2.61
	Sub Total.....(4)	12.05	13	6.67	7.41	9.43	8.21
	Current Assets						
	(a)Cash and bank balances	6.63	28.12	12.69	33.77	21.34	37.78
	(b)Short Term Loans and Advances	325.75	290.71	306.11	367.05	182.28	165.50
	(c)Other Current Assets	6.34	5.52	0.02	0.02	0.02	-
	Sub Total.....(5)	338.72	324.35	318.82	400.84	203.64	203.29
	TOTAL ASSETS...(4+5)	350.77	337.35	325.49	408.25	213.07	211.49

Annexure II - Restated Summary Statement of Profits and Losses

₹ in Lacs

Particulars	For the Period ended	For the Years				
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Income from continuing operations						
Revenue from operations	9.26	37.43	15.04	24.19	13.20	14.13
Other Income		-	-	0.05	1.22	-
Total Revenue	9.26	37.43	15.04	24.24	14.42	14.13
Expenses						
Employee benefits expense	0.98	4.25	6.08	5.41	2.61	2.66
Finance Costs	0.01	0.03	0.12	0.09	-	-
Other expenses	2.24	9.53	5.57	9.75	6.06	6.49
Bad Debts Written Off		-	-	1.94	2.15	0.67
Provision for NPA	8.51	13.03	80.64	5.53	1.98	0.48
Depreciation and amortisation expenses	0.52	1.46	0.88	1.14	1.02	1.97
Total Expenses	12.26	28.30	93.29	23.86	13.82	12.27
Restated profit before tax from continuing operations	(3.00)	9.13	(78.25)	0.38	0.60	1.86
Tax expense/(income)						
Current tax	1.72	4.66	0.62	0.21	0.52	1.16
Deferred tax charge/(credit)						
Total tax expense	1.72	4.66	0.62	0.21	0.52	1.16
Restated profit after tax from continuing operations (A)	(4.72)	4.47	(78.87)	0.17	0.08	0.70

Annexure III - Restated Summary Statement of Cash Flows

₹ in Lacs

Particulars	For the Period ended on					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before taxation	(3.00)	9.13	(78.25)	0.38	0.60	1.86
Non cash adjustments to reconcile profit before tax to net cash flows						
Depreciation and amortisation expense	0.52	1.46	0.88	1.14	1.02	1.97
Loss/(profit) on sale/scrap of fixed assets (net)				(0.05)	(1.22)	
Provision for NPA	8.51	(4.41)	80.64	5.53	1.98	-
Operating profit before working capital changes (as restated)	6.03	6.18	3.27	7.01	2.38	3.83
Movement in Working Capital						
(Increase)/decrease in loans and advances		-	(0.14)	0.43	-	-
(Increase)/decrease in Short term loans and advances	(43.54)	19.82	(19.70)	(190.30)	(18.77)	41.08
(Increase)/decrease in other current assets	(0.82)	(5.50)	-	-	-	(0.68)
(Increase)/decrease in other Non current assets		-	-	-	-	-
Increase/(decrease) in Long term Liabilities		-	-	-	-	(5.60)
Increase/(decrease) in trade payables & others	(2.16)	11.29	(8.51)	18.55	0.98	-
Increase/(decrease) in Other Current Liabilities		(0.22)	-	(1.55)	-	5.07
Increase/(decrease) in short term provisions		-	-	-	-	-
Cash flow from operations	(40.49)	31.57	(25.08)	(165.87)	(15.41)	39.20
Direct taxes paid (including fringe benefit taxes paid) (net of refunds)		(1.63)	-	(0.22)	(0.40)	(0.10)
Net cash generated from operating activities (A)	(40.49)	29.94	(25.08)	(166.09)	(15.81)	39.10
B. CASH FLOW USED IN INVESTING ACTIVITIES						
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances		-10.51	-	(4.50)	(5.20)	(5.27)
Sale of Fixed Assets		-	-	5.00	4.58	-
Net cash used in investing activities (B)		(10.51)	-	0.50	(0.62)	(5.27)
C. CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES						
Proceeds from Borrowings	19.00	-	-	-	-	-
Proceeds from issue of Share Capital		-	-	178.00	-	-
Share Capital & Share Application Money		(4.00)	4.00	-	-	-

Share Premium		-	-	-	-	-
Interest paid		-	-	-	-	-
Net cash generated from/(used in) financing activities (C)	19.00	(4.00)	4.00	178.00	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(21.49)	15.43	(21.08)	12.42	(16.43)	33.83
Cash and cash equivalents at the beginning of the year	28.12	12.69	33.77	21.35	37.78	3.95
Cash and cash equivalents at the end of the year	6.63	28.12	12.69	33.77	21.35	37.78

Components of Cash and Cash Equivalents	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Cash & Cheques on hand	2.62	14.12	12.22	29.98	20.98	29.36
Balance with scheduled banks		-	-	-	-	-
Current & Deposit account	4.01	14.00	0.47	3.79	0.37	8.42
	6.63	28.12	12.69	33.77	21.35	37.78

Annexure IV - Notes on Accounts & Significant Accounting Policies

1. Notes on Accounts

a) Nature of Operations

Karnavati Finance Limited, incorporated on 05-12-1984 is a Non Banking Finance Company registered with Reserve Bank of India engaged in the business of financing.

- b) The Company has initiated the process of obtaining the confirmation from suppliers who have registered under the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act, 2006) based on the information available with the company, the balance due to micro and small enterprise as defined under the MSMED Act, 2006 is Nil. No interest has been paid or payable under MSMED Act, 2006 during the year.

2. Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the standards notified under The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Further, the Company follows prudential norms for Income Recognition and provisioning for Non-performing Assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies.

b) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Advances, Income Recognition and Provisioning

All credit exposure is classified as per the RBI guidelines into performing and non performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets for income recognition and provisioning.

Income is recognised in the Profit and Loss account as it accrues except in the case of non-performing assets where it is recognised as and when it realized.

Provisions for non-performing assets are made in conformity with RBI guidelines.

The income of risk and reward participation with Bank is calculated on the basis of rate of return to the Bank as decided from time to time by the bank. The net present value arrived on above basis and admitted and approved by the Bank is recognized as Income.

d) Revenue Recognition

General:

The company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and interest on trade advance, which on account of uncertainty of ultimate collection are accounted on receipt bases. Also in accordance with the guidelines issued by the Reserve Bank of India for non-banking finance companies, income on business assets classified as non performing assets, is recognised on receipt basis.

Income from Loan :

Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

e) Fixed Assets

Fixed assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation. Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

f) Depreciation

Effective from 1st April, 2014, the Company has charged the depreciation on the remaining useful life of the assets as per the requirement of Schedule -II of The Companies Act, 2013 ("the Act") in respect of the assets completing its useful life, an amount for Rs 41,796 has been adjusted against the Opening Balance of the retained earnings in accordance with the transitional provision provided in Note 7(b) of the Schedule II of the Act.

g) Employee Benefits:

The Company has limited number of employees and no employee benefits other than salary is provided by the company.

h) Segment Reporting

The company is engaged primarily in the business of asset financing activities of vehicles and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

i) Events Occurring after Balance Sheet Date

Material events occurring after the date of balance sheet are recognized and are dealt with appropriately in accordance with generally accepted accounting principles and as provided in AS-5

j) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Annexure V - Restated Statement of Other Income

₹ in Lacs

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Profit on sale of car	-	-	-	0.05	1.22	-
Total Other Income	-	-	-	0.05	1.22	-

The said Income is non-recurring in nature and has not arisen out of normal business activities of the business.

Annexure VI - Restated Statement of Accounting Ratios

₹ in Lacs

Particulars		As at					
		31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Basic earnings per share (₹) (Adjusted giving effect to Bonus Issue)	A/B	(0.12)	0.12	(2.09)	0.00	0.00	0.04
Diluted earnings per share (Adjusted giving effect to bonus)		(0.12)	0.12	(2.09)	0.00	0.00	0.04
Return on Net Worth (in Percentage)	A/C	(1.54)	1.44	(25.73)	0.04	0.04	0.34
Net Asset Value per equity share (₹)	C/D	8.09	8.23	8.11	10.20	10.36	10.36
Net Profit after tax as restated attributable to equity shareholders (₹ in Lacs)	A	(4.72)	4.47	(78.87)	0.17	0.08	0.70
Weighted average number of equity shares outstanding at year end	B	3,780,000	3,780,000	3,780,000	3,614,466	20,00,000	20,00,000
Net Worth at the end of the year	C	305.87	311.00	306.53	385.40	207.22	207.14

Total number of equity shares outstanding at the end of the year	D						
		3,780,000	3,780,000	3,780,000	3,780,000	2,000,000	2,000,000

Notes:-

(a) Basic earnings per share (₹)

Net profit after tax (as restated) attributable to shareholders
Weighted average number of equity shares outstanding during the year

EPS Calculation has been done as per Accounting Standard-20, "Earnings Per Share" issued by The Institute of Chartered Accountants of India.

(b) Return on net worth (%)

Net Profit after tax as restated
Net worth at the end of the year

(c) Net asset value per share (₹)

Net Worth at the end of the Year
Total No. of equity shares outstanding at the end of the year

(d) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.

Annexure VII -Capitalisation Statement

₹ in Lacs

Particular	Pre issue as on 31.07.2014	Pre Issue as on 31.03.2014	Post Issue
Debt:			
Long Term Debt	22.04	3.04	[●]
Short Term Debt	0.00	0.00	[●]
Total Debts (A)	22.04	3.04	[●]
Equity (shareholders' funds):			
Equity share capital	378.00	378.00	[●]
Reserve and surplus	(72.13)	(67.00)	[●]
Total Equity (B)	305.87	311.00	[●]
Long Term Debt / Equity Shareholders' funds	0.0721	0.0098	[●]
Total Debt / Equity Shareholders' funds	0.07	0.0098	[●]

Annexure VIII - Restated Statement of Tax Shelter

₹ in Lacs

Particular	AS at July	As on March 31				
	31st 2014*	2014	2013	2012	2011	2010
Normal Corporate tax rates	30.90%	30.90%	30.90%	30.90%	30.90%	30.90%
Minimum alternative tax rates	19.06%	19.06%	20.01%	20.01%	19.93%	17.00%
Profit before tax as per Restated P/L	(3.00)	9.13	(78.25)	0.38	0.60	1.86
Notional tax as per tax rate on profits (A)	(0.93)	2.82	(24.18)	0.12	0.19	0.57
Total Exempted Income (B)						
Tax Adjustments						

Permanent Difference						
NPA Provision	8.51	(4.41)	80.84	5.53	1.98	0.48
Profit on sale of asset		-	-	(0.05)	(1.22)	-
		-	-	-	-	-
		-	-	-	-	-
Total Permanent Difference (C)	8.51	(4.41)	80.84	5.48	0.76	0.48
Timing Difference						
Depreciation-including unabsorbed depreciation	0.05	0.24	0.30	0.45	0.57	(1.10)
Total Timing Difference (D)	0.05	0.24	0.30	0.45	0.57	(1.10)
Total Adjustments (E) = (B+C+D)						
	8.56	(4.17)	81.14	5.93	1.33	(0.62)
Tax Expenses / (savings) thereon (F)=(E)*Tax rate						
	2.64	(1.29)	25.07	1.83	0.41	(0.19)
Tax payable as per normal provisions (other than 115JB) of the Act (G)						
	1.72	1.53	0.89	1.95	0.60	0.38
Tax under MAT (H)		1.75	N.A	1.32	N.A	N.A
Tax Payable for the Year maximum of (G) or (H)						
	1.72	1.75	0.89	1.95	0.60	0.38

* Amount for the period 31st July, 2014 is derived from the provisional tax working for the period.

Annexure IX - Restated Statement of Long-Term Borrowings

₹ in Lacs

Particulars	As at					
	31st July, 2014	31st March, 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Long term-borrowings						
Unsecured Loans						
Other (unsecured)	22.04	3.04	3.04	3.04	3.04	3.04
Rate of Interest	Nil	Nil	Nil	Nil	Nil	Nil
Repayment Schedule	Repayable on 31/03/2016	Repayable on 31/03/2016	Repayable on 31/03/2016	Repayable on 31/03/2016	Repayable on 31/03/2016	Repayable on 31/03/2016

Annexure X- Restated Statement of Short-Term Loans and Advances and Other Current Assets

₹ in Lacs

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
A. Short-term loans and advances						
Standard Assets	294.87	202.97	220.85	300.18	169.07	158.37
Sub Standard Assets	43.35	112.03	113.12	86.90	17.18	5.42
Doubtful Assets	116.68	94.08	99.37	0.41	1.15	3.30
Sub Total	454.90	409.08	433.34	387.49	187.40	167.09
Less : provision for Interest and Other Income reversal	35.75	33.47	37.91	11.77	1.98	0.45
Sub Total.....A	419.15	375.61	395.43	375.72	185.42	166.64
General Provision on Standard Asset..... B	0.74	0.5	0.55	0.75	0.42	0.48

Provision from NPA.....C	92.67	84.39	88.76	7.92	2.72	1.15
Total loans & advances (A-B-C)	325.74	290.72	306.12	367.05	182.28	165.01

Amounts due from Directors / Promoters / Promoter Group Companies / Relatives of Promoters / Relatives of Directors / Subsidiary Companies:

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Due from Directors	Nil	Nil	Nil	Nil	Nil	Nil
Due from Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Due from Promoters Group Companies	Nil	Nil	Nil	Nil	Nil	Nil
Due from Relatives of Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Due from Subsidiary Companies	NA	NA	NA	NA	NA	NA
Total		-	-	-	-	-

Annexure XI - Restated Statement of Contingent Liabilities

₹ in Lacs

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Contingent Liability	Nil	Nil	Nil	Nil	Nil	Nil

Annexure XII - Restated Statement of Related Party Transactions

₹ in Lacs

Particulars			As at					
Name of the party	Relation	Nature of transaction	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Transaction with Related parties								
Key managerial persons and their relatives								
Daxaben R. Morzaria	(*) Director	Payment of Sitting Fees		-	-	1.20	0.75	1.20
Ramanbhai P. Morzaria	Director	Payment of Sitting Fees		-	-	-	-	1.80
Vineshbhai P. Makadia	(*) Director	Payment of Sitting Fees		-	-	-	-	1.80
Jay R. Morzaria	Director	Payment of Sitting Fees		-	-	1.20	0.45	-
Ramanbhai P. Morzaria	Director	Director Remuneration		2.00	2.00	1.80	1.80	-
Vineshbhai P. Makadia	(*) Director	Director Remuneration		2.00	2.00	1.80	1.80	-

Ramanbhai P. Morzaria	Director	Rent Expenses	0.15	0.33	-	-	-	-
Balance outstanding as at year end								
Daxaben R. Morzaria	(*) Director	Trade Payable	1.20	1.20	1.20	1.20	-	-
Ramanbhai P. Morzaria	Director	Trade Payable	5.34	5.00	2.98	1.00	-	-
Vineshbhai P. Makadia	(*) Director	Trade Payable	6.80	6.80	4.80	11.80	-	-
Jay R. Morzaria	Director	Trade Payable	1.80	1.80	1.80	1.80	0.60	-
Kush Mozaria	Relative of Director	Unsecured Loan	19.00					

(*) The concerned parties to whom the payments are made were directors of the company in the financial years during which the payments were made.

Annexure XIII - Statement of dividend declared

No dividend has been distributed by Karnavati Finance Limited in the last five years.

₹ in Lacs

Particulars	As at					
	31st July 2014	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Dividend	Nil	Nil	Nil	Nil	Nil	Nil

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

You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in the Prospectus. You should also read the section entitled "Risk Factors" beginning on page 9, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year ("Fiscal Year") are to the twelve-month period ended March 31 of that year.

Business Overview

Significant developments subsequent to the last financial year:

After the date of last financial year i.e. March 31, 2014, the company had allotted 20,00,000 shares to promoters, promoter Group and others. Except that the Directors of our Company confirm that, there have not been any significant material developments.

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the Audited Financial Results of our Company for the years ended March 31, 2014, 2013, 2012

Key factors affecting the results of operation:

Our Company's future results of operations could be affected potentially by the following factors:

Growth In Indian Economy:

The economic growth of the country have a major role on our result and operations. The Indian Economy has grown rapidly over the past five years and is expected to grow in the future. The growth in the economy has direct impact on the growth of stock exchange business and the price of the various stocks.

Regulatory Developments:

Our Company is regulated by the Companies Act and our activities are subject to supervision and inspection by statutory and regulatory authorities like RBI. It is therefore subject to amendments and changes in the policies of RBI relating to operation of NBFC Companies.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer *Significant Accounting Policies, "Annexure IV" beginning under Chapter titled "Financial Information of our Company" beginning on page 96 of the Draft Prospectus.*

RESULTS OF OUR OPERATION

(₹In Lacs)

Particulars				
	For the Period ended on	For the Year ended on		
		31st July 2014	31st March 2014	31st March 2013
Income from continuing operations				
Revenue from operations		9.26	37.43	15.04

				24.19
% of growth		148.87	(37.83)	
Expenses				
Employee benefits expense	0.98	4.25	6.08	5.41
% Increase/(Decrease)		(30.10)	12.38	
Finance Costs	0.01	0.03	0.12	0.09
% Increase/(Decrease)		(75.00)	33.33	
Other expenses	2.24	9.53	5.57	9.75
% Increase/(Decrease)		71.10	(42.87)	
Depreciation and amortisation expenses	0.52	1.46	0.88	1.14
% Increase/(Decrease)		65.91	(22.81)	
Provision of NPA	8.51	13.03	80.64	5.53
% Increase/(Decrease)		(83.84)	1,358.23	
Total Expenses	12.26	28.30	93.29	23.86
% to total revenue		75.61	620.28	98.64
EBIDT	(2.47)	10.62	(77.25)	1.61
% to total revenue		28.37	(513.63)	6.66
Restated profit before tax from continuing operations	(3.00)	9.13	(78.25)	0.38
% to total revenue		11.94	(524.40)	

Results for Operation for Four Months

Income from Operations

The total revenue for the four months operation is Rs 9.26 lacs which includes income from interest income on the loans and advances given by the Company.

Expenditure

Employee Benefit Expenses

The Employee expenses for the Four months period was RS 0.98 lacs which is 10.58% of the total revenue of the Company

Other Expenses

The Other Expenses for the Four months was RS 2.24 lacs which is 24.19 % of the total revenue of the Company

Provision ofr NPA

The Provision for NPA for the Four months was RS 8.51 lacs which is 91.90 % of the total revenue of the Company

Profit Before Depreciation, Interest And Depreciation (PBDIT)

The PBDIT for the Four months was RS (2.47) lacs which is due to provision for NPA amounting to Rs 8.52 lacs during the said period.

Depreciation

The Depreciation for the Four months was RS 0.52 lacs which is 5.62 % of the total revenue of the Company

Profit Before TAX (PBT)

The PBT for the Four months was RS (3.00) lacs which is negative due to provision for NPA amounting to RS 8.51 lacs for the said period.

COMPARISON OF FY 2014 WITH FY 2013:

Revenue from Operations

The Total Revenue from operations for the FY 2014 is ₹ 37.43 Lacs as compared to ₹ 15.04 Lacs during the FY 2013 showing increase of 148.87%. This mainly includes Interest income and due to increase in the business the revenue increase.

Expenditure:

Employee Benefit Expenses

Employee Benefit expenses decreased from ₹ 6.08 Lacs for FY 2013 to ₹ 4.25 Lacs for FY 2014 showing decrease of 30.10 %. The decrease is due to reduction of staff.

Other Expenses

Other Expenses increased from ₹ 5.57 Lacs for FY 2013 to ₹ 9.53 Lacs for FY 2014 showing increase of 71.10 %. This Increase was mainly due to increase of general Administrative expenses.

Provision for NPA

Provision for NPA Decreased from ₹ 80.64 Lacs for FY 2013 to ₹ 13.03 Lacs for FY 2014 showing decrease of 83.84 %. This Decrease was mainly due to reversal of provision made in the earlier year.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT increase from ₹ (77.25) Lacs for FY 2013 to ₹ 10.62 Lacs for the FY 2014, due to increase of business and reversal of Provision for NPA. During FY 2014, our Company recorded PBDIT of 28.37 % of the operating income as against -513.63 % during FY 2013.

Depreciation

The total depreciation during FY 2013 was ₹ 0.88 Lacs and during FY 2014 it was ₹ 1.46 Lacs. There was increase in depreciation on account of addition of fixed assets during FY 2014.

Profit before Tax (PBT)

PBT increased from ₹ (78.25) Lacs for the FY 2013 to ₹ 9.13 Lacs in FY 2014. The profit was increase of business and reversal of Provision for NPA.

COMPARISON OF FY 2013 WITH FY 2012:

Revenue from Operations

The Total Revenue from operations for the FY 2013 is ₹ 15.04 Lacs as compared to ₹ 24.19 Lacs during the FY 20123 showing decrease of 37.83%. This mainly includes Interest income and due to low business the revenue Decrease.

Expenditure:

Employee Benefit Expenses

Employee Benefit expenses increased from ₹ 5.41 Lacs for FY 2012 to ₹ 6.08 Lacs for FY 2013 showing increase of 12.38 %. The increase was marginal.

Other Expenses

Other Expenses decreased from ₹ 9.75 Lacs for FY 2012 to ₹ 5.57 Lacs for FY 2013 showing decrease of 42.87 %. This decrease was mainly due to Roc filing fees and sitting fees in the FY 2012 which was not in the FY 2013.

Provision for NPA

Provision for NPA increased from ₹ 5.53 Lacs for FY 2012 to ₹ 80.64 Lacs for FY 2013 showing increase of 1358.23 %. This Increase was mainly due to provision of doubtful debts as per RBI guidelines.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT Decrease from ₹1.61 Lacs for FY 2012 to ₹ (77.25) Lacs for the FY 2013, due to increase of Provision for NPA. During FY 2013, our Company recorded PBDIT of (513.63) % of the operating income as against 6.66 % during FY 2012.

Depreciation

The total depreciation during FY 2012 was ₹ 1.14 Lacs and during FY 2013 it was ₹ 0.88 Lacs. There was Decrease in depreciation on account of no addition of fixed assets and the depreciation is provided on Written Down value.

Profit Before Tax (PBT)

PBT Decrease from ₹ 0.38 Lacs for the FY 2012 to ₹ (78.25) Lacs in FY 2013. The profit was Decreased due to Provision for NPA.

Related Party Transactions

For further information please refer “Annexure XII” beginning on page 107 under Chapter titled “Financial Information of our Company” beginning on page 96 of the Prospectus.

Financial Market Risks

We are exposed to financial market risks from changes in borrowing costs, interest rates and inflation.

Effect of Inflation

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

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

1. Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years.

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

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in ‘*Factors Affecting our Results of Operations*’ and the uncertainties described in the section entitled ‘*Risk Factors*’ beginning on page 9 of the Prospectus. To our knowledge, except as we have described in the Prospectus, there are no known factors which we expect to bring about significant economic changes.

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

Apart from the risks as disclosed under Section titled "Risk Factors" beginning on page 9 in the Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

Our Company's future costs and revenues will be determined by demand/supply situation, government policies and economic growth of the country.

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

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

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

Our Company has not announced any new product and segment.

7. The extent to which business is seasonal.

Our Company's business is not seasonal. However the business of the company depend upon the Growth potential of the economy and growth of the country

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

We are not dependant significantly on single supplier or customers

9. Competitive conditions.

Competitive conditions are as described under the *Chapters titled "Industry Overview" and "Business Overview" beginning on pages 54 and 66, respectively of the Prospectus.*

SECTION VII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions or proceedings against our Company, our Directors, our Promoters and Entities Promoted by our Promoters before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, 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 imposed and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule IV of the Companies Act) against our Company, our Directors, our Promoters and the Entities Promoted by our Promoters, except the following:

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, the Promoters, directors, Promoter Group companies and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Neither our Company nor its Promoters, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

- (a) Litigations against the issuer or against any other company whose outcome could have a materially adverse effect of the position of the issuer; - Nil
- (b) Litigations against the directors involving violation of statutory regulations or alleging criminal offence; - Nil
- (c) Any criminal/ civil prosecution against the directors for any litigation towards tax liabilities. - Nil
- (d) Pending proceedings initiated for economic offences against the issuer or its directors along with their present status; - Nil
- (e) Adverse findings, if any, in respect of the issuer as regards compliance with the securities laws. - Nil
- (f) The past cases in which penalties were imposed by the authorities concerned on the issuer or its directors; - Nil
- (g) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule V to the Companies Act, 2013 etc.; - Nil
- (h) pending litigations, disputes, defaults, nonpayment of statutory dues, over dues to banks or financial institutions, defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the issuer or its directors; - Nil

1. Criminal Laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company - Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters – Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors - Nil
- g) Cases filed by the Group Companies/associate concerns - Nil
- h) Cases filed against the Group companies/associate concerns - Nil

2. under securities Laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns- Nil

3. under Tax Laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns - Nil

4. Under civil laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns- Nil

5. Under Labour laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns- Nil

6. under various statutory laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns- Nil

Material Developments

There are no material developments after the date of the last audited balance sheet, which may materially affect the performance, or prospects of the Company.

Other defaults (specify if any)

There is no other default involving the issuer company or its subsidiary, its director, promoters, promoter group entities.

Amount Outstanding to SSI Undertaking or other creditors (specify if any)

There are no SSI Undertakings or other creditors to whom the Company owes an amount exceeding ₹ 1 Lac which is outstanding for more than 30 days from the due date.

GOVERNMENT AND OTHER STAUTORY APPROVALS

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any governmental or regulatory authority except proposed activities of Company or any other entity are required to undertake the Issue or continue its business activities.

Following statement sets out the details of licenses, permissions and approvals obtained by the Company under various Central and State Laws for carrying out its business.

(A) Approvals for the Issue

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on August 08, 2014, authorised the Issue subject to the approval of the shareholders of the Company under Section 62 (1) (c) of the Companies Act, 2013 and approvals by such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to a resolution dated September 06 2014 under Section 62 (1) (c) of the Companies Act, 2013 authorised the Issue.

(B) Registration under the Companies Act, 1956:

Sr. No.	Authority Granting Approval	Approval/ Registration No.	Applicable Laws	Nature Of Approvals	Validity
1.	Registrar of Companies, Maharashtra	34724 of 1984 on December 05, 1984	Companies Act, 1956	Certificate of Incorporation	Valid, till Cancelled
2.	Registrar of Companies, Maharashtra	34724 of 1984 on May 07, 1985	Companies Act, 1956	Certificate for Commencement of Business.	Valid, till Cancelled
3.	Registrar of Companies, Maharashtra, Bombay	11-34724 on December 11, 1989	Companies Act, 1956	Fresh certificate of Incorporation consequent on Change of name	Valid, till Cancelled
4.	Registrar of Companies, Maharashtra, Bombay	U65910MH1984P LC034724 on May 13, 2008	Companies Act, 1956	Certificate of Incorporation consequent on Change of Object clause	Valid, till Cancelled

(C) Registration under various Acts/Rules relating to Income Tax, Sales Tax, Value Added Tax, Central Excise and Service Tax :

Sr. No.	Authority Granting Approval	Approval/ Registration No.	Applicable Laws	Nature Of Approvals	Validity
1.	Income Tax Department	AABCK1641H	Income Tax Act 1967	Permanent Account Number	Valid, till Cancelled
2.	Income Tax Department	MUMK23322F	Income Tax Act 1967	Tax Deduction Account Number	Valid, till Cancelled
3.	Central Board of Central Excise and Customs, /superintendent Service Tax, Range XI, Divn. III, Maharashtra	AABCK1641HSD001	Chapter V of the Finance Act ,1994 read with Service Tax Rules, 1994	Service Tax Number	Valid, till Cancelled
4.	Shop Inspector, Jamnagar Municipal Corporation.	II 8308	Mumbai shop and establishment s act 1948	Registration under Shops & Establishment Act for Commercial Establishment	Valid upto December 31, 2015

5.	Shop Inspector, Mumbai Municipal Corporation.	760404772/COMM ERICIALII	Mumbai shop and establishment s act 1948	Registration under Shops & Establishment Act for Commercial Establishment	Valid upto December 31, 2015
----	---	--------------------------	--	---	------------------------------

(D) Licenses/ Approvals Obtained under Statutory Authorities:

Sr. No.	Approval Granted	Authority	Reference/Registration No.	Date of Granting Approval
1.	Certificate of Registration to carry on business of Non-banking Financial Institution (Under Section 45IA of the RBI Act, 1934)	RBI, Department of Non-Banking Supervision, Mumbai (Regional Office)	13.00064 on February 24, 1998	February 24, 1998

(E) Licenses/ Approvals yet to be applied under Statutory Authorities:

Sr. No	Applicable Laws	Nature Of Approvals
1.	State Level, Professional Tax, (Mumbai)	Professional Tax Number

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on August 08, 2014, authorised the Issue subject to the approval of the shareholders of the Company under Section 62 (1) (c) of the Companies Act, 2013 and approvals by such other authorities as may be necessary.

The shareholders of the Company have, pursuant to a resolution dated September 06 2014 under Section 62 (1) (c) of the Companies Act, 2013 authorised the Issue.

We have also obtained all necessary contractual approvals required for this Issue. For further details, refer to the chapter titled “Government and Other Approvals” beginning on page number 118 of the Prospectus.

We have received approval from BSE vide their letter dated December 26, 2015 to use the name of BSE in the Prospectus for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

Prohibition by SEBI

Our Company, Promoters, Promoter Group, Directors and Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters, Directors was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Our Directors are not in any manner associated with the securities market and no action has been taken by the SEBI against any of the Directors or any entity with which our Directors are involved as promoters or directors.

Prohibition by RBI or Governmental authority

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been identified as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

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 paid up capital is less than 10 Crores and we may hence issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the “SME Platform of BSE”).

We confirm that:

- a. In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor SEBI has issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- b. In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten atleast 15% of the Total Issue Size. For further details pertaining to said underwriting please see “General Information – Underwriting” on page 29 of this Prospectus.
- c. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire

application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money with interest as prescribed under Section 39 of the Companies Act 2013.

- d. In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of market making please see "General Information – Details of the Market Making Arrangements for this Issue" on page 29 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 XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of Chapter XB of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

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

1. Net Tangible assets of at least ₹ 1 crore as per the latest audited financial results :

Our Company has Net Tangible Assets of ₹ 1 crore as per the latest financial results. Our Net Tangible Assets for the year ended March 31, 2014 is disclosed as under

(₹ lacs)	
Particulars	2014
Fixed Assets (Net)	13.00
Less: Intangible Assets	-
Current Assets, Loans & Advances	324.34
Investments	-
Less: Current and Non Current Liabilities & provisions	26.34
Net Tangible Assets	311.00

2. Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results

Our Company satisfies the above criteria. Our Net Worth as per the restated financial statements is as under:

(₹ lacs)	
Particulars	2014
Net Worth	311.00

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 ₹ 3 crores.

(₹ lacs)			
Particulars	2014	2013	2012
Net Profit as per P&L Account	4.47	(78.87)	0.17

4. The post-issue paid up capital of the company shall be at least ₹ 1 crores

5. The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
6. Companies shall mandatorily have a website

Our Company has a live and operational website www.karnavatifinancelimited.in

7. Certificate from the applicant company stating the following:
 - a. **The Company has not been referred to the Board for Industrial and Financial Reconstruction(BIFR).**

Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

- b. **There is no winding up petition against the company that has been accepted by a court.**

There is no winding up petition against our Company that has been accepted by a court.

- c. **There has been no change in the promoter/s of the Company in the preceding one year from the date of filing application to the BSE for listing on SME Segment.**

There has been no change in the promoter/s of the Company in the preceding one year from the date of filing application to the BSE for listing on SME Segment.

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

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, CORPORATE STRATEGIC ALLIANZ LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER CORPORATE STRATEGIC ALLIANZ LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 9, 2015 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENTS DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- (A) THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.- NOTED FOR COMPLIANCE

10. WE CERTIFY THAT ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISION OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORY ACT, 1996 AND THE REGULATION MADE THEREUNDER - NOTED FOR COMPLIANCE.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY”
16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)’, AS PER FORMAT SPECIFIED BY THE BOARD.

FORMAT FOR DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY CORPORATE STRATEGIC ALLIANZ LIMITED

Sr .N o.	Issue Name	Iss ue Siz e ₹ (Cr .)	Is su e Pr ic e (₹)	Listi ng Date	Op eni ng Pri ce on Listi ng Dat e	Clos ing Pric e on Listi ng Dat e	% Chan ge in Price on listin g date (Clos ing vs. Issue Price)	Benchm ark Index on Listing Date (Closing) (BSE)	Closi ng Price as on 10 th Calendar Day from Listin g Day	Benchm ark Index as on 10 th Calendar Day from Listing Day (Closing)	Closi ng Price as on 20 th Calendar Day from Listin g Day	Benchm ark Index as on 20 th Calendar Day from Listing Day (Closing)	Closi ng Price as on 30 th Calendar Day from Listin g Day	Benc hmar k Index as on 30 th Calendar Day from Listin g Day (Closi ng)
1	Indo Thai Securitie s Ltd.	29.6	74	Nov 02, 2011	75	23	(68.9 1)	17,464.8 5	16.95	17,192.8 2	12.15	16,065.4 2	11.37	16,84 6.83

2	Rushil Decor Ltd.	40.635	72	July 07, 2011	81.25	119.65	66.25	19,078.3	136.5	18,561.92	130.65	18,432.25	107.65	17,305.87
3	Timbor Home Ltd.	23.247	63	June 22, 2011	72	91.2	44.76	17,550.63	61.70	18,762.80	42.90	18,411.62	42.05	18,722.3
4	Amrapali Capital and Finance Services Limited	25.77	100	October 31, 2013	100.60	101.10	1.1	21,164.52	101.45	20,666.15	100.00	20,635.13	101.00	20,791.93
5	Ace Tours Worldwide Limited	8.00	16	September 26, 2013	24.95	24.95	55.94	19,893.85	19.65	19,895.10	19.65	20,547.62	23.55	20,683.52

TABLE 2: SUMMARY STATEMENT OF DISCLOSURE

Financial Year	Total No. of IPOs	Total Funds Raised ₹ (Cr.)	Nos. of IPO trading at discount on listing date			Nos. of IPO trading at premium on listing date			Nos. of IPO trading at discount as on 30 th calendar day from listing date			Nos. of IPO trading at premium as on 30 th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2013 - till date	2	33.77	Nil	Nil	Nil	1	-	1	Nil	Nil	Nil	Nil	1	1
F.Y 2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
F.Y 2011-12	3	93.482	1	NIL	NIL	1	1	NIL	1	1	NIL	NIL	1	NIL
F.Y 2010-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY LEAD MANAGER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- 1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.**
4. **WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.**
5. **WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR TO SUBREGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. – NOT APPLICABLE**
6. **WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION [106P] AND [106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE.**

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34, 35 36 AND 38 (1) OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES MUMBAI, IN TERMS OF SECTION 26, 32 AND SECTION 33 OF THE COMPANIES ACT.

Caution- Disclaimer from Our Company and the Lead Manager

The Company, the Directors, and the Lead Manager 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.karnavatifinancelimited.in would be doing so at his or her own risk.

Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU entered into between the Lead Manager Corporate Strategic Allianz Limited and our Company dated September 08, 2014 the Underwriting Agreement dated December 17, 2014 entered into between the Underwriters Corporate Strategic Allianz Limited, and Market Making Agreement dated December 17, 2014 entered into among the Market Maker, Lead Manager 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 or at collection centres etc.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our Promoter Group, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our Promoter Group, affiliates or associates for which they have received, and may in future receive, compensation.

Note:

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and Lead Manager 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 the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our company.

Disclaimer in respect of Jurisdiction

This issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, 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), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, and any FII sub-account registered with SEBI which is a foreign corporate or go reign individual, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. 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 the 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 Ahmedabad 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, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale here under shall, under any circumstances, create any implication that there has been any change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the SME Platform of BSE

As required, a copy of the Prospectus shall be submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Prospectus, shall be included in the Prospectus prior to the RoC filing

Filing of Prospectus with the Board and the Registrar of Companies

A copy of this Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulation 106(O)(1). However, a copy of the Prospectus shall be filed with SEBI at Head Office, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, will be delivered to the ROC situated at ROC Mumbai 100, Everest, marine drive Mumbai- 400002.

Listing

Our company has obtained approval from BSE vide letter dated December 26, 2014 to use name of BSE in this offer document for listing of equity shares on SME Platform of BSE..

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-principle approval from SME Platform of BSE. However, applications will be made to the SME Platform of BSE for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the issue.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within Eight days after our Company becomes liable to repay it then our Company and every officer in default shall, on and from such expiry of Eight days, be liable to repay such application money, with interest at the rate of 15% per annum on application money, as prescribed under section 39 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 the BSE mentioned above are taken within twelve Working Days from the Issue Closing Date.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

“Any person who:

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447 of the companies Act, 2013.

Consents

The written consents of Directors, the Company Secretary and Compliance Officer, the Lead Manager to the Issue, Bankers to the Company, Registrar to the Issue, Auditors, Legal Advisor, Advisor to the Issue, Underwriters and Market Makers, Banker to the Issue*, and Escrow Collection Banks* 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 32 of the Companies Act 2013 and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

**The aforesaid will be appointed prior to filling of the Prospectus with ROC and their consents as above would be obtained prior to filling of the Prospectus with ROC.*

In accordance with the Companies Act and the SEBI (ICDR) Regulations, and M/s. Maharishi & Co ,Chartered Accountants. of the Company have agreed to provide their written consent to the inclusion of their report dated September 24, 2014 restated financial statements dated September 24, 2014, their written consent to the inclusion of Statement of Tax Benefits dated September 24, 2014 as applicable, which may be available to the Company and its shareholders, included in this Prospectus in the form and context in which they appear therein and such consent and reports have not been withdrawn up to the time of delivery of this Prospectus.

Expert Opinion

Except for (a) Peer Review Auditors’ reports on the restated financial statements by M/s. Maharishi & Co ,Chartered Accountants, (b) Statement of Tax Benefits by the statutory auditors, M/s. Maharishi & Co ,Chartered Accountants September 24, 2014, Chartered Accountants (Copies of the said report and statement of tax benefits has been included in the Prospectus), we have not obtained any other expert opinions.

Public Issue Expenses

The Management estimates an expense of ₹ 52.00 Lakhs towards issue expense. The Issue related expenses include, among others, lead management, market making, underwriting, SCSB’s commission/fees, selling commissions, printing, distribution and stationery expenses, advertising and marketing expenses, and other expenses including registrar, depository, listing and legal fees. All expenses with respect to the Issue will be borne by the Company. The estimated Issue expenses* are as follows:

Sr. No.	Particulars	Amount
1.	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such	41.50

	as Legal Advisors, Registrars and other out of pocket expenses.	
2.	Printing & Stationery, Distribution, Postage, etc	2.50
3.	Advertisement & Marketing Expenses	5.00
4.	Regulatory & other expenses	3.00
Total		52.00

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager (underwriting Commission and Selling Commission and reimbursement of their out-of pocket expenses) will be as per the Engagement Letter, a copy of which is available for inspection at the Registered Office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable 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 September 08, 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.

Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor, Market maker and Advertiser, etc. will be as per the terms of their respective engagement letters.

Underwriting commission, brokerage and selling commission

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Commission payable to SCSBs

The brokerage and selling commission payable to SCSBs for the ASBA Application Forms procured by them would be at par as payable to brokers for the Application forms procured by them. However in case, where ASBA Application Form are being procured by Syndicate Members / sub syndicate, then selling commission would be payable to Syndicate Members / sub syndicate and for processing of such ASBA Application Form, SCSBs would be given a prescribe fee of ₹ 15 per ASBA Application Form processed by them.

Previous Public or Rights Issue

There have been no public or rights issue by our Company during the last five years.

Previous issues of Equity Shares otherwise than for cash

We have not made any previous issues of shares for consideration otherwise than for cash.

Capital issue during the last three years

Karnavati Finance Limited and its Group Companies have not made any capital issue during the last three years.

Listed Ventures of Promoters

There are no listed ventures of our Company as on date of filing of this Prospectus.

Promise vis-a-vis Performance

Since neither our Company nor our Promoter Group Companies have made any previous rights or public issues during last 10 years, Promise vis-a-vis Performance is not applicable.

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 Prospectus.

Stock Market Data for our Equity Shares

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and our Company provides for the 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, application number, 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 Registrar to the Issue with a copy to the relevant SCSB or the member of the Syndicate (in Specified Cities), as the case may be, where the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSBs or the member of the Syndicate (in Specified Cities), as the case may be, where the Bid cum Application Form was submitted by the ASBA Bidder.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB (in case of ASBA Bidders), for redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted an Investors' Grievances Committee comprising of Mr. Jay Morzaria , Mr. Jay Somaiya and Mr. Kaushal Ruparel as members.

Our Company has also appointed Mr. Ankit Shukla , as a Company Secretary and Compliance Officer of our company, for this Issue and they may be contacted in case of any pre-issue or post-issue related problems at the following address:

KARNAVATI FINANCE LIMITED,
Company secretary and Compliance Officer,
Mr. Ankit Shukla
C/o Karnavati Finance Limited
"Vraj Building", Fifth Floor, Opp. Hotel President,
Beside Bhoomi Press, Limda Lane, Jamnagar
Tel No : +91- 0288 2663043
Fax No : +91 - 0288 2673759
Web Site: www.karnavatifinancelimited.in
Email : karnavatifinance@gmail.com

Changes in auditors

There has been no change in the Auditors of the company during the last three years.

Capitalization of reserves or profits during last five (5) years

Our Company has not capitalized any reserve during last five (5) years.

Revaluation of assets during the last five (5) years

Our Company has not revalued its assets since incorporation.

SECTION VIII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please see the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 158 of this Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act and our Articles of Association.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ 10 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 for Issue Price" beginning on page 45 of the Prospectus. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied; Right of free transferability subject to applicable law, including any RBI rules and regulations; and Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Articles of Association" beginning on page number 158 of the Prospectus.

Minimum Application Value; Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the existing SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of 10,000 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Offer will be done in multiples of 10,000 Equity Share subject to a minimum allotment of 10,000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 10,000 Equity Share subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 Working days of closure of issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 72 (1) & 72 (2) of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 (3) of the Companies Act, 2013, 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 accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the Company, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

to register himself or herself as the holder of the Equity Shares; or
to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

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

If our Company does not receive the 100% subscription of the offer through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 40 of the Companies Act, 2013.

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.

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.

Arrangements for Disposal of Odd Lots

The trading of the equity shares will happen in the minimum contract size of 10,000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE.

Application by Eligible NRIs, FIIs registered with SEBI, VCFs registered with SEBI and QFIs

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

As per the extant policy of the Government of India, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in the chapter "Capital Structure" beginning on page number 32 of the Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "Main Provisions of the Articles of Association" beginning on page number 158 of the Prospectus.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Applicants will only be in the dematerialized form. Applicants will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Migration to Main Board

Our Company may migrate to the main board of BSE from the SME Platform on a later date subject to the following:

If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Also as prescribed by the circular dated April 19, 2012 issued by BSE, following eligibility criteria's shall be applicable for migrating to the main board from the SME platform:

“The companies seeking migration to Main Board of BSE should satisfy the eligibility criteria as specified in 26(1) of SEBI (ICDR) Regulations, 2009 either at the time of initial listing on SME platform or at the time seeking migration to main Board. However the same will not be applicable where the company had sought listing on SME platform by following the process and requirements prescribed in 26(2) (a) of SEBI (ICDR) Regulations, 2009

Market Making

The shares offered through this issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Platform for a minimum period of three years from the date of listing of shares offered through this Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please see “General Information – Details of the Market Making Arrangements for this Issue” beginning on page 29 of the Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than Rs 10 crores and upto Rs 25 crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "Terms of the Issue" and "Issue Procedure" on page 132 and 138 of this Prospectus.

Particulars	Net Issue to Public	Market Maker reservation portion
Number of Equity Shares*	25,80,000 Equity Shares	1,40,000 Equity Shares
Percentage of Issue Size available for allocation	94.57% of the Issue Size 29.19 % of the Post Issue Paid up Capital	5.43 % of the Issue Size 1.67 % of the Post Issue Paid up Capital
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate subject to minimum allotment of 10,000 Equity Shares and Further allotment in multiples of 10,000 Equity Shares each. For further details please refer to the section titled "Issue Procedure–Basis of Allotment" on page 154 of this Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through ASBA mode. Retail Individual Applicants may apply through the ASBA or the Physical Form.	Through ASBA mode
Minimum Application Size	For QIB and NII: Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000 For Retail Individuals: 10,000 Equity Shares	1,40,000 Equity Shares
Maximum Bid	For QIB and NII: Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Size does not exceed 25,80,000 Equity Shares For Retail Individuals: 10,000 Equity Shares so that the Application Value does not exceed ₹ 2,00,000	1,40,000 Equity Shares
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	10,000 Equity Shares	10,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of payment	Entire Application Amount shall be payable at the time of submission of Application Form.	

Particulars	Net Issue to Public	Market Maker reservation portion
	In case of ASBA Applicants, the SCSBs shall be authorized to block such funds in the bank account of the Applicant that are specified in the ASBA Application Form.	

* 50 % of the shares offered in the Net Issue to Public portion are reserved for applications whose value is below ₹ 2,00,000 and the balance 50 % of the shares are reserved for applications whose value is above ₹ 2,00,000.

Withdrawal of the Issue

In accordance with the SEBI ICDR Regulations, our Company, in consultation with Lead Manager, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. If our Company withdraws the Issue after the Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchanges shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities at Mumbai.

Issue Programme

ISSUE OPENS ON	January 19, 2015 (Monday)
ISSUE CLOSES ON	January 21, 2015 (Wednesday)

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M)(1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 through a Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Collection Bankers to the Issue or collection centres who shall duly submit them to the Registrar to the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, the Company would have a right to reject the Applications only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Applicants in dematerialize form only. The Equity Shares on Allotment shall be traded only in the dematerialize segment of the BSE.

Availability of Prospectus and Application Forms

The Memorandum 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, from the Registered Office of the Lead Manager to the Issue, Registrar to the Issue and the Collection Centres of the Bankers to the Issue. The Application Forms may also be downloaded from the website of SME Platform of BSE Limited i.e. www.bseindia.com

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of the Prospectus. The Application Form shall contain space for indicating the number of specified securities subscribed. At the time of submitting the application, applicants should mention the Application Form number on the reverse of the Cheque /demand draft to avoid misuse of instrument submitted along with the Application Form.

Applicants, other than retail individual investor, shall apply only through the ASBA process. ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking of funds that are available in the bank account specified in the Application Form used by ASBA applicants. The Application Form shall bear the stamp of the SCSBs, without which, the same shall be rejected.

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 and Non ASBA)	White
Non-Residents including Eligible NRIs, FII's, FVCIs etc. applying on a repatriation basis (ASBA and Non ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, Non-Institutional applicants and QIB Applicants have to compulsorily apply through the ASBA Process.

Submission and Acceptance of Application Forms

Applications will be accepted during the Issue Period, only during the regular banking days and hours of the respective bank branches of the Banker to the Issue and collection centres. For details of the bank branches where applications can be submitted and acknowledgment obtained, please see the Application Form.

With respect to non-ASBA Applicants, the Application Form duly completed and accompanied by account payee cheques or drafts shall be submitted to the bankers. With respect to ASBA Applicants, the Application Form shall be submitted, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained.

Applicants residing at places where the designated branches of the Banker to the Issue or collection centres are not located may submit the application at their sole risk along with a Demand Draft payable at Mumbai, by post, to the Registrar to the Issue.

Who can apply?

- a.) Indian nationals resident in India who are not incompetent to contract under the Indian Contract Act, 1872, as amended, in single or as a joint application and minors having valid demat account as per Demographic Details provided by the Depositories. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept the Applications belonging to an account for the benefit of minor (under guardianship);
- b.) Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
- c.) Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- d.) Mutual Funds registered with SEBI;
- e.) 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;
- f.) Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- g.) FIIs and sub-accounts of FIIs registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- h.) Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- i.) Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional applicant's category;
- j.) Venture Capital Funds and Alternative Investment Fund (I) registered with SEBI; State Industrial Development Corporations;
- k.) Foreign Venture Capital Investors registered with the SEBI;
- l.) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- m.) Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- n.) Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- o.) Provident Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- p.) Pension Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- q.) National Investment Fund set up by Resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- r.) Insurance funds set up and managed by army, navy or air force of the Union of India.
- s.) Multilateral and bilateral development financial institution

- t.) Eligible QFIs
- u.) Insurance funds set up and managed by the Department of Posts, India;
- v.) Any other person eligible to applying in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them

Applications not to be made by:

1. Minors
2. Partnership firms or their nominees
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Application Form, the OCB shall be eligible to be considered for share allocation.

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.

Participation by associates/affiliates of Lead Manager

The Lead Manager shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Subscription to the Issue

1. Our Company shall allot the specified securities in dematerialised form only. Investors opting for allotment in dematerialised form may get the specified securities rematerialised subsequent to allotment.
2. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
3. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

Application by Indian Public including eligible NRIs applying on Non-Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families. 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 Equity Shares offered to the public.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

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.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Applications by Eligible NRIs/FII's on Repatriation Basis

Application Forms have been made available for Eligible NRIs at the Company's Registered Office.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. Companies are required to file declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis.

Allotment of Equity Shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post Issue Paid up Capital of the Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub accounts, the investment on behalf of each sub account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. As on the date of filing the Prospectus, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

Application by Eligible QFIs

Eligible QFIs are permitted to invest in the equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have also been permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5.00% and 10.00% of the paid up capital of the Indian company respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap. An Eligible QFI may make investments in the equity shares of an Indian company through both the FDI route and the QFI route. However, the aggregate holding of such Eligible QFI shall not exceed 5.00% of the paid-up capital of the Indian company at any point of time.

QFIs shall be eligible to apply under the Non-Institutional Applicants category. Further, SEBI in its circular dated January 13, 2012 has specified, amongst other things, eligible transactions for Eligible QFIs (which includes investment in equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors in various respects including, margins, voting rights, public issues, etc.

Eligible QFIs shall open a single non-interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

Eligible QFIs who wish to participate in the Issue are advised to use the Application Form meant for Non-Residents (blue in colour). Eligible QFIs shall compulsorily apply through the ASBA process to participate in the Issue.

Application by SEBI registered Alternative Investment Fund (AIF), 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. As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital investor can invest only up to 33% of the funds available for investment by way of subscription to an Initial Public Offer.

The SEBI (Alternative Investment funds) Regulations, 2012 prescribes investment restrictions for various categories of AIF's.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A Venture capital fund registered as a category I AIF, as defined in the SEBI Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI Regulations shall continue to be regulated by the VCF Regulations.

Applications by Limited Liability Partnerships

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing which, the Company reserves the right to reject any application, without assigning any reason thereof.

Applications by Insurance Companies

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, the Company reserves the right to reject any application, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment scheme) (5th Amendment) Regulations, 2013, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- a) equity shares of a Company: the least of 10% of the investee Company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) the entire group of the investee Company: the least of 15% of the respective fund in case of a life insurer or general insurer or reinsurer or 15% of investment assets in all Companies belonging to the group;
- c) The industry sector in which the investee Company operates: the least of 15% of the respective fund in case of a life insurer or general insurer or reinsurer or 15% of investment assets.

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in infrastructure and housing sectors, providing, among other things, that the exposure of an insurer to an infrastructure Company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Application by Provident Funds / Pension Funds

In case of applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, the Company reserves the right to reject any application, without assigning any reason thereof.

Application under Power of Attorney

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores a certified copy of the power of attorney or the relevant Resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, the Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to applications by VCFs, FVCIs, FPIs and Mutual Funds, 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 reasons thereof.
- b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, the Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- c) With respect to applications made by provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores, a certified copy

of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form . Failing this, the Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form , subject to such terms and conditions that the Company and the lead manager may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the 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.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

Lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all investors can apply through ASBA process and w.e.f May 02, 2011, Non-Institutional applicants and QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account.

The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account.

However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

Maximum and Minimum Application Size

The applications in this Issue, being a fixed price issue, will be categorized into two;

(a) For Retail Individual Applicants

The Application must be for a minimum of 10,000 Equity Shares and in multiples of 10,000 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

(b) For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a

QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion.

Applicants are advised to ensure that any single Application form does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.

Information for the Applicants:

- a.) The Company will file the Prospectus with the ROC at least 3 (three) days before the Issue Opening Date.
- b.) The Lead Manager will circulate copies of the Prospectus along with the Application Form to potential investors.
- c.) Any investor, being eligible to invest in the Equity Shares offered, who would like to obtain the Prospectus and/ or the Application Form can obtain the same from the Company's Registered Office or from the Registered Office of the Lead Manager.
- d.) Applicants who are interested in subscribing to the Equity Shares should approach the branches of the Bakers to the issue or the Collection centers to submit their Applications. Applicants should obtain acknowledgement from the Banks/collection centers and retain the same with them for reference.
- e.) Applications made in the name of Minors and/or their nominees shall not be accepted.
- f.) Applicants are requested to mention the application form number on the reverse of the payment 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.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Marathi newspaper with wide circulation.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see "Issue Procedure - Payment Instructions" at page 148 of this Prospectus.

Signing of Underwriting Agreement

The issue is 100% Underwritten. Our Company has entered into an Underwriting Agreement with the Lead Manager on September 08, 2014.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Section 26 of Companies Act, 2013.

Designated Date and Allotment of Equity Shares

Our Company will ensure that the (i) Allotment of Equity Shares; and (ii) credit to successful Applicants' depository account is done within 12 working Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Applicants Depository Account within 12 working days of the Issue Closing Date.

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 working days of the Issue Closing Date.

The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under Section 56 of the Companies Act, 2013 or other applicable provisions, if any.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company, 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.

Issuance of Allotment Advice

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Lead Manager 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 this Issue.
2. Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.
3. Approval of the Basis of Allotment by the Designated Stock Exchange. As described above shall be deemed a valid, binding and irrevocable contract for the Applicant.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that Applications submitted by any person resident outside India is in compliance with applicable foreign and Indian laws

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.

- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

Instructions for completing the Application Form

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue or collection centres are not located may submit the application at their sole risk along with a Demand Draft payable at Mumbai, by post, to the Registrar to the Issue.

Applicant's Depository Account and Bank Details

Please note that, providing bank account details in the space provided in the Application Form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants' sole risk and neither the Lead Manager or the Registrar to the Issue or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form. These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

ESCROW MECHANISM

Terms of Payment / Payment Instructions

The entire Issue Price of Rs. 10/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the center where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stock invest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - Indian Public including eligible NRIs applying on non-repatriation basis: **“Karnavati Finance Limited - Public Issue - R”**.
 - In case of Non Resident Retail Applicants applying on repatriation basis: **“Karnavati Finance Limited -Public Issue - NR”**
2. In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary (NRO) Account of Non Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
3. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, will be refunded to the Applicant from the Refund Account.
4. On the Designated Date and not later than 12 working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

Payment by Stock Invest

In terms of the Reserve Bank of India Circular No.DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one). Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of “know your client” norms by the depositories. The Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories.

After submitting an ASBA Application either in physical or electronic mode, an ASBA Applicant cannot apply (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB. Submission of a second Application in such manner will be deemed a multiple Application and would be rejected. More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple Applications and are liable to be rejected. The Company, in consultation with the Lead Manager reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Applications is given below:

1. All Applications will be checked for common PAN. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN will be treated as multiple Applications and will be rejected.
2. For Applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the Applicants for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Application Forms will be checked for common DP ID and Client ID.

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 the PAN will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Our Company/ Registrar to the Issue/ Lead Manager can, however, accept the Application(s) in which PAN is wrongly entered into by ASBA SCSB’s in the ASBA system, without any fault on the part of Applicant.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

GROUND FOR REJECTIONS

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 10,000;
- Category not ticked;
- Multiple Applications as defined in the Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulations or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications by any person that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date;
- Applications not containing the details of Bank Account and/or Depositories Account.

Equity Shares In Dematerialized Form with NSDL or CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a) a tripartite agreement dated [●] with NSDL, our Company and Registrar to the Issue;
- b) a tripartite agreement dated [●] with CDSL, our Company and Registrar to the Issue;

The Company's shares bear an ISIN No [●]

- a) An applicant applying for Equity Shares in demat form must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the application.
- b) The applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Application Form or Revision Form.
- c) Equity Shares allotted to a successful applicant will be credited in electronic form directly to the Applicant's beneficiary account (with the Depository Participant).
- d) Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- f) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with their Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The BSE SME platform where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.

- h) The trading of the Equity Shares of our Company would be only in dematerialized form.

Communications

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

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

PAYMENT OF REFUND

Applicants other than the ASBA Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), nor the Lead Manager shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through various modes as given hereunder:

1. **NECS (National Electronic Clearing System)** - Payment of refund would be done through NECS for Applicants having an account at any of the centers where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **Direct Credit**- Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. **RTGS (Real Time Gross Settlement)** - Applicants having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds Rs. 2.00 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 12 working days from the Issue closing date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
2. Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 working days 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 12 working days from the Issue Closing Date;
3. The Company shall pay interest at 15% p.a. for any delay beyond the 15 days from the Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 working days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company, every Director of our Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money with interest as prescribed under the applicable law; and
4. Our 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 our Company as a Refund Bank 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.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of securities therein to him, any other person in a fictitious name,

shall be liable for action under Section 447 of the Companies Act, 2013.”

Section 447 of the Companies Act, 2013, is reproduced as below:

“Without Prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may exceed to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud:

Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.”

BASIS OF ALLOTMENT

Allotment will be made in consultation with SME Platform of BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 10,000 equity shares the allotment will be made as follows:
 - a. Each successful applicant shall be allotted 10,000 equity shares; and
 - b. The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 10,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 10,000 equity shares subject to a minimum allotment of 10,000 equity shares.
5. If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 10,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in the Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - a. A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - b. The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - c. The unsubscribed portion of the net to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

If the retail individual investor is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

Please note that the Allotment to each Retail Individual Investor shall not be less than the minimum application lot, subject to availability of Equity Shares in the Retail portion. The remaining available Equity Shares, if any in Retail portion shall be allotted on a proportionate basis to Retail individual Investor in the manner in this para titled 'Basis of Allotment' beginning on page 154 of Prospectus.

'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 SME Platform of BSE.

Basis of Allotment in the event of Under subscription

In the event of under subscription in the Issue, the obligations of the Underwriters shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100% of the Issue size as specified in page 29 shall be achieved before our company proceeds to get the basis of allotment approved by the Designated Stock Exchange.

The Executive Director/Managing Director of the SME Platform of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

Refunds

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s) nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the 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 to the Issue shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our 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, FPIs and foreign venture capital funds and all Non Residents, NRI, FPI and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Undertaking by our Company

Our Company undertakes the following:

1. that the complaints received in respect of this Issue shall be attended to by our Company expeditiously

and satisfactorily;

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 shall be taken within 7 working days of the 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 applicant within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. that the instruction for electronic credit of Equity Shares/ refund orders/intimation about the refund to non-resident Indians shall be completed within specified time; and
6. that no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
7. that 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 adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to Non ASBA Applications while finalizing the basis of allotment.

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 40 of the Companies Act; 2013
- 2) Details of all monies utilized out of the Issue shall be disclosed and continue to be disclosed till any part of the issue proceeds remains unutilized under an appropriate separate head in the Company's balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
- 5) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI ("DIPP") by circular 1 of 2013, with effect from April 5, 2013 ("Circular 1 of 2013"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2013 will be valid until the DIPP issues an updated circular.

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares by an Indian resident to a Non-Resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met. The transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to inter alia sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.

SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLE OF ASSOCIATION

Title of Article	Article Number	Content
CONSTITUTION OF THE COMPANY	1.	The Regulations contained in Table 'F' in the First Schedule to the Companies Act, 2013 shall not apply to the Company except in so far as they are embodied in the following Articles, which shall be the regulations for the Management of the Company.
INTERPRETATION CLAUSE	2.	<p>The marginal notes hereto shall not affect the construction hereof. In these presents, the following words and expressions shall have the following meanings unless excluded by the subject or context:</p> <p>a. 'The Act' or 'The Companies Act' shall mean 'The Companies Act, 2013, its rules and any statutory modifications or reenactments thereof.'</p> <p>b. 'The Board' or 'The Board of Directors' means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at a Board, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.</p> <p>c. 'The Company' or 'This Company' means KARNAVATI FINANCE LIMITED.</p> <p>D. 'Directors' means the Directors for the time being of the Company.</p> <p>e. 'Writing' includes printing, lithograph, typewriting and any other usual substitutes for writing.</p> <p>f. 'Members' means members of the Company holding a share or shares of any class.</p> <p>g. 'Month' shall mean a calendar month.</p> <p>h. 'Paid-up' shall include 'credited as fully paid-up'.</p> <p>i. 'Person' shall include any corporation as well as individual.</p> <p>j. 'These presents' or 'Regulations' shall mean these Articles of Association as now framed or altered from time to time and shall include the Memorandum where the context so requires.</p> <p>k. 'Section' or 'Sec.' means Section of the Act.</p> <p>l. Words importing the masculine gender shall include the feminine gender.</p> <p>m. Except where the context otherwise requires, words importing the singular shall include the plural and the words importing the plural shall include the singular.</p> <p>n. 'Special Resolution' means special resolution as defined by Section 114 in the Act.</p> <p>o. 'The Office' means the Registered Office for the time being of the Company.</p> <p>p. 'The Register' means the Register of Members to be kept pursuant to Section 88 of the Companies Act, 2013.</p> <p>q. 'Proxy' includes Attorney duly constituted under a Power of Attorney.</p>
	3.	Except as provided by Section 67, no part of funds of the Company shall be employed in the purchase of the shares of the Company, and the Company shall not directly or indirectly and whether by shares, or loans, give, guarantee, the provision of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company.
	4.	The Authorized Share Capital of the Company shall be as prescribed in Clause V of the Memorandum of Association of the Company.

	<p>5. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of the Act) and at such terms as they may, from time to time, think fit and proper and with the sanction of the Company in General Meeting by a Special Resolution give to any person the option to call for or be allotted shares of any class of the Company, either at par, at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit unless the Company in General Meeting, by a Special Resolution, otherwise decides. Any offer of further shares shall be deemed to include a right, exercisable by the person to whom the shares are offered, to renounce the shares offered to him in favour of any other person. Subject to the provisions of the Act, any redeemable Preference Share, including Cumulative Convertible Preference Share may, with the sanction of an ordinary resolution be issued on the terms that they are, or at the option of the Company are liable to be redeemed or converted on such terms and in such manner as the Company, before the issue of the shares may, by special resolution, determine.</p>
	<p>6. The Company in General Meeting, by a Special Resolution, may determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not), giving them the option to call or be allotted shares of any class of the Company either at a premium or at par or at a discount, (subject to compliance with the provisions of Section 53) such option being exercisable at such times and for such consideration as may be directed by a Special Resolution at a General Meeting of the Company or in General Meeting and may take any other provisions whatsoever for the issue, allotment or disposal of any shares.</p>
	<p>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 62 of the Act, and subject to the following conditions namely:</p> <p>I. (a) Such further shares shall be offered to the persons who, at the date of the offer, are holder of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.</p> <p>(b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than twenty-one days, from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.</p> <p>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right.</p> <p>(d) After the expiry of the time specified in the notice aforesaid, or in respect of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.</p> <p>II. The Directors may, with the sanction of the Company in General Meeting by means of a special resolution, offer and allot shares to any person at their discretion by following the provisions of section 62 of the Act and other applicable provisions, if any.</p> <p>III. Nothing in this Article shall apply to the increase in the subscribed capital of the Company which has been approved by:</p> <p>(a) A Special Resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans, and</p> <p>(b) The Central Government before the issue of the debentures or raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf.</p>

	8.	<p>(1) The rights attached to each class of shares (unless otherwise provided by the terms of the issue of the shares of the class) may, subject to the provisions of Section 48 of the Act, be varied with the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a General Meeting of the holders of the shares of that class.</p> <p>(2) To every such separate General Meeting, the provisions of these Articles relating to General Meeting shall Mutatis Mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of that class.</p>
	9.	<p>Issue of further shares with disproportionate rights</p> <p>Subject to the provisions of the Act, the rights conferred upon the holders of the shares of any class issued with preferred or other rights or not, unless otherwise expressly provided for by the terms of the issue of shares of that class, be deemed to be varied by the creation of further shares ranking pari passu therewith.</p>
	10.	<p>Not to issue shares with disproportionate rights</p> <p>The Company shall not issue any shares (not being Preference Shares) which carry voting rights or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being Preference Shares.</p>
	11.	<p>Power to pay commission</p> <p>The Company may, at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any share, debenture or debenture stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, such commission in respect of shares shall be paid or payable out of the capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed five percent of the price at which the shares are issued and in the case of debentures, the rate of commission shall not exceed, two and half percent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also, on any issue of shares, pay such brokerage as may be lawful.</p>
	12.	<p>Liability of joint holders of shares</p> <p>The joint holders of a share or shares shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share or shares.</p>
	13.	<p>Trust not recognised</p> <p>Save as otherwise provided by these Articles, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by a statute required, be bound to recognise any equitable, contingent, future or partial interest lien, pledge or charge in any share or (except only by these presents otherwise provided for) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.</p>
	14.	<p>Issue other than for cash</p> <p>a. The Board may issue and allot shares in the capital of the Company as payment or part payment for any property sold or goods transferred or machinery or appliances supplied or for services rendered or to be rendered to the Company in or about the formation or promotion of the Company or the acquisition and or conduct of its business and shares may be so allotted as fully paid-up shares, and if so issued, shall be deemed to be fully paid-up shares.</p> <p>b. As regards all allotments, from time to time made, the Board shall duly comply with Section 39 of the Act.</p>
	15.	<p>Acceptance of shares</p> <p>An application signed by or on behalf of the applicant for shares in the Company, followed by an allotment of any share therein, shall be acceptance of the shares within the meaning of these Articles; and every person who thus or otherwise accepts any share and whose name is on the Register shall, for the purpose of these Articles, be a shareholder.</p>

	16. Member' right to share Certificates 1. Every person whose name is entered as a member in the Register shall be entitled to receive without payment: a. One certificate for all his shares; or b. Share certificate shall be issued in marketable lots, where the share certificates are issued either for more or less than the marketable lots, sub-division/consolidation into marketable lots shall be done free of charge. 2. The Company shall, within two months after the allotment and within fifteen days after application for registration of the transfer of any share or debenture, complete and have it ready for delivery; the share certificates for all the shares and debentures so allotted or transferred unless the conditions of issue of the said shares otherwise provide. 3. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon. 4. The certificate of title to shares and duplicates thereof when necessary shall be issued under the seal of the Company and signed by two Directors and the Secretary or authorised official(s) of the Company.
	17. One Certificate for joint holders In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate for the same share or shares and the delivery of a certificate for the share or shares to one of several joint holders shall be sufficient delivery to all such holders. Subject as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several certificates in accordance with Article 20 below.
	18. Renewal of Certificate If a certificate be worn out, defaced, destroyed, or lost or if there is no further space on the back thereof for endorsement of transfer, it shall, if requested, be replaced by a new certificate without any fee, provided however that such new certificate shall not be given except upon delivery of the worn out or defaced or used up certificate, for the purpose of cancellation, or upon proof of destruction or loss, on such terms as to evidence, advertisement and indemnity and the payment of out of pocket expenses as the Board may require in the case of the certificate having been destroyed or lost. Any renewed certificate shall be marked as such in accordance with the provisions of the act in force.
	19. For every certificate issued under the last preceding Article, no fee shall be charged by the Company.
	20. Splitting and consolidation of Share Certificate The shares of the Company will be split up/consolidated in the following circumstances: (i) At the request of the member/s for split up of shares in marketable lot. (ii) At the request of the member/s for consolidation of fraction shares into marketable lot.
	21. Directors may issue new Certificate(s) Where any share under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they think fit from the certificate not so delivered up.
	22. Person by whom installments are payable If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment, shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative or representatives, if any.
LIEN	23. Company's lien on shares The Company shall have first and paramount lien upon all shares other than fully paid-up shares registered in the name of any member, either or jointly with any other person, and upon the proceeds or sale thereof for all moneys called or

		payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares. But the Directors, at any time, may declare any share to be exempt, wholly or partially from the provisions of this Article. Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
	24.	As to enforcing lien by sale For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until the expiration of 14 days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holders of the shares for the time being or to the person entitled to the shares by reason of the death of insolvency of the register holder.
	25.	Authority to transfer a. To give effect to such sale, the Board of Directors may authorise any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. b. The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
	26.	Application of proceeds of sale The net proceeds of any such sale shall be applied in or towards satisfaction of the said moneys due from the member and the balance, if any, shall be paid to him or the person, if any, entitled by transmission to the shares on the date of sale.
CALLS ON SHARES	27.	Calls Subject to the provisions of Section 49 of the Act, the Board of Directors may, from time to time, make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and the member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board of Directors.
	28.	When call deemed to have been made A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. The Board of Directors making a call may by resolution determine that the call shall be deemed to be made on a date subsequent to the date of the resolution, and in the absence of such a provision, a call shall be deemed to have been made on the same date as that of the resolution of the Board of Directors making such calls.
	29.	Length of Notice of call Not less than thirty day's notice of any call shall be given specifying the time and place of payment provided that before the time for payment of such call, the Directors may, by notice in writing to the members, extend the time for payment thereof.
	30.	Sum payable in fixed installments to be deemed calls If by the terms of issue of any share or otherwise, any amount is made payable at any fixed times, or by installments at fixed time, whether on account of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Directors, on which due notice had been given, and all the provisions herein contained in respect of calls shall relate and apply to such amount or installment accordingly.
	31.	When interest on call or installment payable If the sum payable in respect of any call or, installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall fall due, shall pay interest for the same at the rate of 12 percent per annum, from the day appointed for the payment thereof to the time of the actual payment or at such lower rate as the Directors may determine. The Board of Directors shall also be at liberty to waive payment of that interest wholly or in part.
	32.	Sums payable at fixed times to be treated as calls The provisions of these Articles as to payment of interest shall apply in the case of non-payment of any such sum which by the terms of issue of a share, become

		payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
	33.	Payment of call in advance The Board of Directors, may, if it thinks fit, receive from any member willing to advance all of or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any part of the moneys so advance may (until the same would, but for such advance become presently payable) pay interest at such rate as the Board of Directors may decide but shall not in respect of such advances confer a right to the dividend or participate in profits.
	34.	Partial payment not to preclude forfeiture Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from, time to time, be due from any member in respect of any share, either by way of principal or interest nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein after provided.
FORFEITURE OF SHARES	35.	If call or installment not paid, notice may be given If a member fails to pay any call or installment of a call on the day appointed for the payment not paid thereof, the Board of Directors may during such time as any part of such call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest, which may have accrued. The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other share.
	36.	Evidence action by Company against shareholders On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of shareholders of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
	37.	Form of Notice The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day appointed, the shares in respect of which the call was made will be liable to be forfeited.
	38.	If notice not complied with, shares may be forfeited If the requirements of any such notice as, aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
	39.	Notice after forfeiture When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
	40.	Boards' right to dispose of forfeited shares or cancellation of forfeiture A forfeited or surrendered share may be sold or otherwise disposed off on such terms and in such manner as the Board may think fit, and at any time before

		such a sale or disposal, the forfeiture may be cancelled on such terms as the Board may think fit.
	41.	Liability after forfeiture A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding such forfeiture, remain liable to pay and shall forthwith pay the Company all moneys, which at the date of forfeiture is payable by him to the Company in respect of the share, whether such claim be barred by limitation on the date of the forfeiture or not, but his liability shall cease if and when the Company received payment in full of all such moneys due in respect of the shares.
	42.	Effect of forfeiture The forfeiture of a share shall involve in the extinction of all interest in and also of all claims and demands against the Company in respect of the shares and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.
	43.	Evidence of forfeiture A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
	44.	Non-payment of sums payable at fixed times The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether, on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.
	45.	Validity of such sales Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may cause the purchaser's name to be entered in the register in respect of the shares sold and may issue fresh certificate in the name of such a purchaser. The purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES	46.	<p>Transfer</p> <p>a. The instrument of transfer of any share in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.</p> <p>b. The Board shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.</p> <p>Provided that where it is proved to the satisfaction of the Board that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Board thinks fit, on an application on such terms in writing made by the transferee and bearing the stamp required for an instrument of transfer, register the transfer on such terms as to indemnity as the Board may think fit.</p> <p>c. An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall, in the case of partly paid shares, be effected unless the Company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.</p> <p>d. For the purpose of Sub-clause (c), notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be delivered in the ordinary course of post.</p> <p>e. Nothing in Sub-clause (d) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.</p>
	47.	<p>Form of transfer</p> <p>Shares in the Company shall be transferred by an instrument in writing in such common form as specified in Section 56 of the Companies Act.</p>
	48.	<p>Board's right to refuse to register</p> <p>a. The Board, may, at its absolute discretion and without assigning any reason, decline to register</p> <ol style="list-style-type: none"> 1. The transfer of any share, whether fully paid or not, to a person of whom it do not approve or 2. Any transfer or transmission of shares on which the Company has a lien <p>a. Provided that registration of any 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 a lien on the shares.</p> <p>b. If the Board refuses to register any transfer or transmission of right, it shall, within fifteen days from the date of which the instrument or transfer of the intimation of such transmission was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.</p> <p>c. In case of such refusal by the Board, the decision of the Board shall be subject to the right of appeal conferred by Section 58.</p> <p>d. The provisions of this clause shall apply to transfers of stock also.</p>

	<p>49. Further right of Board of Directors to refuse to register</p> <p>a. The Board may, at its discretion, decline to recognise or accept instrument of transfer of shares unless the instrument of transfer is in respect of only one class of shares.</p> <p>b. No fee shall be charged by the Company for registration of transfers or for effecting transmission on shares on the death of any member or for registering any letters of probate, letters of administration and similar other documents.</p> <p>c. Notwithstanding anything contained in Sub-articles (b) and (c) of Article 46, the Board may not accept applications for sub-division or consolidation of shares into denominations of less than hundred (100) except when such a sub-division or consolidation is required to be made to comply with a statutory order or an order of a competent Court of Law or a request from a member to convert his holding of odd lots, subject however, to verification by the Company.</p> <p>d. The Directors may not accept applications for transfer of less than 100 equity shares of the Company, provided however, that these restrictions shall not apply to:</p> <p>i. Transfer of equity shares made in pursuance of a statutory order or an order of competent court of law.</p> <p>ii. Transfer of the entire equity shares by an existing equity shareholder of the Company holding less than hundred (100) equity shares by a single transfer to joint names.</p> <p>iii. Transfer of more than hundred (100) equity shares in favour of the same transferee under one or more transfer deeds, one or more of them relating to transfer of less than hundred (100) equity shares.</p> <p>iv. Transfer of equity shares held by a member which are less than hundred (100) but which have been allotted to him by the Company as a result of Bonus and/or Rights shares or any shares resulting from Conversion of Debentures.</p> <p>v. The Board of Directors be authorised not to accept applications for sub-division or consolidation of shares into denominations of less than hundred (100) except when such sub-division or consolidation is required to be made to comply with a statutory order of a Court of Law or a request from a member to convert his holding of odd lots of shares into transferable/marketable lots, subject, however, to verification by the Company.</p> <p>Provided that where a member is holding shares in lots higher than the transferable limit of trading and transfers in lots of transferable unit, the residual shares shall be permitted to stand in the name of such transferor not withstanding that the residual holding shall be below hundred (100).</p>
	<p>50. Rights to shares on death of a member for transmission</p> <p>a. In the event of death of any one or more of several joint holders, the survivor, or survivors, alone shall be entitled to be recognised as having title to the shares.</p> <p>b. In the event of death of any sole holder or of the death of last surviving holder, the executors or administrators of such holder or other person legally entitled to the shares shall be entitled to be recognised by the Company as having title to the shares of the deceased.</p> <p>Provided that on production of such evidence as to title and on such indemnity or other terms as the Board may deem sufficient, any person may be recognised as having title to the shares as heir or legal representative of the deceased shareholder.</p> <p>Provided further that if the deceased shareholder was a member of a Hindu Joint Family, the Board, on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise the survivors of Karta thereof as having titles to the shares registered in the name of such member.</p> <p>Provided further that in any case, it shall be lawful for the Board in its absolute discretion, to dispense with the production of probate or letters of administration or other legal representation upon such evidence and such terms</p>

		as to indemnity or otherwise as the Board may deem just.
	51.	Rights and liabilities of person 1. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time be required by the Board and subject as herein, after provided elect either a. to be registered himself as a holder of the share or b. to make such transfer of the share as the deceased or insolvent member could have made. 2. The Board, shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
	52.	Notice by such a person of his election a. If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. b. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. c. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer had been signed by that member.
	53.	No transfer to infant, etc. No transfer shall be made to an infant or a person of unsound mind.
	54.	Endorsement of transfer and issue of certificate Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Secretary or by some person for the time being duly authorised by the Board in that behalf.
	55.	Custody of transfer The instrument of transfer shall, after registration, remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of ten years or more.
	56.	Register of members a. The Company shall keep a book to be called the Register of Members, and therein shall be entered the particulars of every transfer or transmission of any share and all other particulars of shares required by the Act to be entered in such Register. Closure of Register of members b. The Board may, after giving not less than seven days previous notice by advertisement in some newspapers circulating in the district in which the Registered Office of the Company is situated, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time. When instruments of transfer to be retained c. All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.
	57.	Company's right to register transfer by apparent legal owner The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares not withstanding that the Company may have had notice of such equitable right or title or interest prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be

		bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company; but the Company shall nevertheless be at liberty to have regard and to attend to any such notice and give effect thereto, if the Board shall so think fit.
ALTERATION OF CAPITAL	58.	<p>Alteration and consolidation, sub-division and cancellation of shares</p> <p>a. The Company may, from time to time, in accordance with the provisions of the Act, alter by Ordinary Resolution, the conditions of the Memorandum of Association as follows:</p> <ol style="list-style-type: none"> 1. increase its share capital by such amount as it thinks expedient by issuing new shares; 2. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; 3. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of the denomination; 4. 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 on the proportion between the amount paid and the amount, if any, unpaid, on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. 5. <ol style="list-style-type: none"> a. Cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. b. The resolution whereby any share is sub-divided may determined that, as between the holder of the shares resulting from such sub-division, one or more such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others. 6. Classify and reclassify its share capital from the shares on one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may for the time being be permitted under legislative provisions for the time being in force in that behalf.
	59.	<p>Reduction of capital, etc. by Company</p> <p>The Company may, by Special Resolution, reduce in any manner with and subject to any incident authorised and consent as required by law:</p> <ol style="list-style-type: none"> a. its share capital; b. any capital redemption reserve account; or c. any share premium account.
SURRENDER OF SHARES	60.	<p>Surrender of shares</p> <p>The Directors may, subject to the provisions of the Act, accept the surrender of any share by way of compromise of any question as to the holder being properly registered in respect thereof.</p>
MODIFICATION OF RIGHTS	61.	<p>Power of modify shares</p> <p>The rights and privileges attached to each class of shares may be modified, commuted, affected, abrogated in the manner provided in Section 48 of the Act.</p>
SET OFF OF MONEY DUE TO SHAREHOLDERS	62.	<p>Set-off of moneys due to shareholders</p> <p>Any money due from the Company to a shareholder may, without the consent of such shareholder, be applied by the Company in or towards payment of any money due from him, either alone or jointly with any other person, to the Company in respect of calls.</p>
CONVERSION OF SHARES INTO STOCK	63.	<p>Conversion of shares</p> <p>The Company may, by Ordinary Resolution, convert all or any fully paid share(s) of any denomination into stock and vice versa.</p>
	64.	<p>Transfer of stock</p> <p>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</p>

		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.
	65.	Right of stockholders The holders of the stock shall, according to the amount of the 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 its 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.
	66.	Applicability of regulations to stock and stockholders Such of the regulations contained in these presents, other than those relating to share warrants as are applicable to paid-up shares shall apply to stock and the words shares and shareholder in these presents shall include stock and stockholder respectively.
DEMATERIALISATION OF SECURITIES	67.	<p>a) Definitions For the purpose of this Article: 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository; 'SEBI' means the Securities and Exchange Board of India; 'Depository' means a company formed and registered under the Companies Act, 2013, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992, and 'Security' means such security as may be specified by SEBI from time to time.</p> <p>b) Dematerialisation of securities Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.</p> <p>c) Options for investors Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person, who is the beneficial owner of the securities, can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.</p> <p>d) Securities in depositories to be in fungible form All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 89 and 186 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.</p> <p>e) Rights of depositories and beneficial owners: (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. (ii) Save as otherwise provided in (a) above, the depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the securities held by it. (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.</p> <p>f) Service of documents</p>

		<p>Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.</p> <p>g) Transfer of securities Nothing contained in Section 56 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p> <p>h) Allotment of securities dealt with in a depository Notwithstanding anything in the Act or these Articles, where securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.</p> <p>i) Distinctive numbers of securities held in a depository Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of securities issued by the Company shall apply to securities held in a depository.</p> <p>j) Register and Index of Beneficial owners The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.</p> <p>k) Company to recognise the rights of registered holders as also the beneficial owners in the records of the depository Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the beneficial owner of the shares in records of the depository as the absolute owner thereof as regards receipt of dividends or bonus or services of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person, whether or not it shall have express or implied notice thereof.</p>
General Meetings	68.	<p>Annual General Meeting The Company shall in each year hold in addition to the other meetings a general meeting which shall be styled as its Annual General Meeting at intervals and in accordance with the provisions of Section 96 of the Act.</p>
	69.	<p>Extraordinary General Meeting 1. Extraordinary General Meetings may be held either at the Registered Office of the Company or at such convenient place as the Board or the Managing Director (subject to any directions of the Board) may deem fit.</p> <p>Right to summon Extraordinary General Meeting 2. The Chairman or Vice Chairman may, whenever they think fit, and shall if so directed by the Board, convene an Extraordinary General Meeting at such time and place as may be determined.</p>
	70.	<p>Extraordinary Meeting by requisition a. The Board shall, on the requisition of such number of members of the Company as is specified below, proceed duly to call an Extraordinary General Meeting of the Company and comply with the provisions of the Act in regard to meetings on requisition.</p> <p>b. The requisition shall set out matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company or sent to the Company by Registered Post addressed to the Company at its Registered Office.</p> <p>c. The requisition may consist of several documents in like forms, each signed by one or more requisitionists.</p> <p>d. The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold, on the date of the deposit of the requisition, not less than 1/10th of such of the paid-up capital of the Company as at the date carries the right of the voting in regard to the matter set out in the requisition.</p>

		<p>e. If the Board does not, within 21 days from the date of receipt of deposit of the requisition with regard to any matter, proceed duly to call a meeting for the consideration of these matters on a date not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisitionists themselves or such of the requisitionists, as represent either majority in the value of the paid-up share capital held by them or of not less than one tenth of such paid-up capital of the Company as is referred to in Sub-clause (d) above, whichever is less.</p>
	71.	<p>Length of notice for calling meeting A General Meeting of the Company may be called by giving not less than twenty one days notice in writing, provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded by the members holding not less than 95 per cent of the part of the paid- up share capital which gives the right to vote on the matters to be considered at the meeting.</p> <p>Provided that where any member of the Company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members, shall be taken into account for purpose of this clause in respect of the former resolution or resolutions and not in respect of the latter.</p>
	72.	<p>Accidental omission to give notice not to invalidate meeting The accidental omission is to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of any resolution passed at such meeting.</p>
	73.	<p>Special business and statement to be annexed All business shall be deemed special that is transacted at an Extraordinary Meeting and also that is transacted at an Annual Meeting with the exception of declaration of a dividend, the consideration of financial statements and the reports of the Directors and Auditors thereon, the election of the Directors in the place of those retiring, and the appointment of and the fixing of the remuneration of Auditors. Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein, of every Director and the Manager, if any, every other Key Managerial Personnel and the relatives of Directors, Manager and other Key Managerial Personnel. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.</p> <p>Where any item of special business 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 promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.</p>
	74.	<p>Quorum The quorum requirements for general meetings shall be as under and no business shall be transacted at any General Meeting unless the requisite quorum is present when the meeting proceeds to business:</p> <p>Number of members upto 1000: 5 members personally present</p> <p>Number of members 1000-5000: 15 members personally present</p> <p>Number of members more than 5000: 30 members personally present</p>
	75.	<p>If quorum not present, when meeting to be dissolved and when to be adjourned If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week and at the same time and place or to such other day and to be at such other time and place as the Board may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.</p>

	76. Chairman of General Meeting The Chairman of the Board of Directors shall preside at every General Meeting of the Company and if he is not present within 15 minutes after the time appointed for holding the meeting, or if he is unwilling to act as Chairman, the Vice Chairman of the Board of Directors shall preside over the General Meeting of the Company.
	77. When Chairman is absent If there is no such Chairman, or Vice Chairman or if at any General Meeting, either the Chairman or Vice Chairman is not present within fifteen minutes after the time appointed for holding the meeting or if they are unwilling to take the chair, the members present shall choose one of their members to be the Chairman.
	78. Adjournment of meeting The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn that meeting from time to time from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting.
	79. Questions at General Meeting how decided At a General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands/result of electronic voting as per the provisions of Section 108, unless a poll is (before or on the declaration of the result of the show of hands/ electronic voting) demanded in accordance with the provisions of Section 109. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands/ electronic voting, been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.
	80. Casting vote In the case of an equality of votes, the Chairman shall, whether on a show of hands, or electronically or on a poll, as the case may be, have a casting vote in addition to the vote or votes to which he may be entitled as a member.
	81. Taking of poll If a poll is duly demanded in accordance with the provisions of Section 109, it shall be taken in such manner as the Chairman, subject to the provisions of Section 109 of the Act, may direct, and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
	82. In what cases poll taken without adjournment A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. Where a poll is demanded on any other question, adjournment shall be taken at such time not being later than forty-eight hours from the time which demand was made, as the Chairman may direct.

	<p>83. Votes</p> <p>a. Every member of the Company holding Equity Share(s), shall have a right to vote in respect of such capital on every resolution placed before the Company. On a show of hands, every such member present shall have one vote and shall be entitled to vote in person or by proxy and his voting right on a poll or on e-voting shall be in proportion to his share of the paid-up Equity Capital of the Company.</p> <p>b. Every member holding any Preference Share shall in respect of such shares have a right to vote only on resolutions which directly affect the rights attached to the Preference Shares and subject as aforesaid, every such member shall in respect of such capital be entitled to vote in person or by proxy, if the dividend due on such preference shares or any part of such dividend has remained unpaid in respect of an aggregate period of not less than two years preceding the date of the meeting. Such dividend shall be deemed to be due on Preference Shares in respect of any period, whether a dividend has been declared by the Company for such period or not, on the day immediately following such period.</p> <p>c. Whenever the holder of a Preference Share has a right to vote on any resolution in accordance with the provisions of this article, his voting rights on a poll shall be in the same proportion as the capital paid-up in respect of such Preference Shares bear to the total equity paid-up capital of the Company.</p>
	<p>84. Business may proceed notwithstanding demand for poll</p> <p>A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded; The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p>
	<p>85. Joint holders</p> <p>In the case of joint holders, the vote of the first named of such joint holders who tender a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.</p>
	<p>86. Member of unsound mind</p> <p>A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll vote by proxy.</p>
	<p>87. No member entitled to vote while call due to Company</p> <p>No member shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.</p>
	<p>88. Proxies permitted on polls</p> <p>On a poll, votes may be given either personally or by proxy provided that no Company shall vote by proxy as long as resolution of its Directors in accordance with provisions of Section 113 is in force.</p>
	<p>89. Instrument of proxy</p> <p>a. The instrument appointing a proxy shall be in writing under the hand of the appointed or of the attorney duly authorised in writing, or if the appointer is a Corporation, either under the common seal or under the hand of an officer or attorney so authorised. Any person may act as a proxy whether he is a member or not.</p> <p>b. A body corporate (whether a company within the meaning of this Act or not) may:</p> <ol style="list-style-type: none"> 1. If it is a member of the Company by resolution of its Board of Directors or other governing body, authorise such persons as it thinks fit to act as its representatives at any meeting of the Company, or at any meeting of any class of members of the Company; 2. If it is a creditor (including a holder of debentures) of the Company, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of this Act or of any rules made thereunder, or in pursuance of the provisions contained in any debenture or trust deed, as the

		<p>case may be.</p> <p>c. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents, as if he were personally the member, creditor or debenture holder.</p>
	90.	<p>Instrument of proxy to be deposited at the office</p> <p>The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power of authority shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, and in default, the instrument of proxy shall not be treated as valid.</p>
	91.	<p>Validity of vote by proxy</p> <p>A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the appointer, or revocation of the proxy, or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.</p>
	92.	<p>Form of proxy</p> <p>Any instrument appointing a proxy may be a two way proxy form to enable the shareholders to vote for or against any resolution at their discretion. The instrument of proxy shall be in the prescribed form as given in Form MGT-11.</p>
DIRECTORS	93.	<p>Number of Directors</p> <p>Unless otherwise determined by a General Meeting, the number of Directors shall not be less than 3 and not more than 15.</p> <p>The First Directors of the Company are :</p> <ol style="list-style-type: none"> 1. Shri N S Worha 2. Shri R N Worha 3. Shri Y N Worha
	94.	<p>Subject to the provisions of the Act as may be applicable, the Board may appoint any person as a Managing Director to perform such functions as the Board may decide from time to time. Such Director shall be a Member of the Board.</p>
	95.	<p>Qualification of Directors</p> <p>Any person, whether a member of the Company or not, may be appointed as a Director. No qualification by way of holding shares in the capital of the Company shall be required of any Director.</p>

	<p>96. Director's remuneration</p> <p>a. Until otherwise determined by the Company in General Meeting, each Director shall be entitled to receive and be paid out of the funds of the Company a fee for each meeting of the Board of Directors or any committee thereof, attended by him as may be fixed by the Board of Directors from time to time subject to the provisions of Section 197 of the Act, and the Rules made thereunder. For the purpose of any resolution in this regard, none of the Directors shall be deemed to be interested in the subject matter of the resolution. The Directors shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attendance at meetings of the Board or of any committee of the Board or otherwise in the execution of their duties as Directors either in India or elsewhere. The Managing/Whole-time Director of the Company who is a full time employee, drawing remuneration will not be paid any fee for attending Board Meetings.</p> <p>b. Subject to the provisions of the Act, the Directors may, with the sanction of a Special Resolution passed in the General Meeting and such sanction, if any, of the Government of India as may be required under the Companies Act, sanction and pay to any or all the Directors such remuneration for their services as Directors or otherwise and for such period and on such terms as they may deem fit.</p> <p>c. Subject to the provisions of the Act, the Company in General Meeting may by Special Resolution sanction and pay to the Director in addition to the said fees set out in sub-clause (a) above, a remuneration not exceeding one per cent (1%) of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act. The said amount of remuneration so calculated shall be divided equally between all the Directors of the Company who held office as Directors at any time during the year of account in respect of which such remuneration is paid or during any portion of such year irrespective of the length of the period for which they held office respectively as such Directors.</p> <p>d. Subject to the provisions of Section 188 of the Companies Act, and subject to such sanction of the Government of India, as may be required under the Companies Act, if any Director shall be appointed to advise the Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of the Company, the Directors may pay to such Director such special remuneration as they think fit; such remuneration may be in the form of either salary, commission, or lump sum and may either be in addition to or in substitution of the remuneration specified in clause (a) of the Article.</p>
	<p>97. Directors may act notwithstanding vacancy</p> <p>The continuing Directors may act notwithstanding any vacancy in their body, but subject to the provisions contained in Article 119 below:</p>
	<p>98. Chairman or Vice-chairman of the Board</p> <p>a. Notwithstanding anything contained in these Articles and pursuant to provisions of the Act, Managing Director of the company will act as Chairman of the board and Deputy Managing Director will act as Vice chairman of the board.</p> <p>b. Subject to the provisions of the Act, the Chairman and the Vice Chairman may be paid such remuneration for their services as Chairman and Vice Chairman respectively, and such reasonable expenses including expenses connected with travel, secretarial service and entertainment, as may be decided by the Board of Directors from time to time.</p>
	<p>99. Casual vacancy</p> <p>If the office of any Director becomes vacant before the expiry of the period of his Directorship in normal course, the resulting casual vacancy may be filled by the Board at a Meeting of the Board subject to Section 161 of the Act. Any person so appointed shall hold office only upto the date which the Director in whose place he is appointed would have held office if the vacancy had not occurred as aforesaid.</p>

VACATION OF OFFICE BY DIRECTORS	<p>100 Vacation of office by Directors</p> <p>The office of a Director shall be vacated if:</p> <ol style="list-style-type: none"> 1. he is found to be unsound mind by a Court of competent jurisdiction; 2. he applies to be adjudicated as an insolvent; 3. he is an undischarged insolvent; 4. he is convicted by a Court of any offence whether involving moral turpitude or otherwise and is sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; 5. he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call; 6. an order disqualifying him for appointment as Director has been passed by court or tribunal and the order is in force. 7. he has not complied with Subsection (3) of Section 152 8. he has been convicted of the offence dealing with related party transaction under section 188 at any time during the preceding five years. 9. he absents himself from all meetings of the Board for a continuous period of twelve months, with or without seeking leave of absence from the Board; 10. he acts in contravention of Section 184 of the Act and fails to disclose his interest in a contract in contravention of section 184. 11. he becomes disqualified by an order of a court or the Tribunal 12. he is removed in pursuance of the provisions of the Act, 13. having been appointed a Director by virtue of holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; <p>notwithstanding anything in Clause (4), (6) and (8) aforesaid, the disqualification referred to in those clauses shall not take effect:</p> <ol style="list-style-type: none"> 1. for thirty days from the date of the adjudication, sentence or order; 2. where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off; or 3. where within the seven days as aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.
	<p>101 Alternate Directors</p> <p>(a) The Board may appoint an Alternate Director to act for a Director hereinafter called in this clause "the Original Director" during his absence for a period of not less than 3 months from India.</p> <p>(b) An Alternate Director appointed as aforesaid shall vacate office if and when the Original Director returns to India.</p> <p>Independent Directors</p> <p>(c) (i) The Directors may appoint such number of Independent Directors as are required under Section 149 of the Companies Act, 2013 or clause 49 of Listing Agreement, whichever is higher, from time to time.</p> <p>(ii) Independent directors shall possess such qualification as required under Section 149 of the companies Act, 2013 and clause 49 of Listing Agreement</p> <p>(iii) Independent Director shall be appointed for such period as prescribed under relevant provisions of the companies Act, 2013 and Listing Agreement and shall not be liable to retire by rotation.</p> <p>Women Director</p> <p>(d) The Directors shall appoint one women director as per the requirements of section 149 of the Act.</p> <p>Key Managerial Personnel</p> <p>(e) Subject to the provisions of the Act,—</p> <p>(i) A chief executive officer, manager, company secretary or chief financial</p>

		<p>officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of are solution of the Board;</p> <p>(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>(iii) The Managing Director shall act as the Chairperson of the Company for all purposes subject to the provisions contained in the Act and these articles.</p>
	102	<p>Additional Directors</p> <p>The Directors may, from time to time, appoint a person as an Additional Director provided that the number of Directors and Additional Directors together shall not exceed the maximum number of Directors fixed under Article 93 above. Any person so appointed as an Additional Director shall hold office upto the date of the next Annual General Meeting of the Company.</p> <p>Proportion of retirement by rotation</p> <p>a. The proportion of directors to retire by rotation shall be as per the provisions of Section 152 of the Act.</p>
	103	<p>Debenture</p> <p>Any trust deed for securing debentures or debenture-stocks may, if so arranged, provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees, 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 for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any other provisions herein contained.</p>
	104	<p>Corporation/Nominee Director</p> <p>a. Notwithstanding anything to the contrary contained in the Articles, so long as any moneys remain owing by the Company the any finance corporation or credit corporation or body, (herein after in this Article referred to as "The Corporation") out of any loans granted by them to the Company or as long as any liability of the Company arising out of any guarantee furnished by the Corporation, on behalf of the Company remains defaulted, or the Company fails to meet its obligations to pay interest and/or instalments, the Corporation shall have right to appoint from time to time any person or person as a Director or Directors (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any person so appointed, any person or persons in his or their place(s).</p> <p>b. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s as long as such default continues. Such Nominee Director/s shall not be required to hold any share qualification in the Company, and such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.</p> <p>The Nominee Director/s appointed shall hold the said office as long as any moneys remain owing by the Company to the Corporation or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.</p> <p>The Nominee Director/s appointed under this Article shall be entitled to receive</p>

		<p>all notices of and attend all General Meetings, and of the Meeting of the Committee of which the Nominee Director/s is/are member/s.</p> <p>The Corporation shall also be entitled to receive all such notices. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Director/s of the Company are entitled, but if any other fee, commission, monies or remuneration in any form is payable to the Director/s of the Company, the fee, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment to Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.</p> <p>Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall so accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.</p> <p>c. The Corporation may at any time and from time to time remove any such Corporation Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as a Corporation Director in his place. Such appointment or removal shall be made in writing signed by the Chairman or Joint Chairman of the Corporation or any person and shall be delivered to the Company at its Registered office. It is clarified that every Corporation entitled to appoint a Director under this Article may appoint such number of persons as Directors as may be authorised by the Directors of the Company, subject to Section 152 of the Act and so that the number does not exceed 1/3 of the maximum fixed under Article 93.</p>
	105	<p>Disclosure of interest of Directors</p> <p>a. Subject to the provisions of the Act, the Directors shall not be disqualified by reason of their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, or otherwise, nor shall any such contract or any contract or arrangement entered into by on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting 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 of such Director holding that office or of the fiduciary relation thereby established but the nature of the interest must be disclosed by the Director at the meeting of the Board at which the contract or arrangements is determined or if the interest then exists in any other case, at the first meeting of the Board after the acquisition of the interest.</p> <p>Provided nevertheless that no Director shall vote as a Director in respect of any contract or arrangement in which he is so interested as aforesaid or take part in the proceedings thereat and he shall not be counted for the purpose of ascertaining whether there is quorum of Directors present. This provision shall not apply to any contract by or on behalf of the Company to indemnify the Directors or any of them against any loss they may suffer by becoming or being sureties for the Company.</p> <p>b. A Director may be or become a Director of any company promoted by this Company or in which this Company may be interested as vendor, shareholder or otherwise and no such Director shall be accountable to the Company for any benefits received as a Director or member of such company.</p>
	106	<p>Rights of Directors</p> <p>Except as otherwise provided by these Articles and subject to the provisions of the Act, all the Directors of the Company shall have in all matters equal rights and privileges, and be subject to equal obligations and duties in respect of the affairs of the Company.</p>
	107	<p>Directors to comply with Section 184</p> <p>Notwithstanding anything contained in these presents, any Director contracting with the Company shall comply with the provisions of Section 184 of the</p>

		Companies Act, 2013.
	108	Directors power of contract with Company Subject to the limitations prescribed in the Companies Act, 2013, the Directors shall be entitled to contract with the Company and no Director shall be disqualified by having contracted with the Company as aforesaid.
ROTATION OF DIRECTORS	109	Rotation and retirement of Directors At every annual meeting, one-third of the Directors shall retire by rotation in accordance with provisions of Section 152 of the Act.
	110	Retiring Directors eligible for re-election A retiring Director shall be eligible for re-election and the Company at the General Meeting at which a Director retires in the manner aforesaid may fill up vacated office by electing a person thereto.
	111	Which Directors to retire The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.
	112	Retiring Directors to remain in office till successors are appointed Subject to Section 152 of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating or deceased Directors is not filled up and the meeting has not expressly resolved not to fill up or appoint the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday at the same time, place, and if at the adjourned meeting the place of vacating Directors is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the vacating Directors or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned meeting.
	113	Power of General Meeting to increase or reduce number of Directors Subject to the provisions of Sections 149, 151 and 152 the Company in General Meeting may increase or reduce the number of Directors subject to the limits set out in Article 93 and may also determine in what rotation the increased or reduced number is to retire.
	114	Power to remove Directors by ordinary resolution Subject to provisions of Section 169 the Company, by Ordinary Resolution, may at any time remove any Director except Government Directors before the expiry of his period of office, and may by Ordinary Resolution appoint another person in his place. The person so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforementioned. A Director so removed from office shall not be re-appointed as a Director by the Board of Directors. Special Notice shall be required of any resolution to remove a Director under this Article, or to appoint somebody instead of the Director at the meeting at which he is removed.
	115	Rights of persons other than retiring Directors to stand for Directorships Subject to the provisions of Section 160 of the Act, a person not being a retiring Director shall be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of the Director, or the intention of such member to propose him as a candidate for that office, as the case may be "along with a deposit of such sum as may be prescribed by the Act or the Central Government from time to time which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director or gets more than 25% of total valid votes cast either on show of hands or electronically or on poll on such resolution".
	116	Register of Directors and KMP and their shareholding The Company shall keep at its Registered Office a register containing the addresses and occupation and the other particulars as required by Section 170 of the Act of its Directors and Key Managerial Personnel and shall send to the Registrar of Companies returns as required by the Act.
	117	Business to be carried on The business of the Company shall be carried on by the Board of Directors.

	118	Meeting of the Board The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that a meeting of the Board shall be held at least once in every one hundred and twenty days; and at least four such meetings shall be held in every year.
	119	Director may summon meeting A Director may at any time request the Secretary to convene a meeting of the Directors and seven days notice of meeting of directors shall be given to every director and such notice shall be sent by hand delivery or by post or by electronic means.
	120	Question how decided a. Save as otherwise expressly provided in the Act, a meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board. b. In case of an equality of votes, the Chairman shall have a second or casting vote in addition to his vote as a Director.
	121	Right of continuing Directors when there is no quorum The continuing Directors may act notwithstanding any vacancy in the Board, but if and as long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company and for no other purpose.
	122	Quorum The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher; provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of the Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.
	123	Election of Chairman to the Board If no person has been appointed as Chairman or Vice Chairman under Article 98(a) or if at any meeting, the Chairman or Vice Chairman of the Board is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be the Chairman of the meeting.
	124	Power to appoint Committees and to delegate a. The Board may, from time to time, and at any time and in compliance with provisions of the act and listing agreement constitute one or more Committees of the Board consisting of such member or members of its body, as the Board may think fit. Delegation of powers b. Subject to the provisions of Section 179 the Board may delegate from time to time and at any time to any Committee so appointed all or any of the powers, authorities and discretions for the time being vested in the Board and such delegation may be made on such terms and subject to such conditions as the Board may think fit and subject to provisions of the act and listing agreement. c. The Board may from, time to time, revoke, add to or vary any powers, authorities and discretions so delegated subject to provisions of the act and listing agreement.
	125	Proceedings of Committee The meeting and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto, and not superseded by any regulations made by the Directors under the

		last proceeding Article.
	126	Election of Chairman of the Committee a. The Chairman or the Vice Chairman shall be the Chairman of its meetings, if either is not available or if at any meeting either is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be Chairman of the meeting. b. The quorum of a Committee may be fixed by the Board and until so fixed, if the Committee is of a single member or two members, the quorum shall be one and if more than two members, it shall be two.
	127	Question how determined a. A Committee may meet and adjourn as it thinks proper. b. Questions arising at any meeting of a Committee shall be determined by the sole member of the Committee or by a majority of votes of the members present as the case may be and in case of an equality of votes, the Chairman shall have a second or casting vote in addition to his vote as a member of the Committee.
	128	Acts done by Board or Committee valid, notwithstanding defective appointment, etc. All acts done by any meeting of the Board or a Committee thereof, or by any person acting as a Director shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or any person acting as aforesaid, or that any of them was disqualified, be as valid as if every such Director and such person had been duly appointed and was qualified to be a Director.
	129	Resolution by circulation Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with necessary papers, if any, to all the members of the Committee then in India (not being less in number than the quorum fixed for the meeting of the Board or the Committee as the case may) and to all other Directors or members at their usual address in India or by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.
POWERS AND DUTIES OF DIRECTORS	130	General powers of Company vested in Directors The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not, by the act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles, to the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting, shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
	131	Attorney of the Company The Board may appoint at any time and from time to time by a power of attorney under the Company's seal, any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those vested in or exercisable by the Board under these Articles and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment, may, if the Board thinks fit, be made in favour of the members, or any of the members of any firm or company, or the members, Directors, nominees or managers of any firm or company or otherwise in favour of any body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the Board may think fit.
	132	Power to authorise subdelegation The Board may authorise any such delegate or attorney as aforesaid to sub-delegate all or any of the powers and authorities for the time being vested in him.
	133	Directors' duty to comply with the provisions of the Act The Board shall duly comply with the provisions of the Act and in particular with the provisions in regard to the registration of the particulars of mortgages and

		charges affecting the property of the Company or created by it, and keep a register of the Directors, and send to the Registrar an annual list of members and a summary of particulars relating thereto, and notice of any consolidation or increase of share capital and copies of special resolutions, and such other resolutions and agreements required to be filed under Section 117 of the Act and a copy of the Register of Directors and notifications of any change therein.
	134.	<p>Special power of Directors</p> <p>In furtherance of and without prejudice to the general powers conferred by or implied in Article 130 and other powers conferred by these Articles, and subject to the provisions of Sections 179 and 180 of the Act, that may become applicable, it is hereby expressly declared that it shall be lawful for the Directors to carry out all or any of the objects set forth in the Memorandum of Association and to the following things.</p>
	135.	<p>To acquire and dispose of property and rights</p> <p>a. To purchase or otherwise acquire for the Company any 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 and to sell, let, exchange, or otherwise dispose of the property, privileges and undertakings of the Company upon such terms and conditions and for such consideration as they may think fit.</p> <p>To pay for property in debentures, etc.</p> <p>b. At their discretion to pay for any property, rights and privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures or other securities of the Company and any such shares may be issued either as fully paid-up or with such amount credited as paid-up, the sum as may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</p> <p>To secure contracts by mortgages</p> <p>c. To secure the fulfillment of any contracts or agreements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they think fit.</p> <p>To appoint officers, etc.</p> <p>d. To appoint and at their discretion remove, or suspend such agents, secretaries, officers, clerks 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 powers and duties and fix their salaries or emoluments and to the required security in such instances and to such amount as they think fit.</p> <p>e. 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 payments or satisfaction of any dues and of any claims or demands by or against the Company.</p> <p>To refer to arbitration</p> <p>f. To refer to, any claims or demands by or against the Company to arbitration and observe and perform the awards.</p> <p>To give receipt</p> <p>g. To make and give receipts, releases and other discharges for money payable to the Company and of the claims and demands of the Company.</p> <p>To act in matters of bankrupts and insolvents</p> <p>h. To act on behalf of the Company in all matters relating to bankrupts and insolvents.</p> <p>To give security by way of indemnity</p> <p>i. 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 other powers, covenants and provisions as shall be agreed upon.</p>

		<p>To give commission</p> <p>j. To give any person employed by the Company a commission on the profits of any particular business or transaction or a share in the general profits of the Company.</p> <p>To make contracts etc.</p> <p>k. To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.</p> <p>To make bye-laws</p> <p>l. From time to time, make, vary and repeal bye-laws for the regulations of the business for the Company, its officers and servants.</p> <p>To set aside profits for provided fund</p> <p>m. Before recommending any dividends, to set-aside portions of the profits of the Company to form a fund to provide for such pensions, gratuities or compensations; or to create any provident fund or benefit fund in such or any other manner as the Directors may deem fit.</p> <p>To make and alter rules</p> <p>n. To make and alter rules and regulations concerning the time and manner of payments of the contributions of the employees and the Company respectively to any such fund and accrual, employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.</p> <p>o. And generally, at their absolute discretion, to do and perform every act and thing which they may consider necessary or expedient for the purpose of carrying on the business of the Company, excepting such acts and things as by Memorandum of Association of the Company or by these presents may stand prohibited.</p>
	136	<p>Managing Director</p> <p>a. Subject to the provisions of Section 196 ,197, 2(94), 203 of the Act, the following provisions shall apply:</p> <p>b. The Board of Directors may appoint or re-appoint one or more of their body, not exceeding two, to be the Managing Director or Managing Directors of the Company for such period not exceeding 5 years as it may deem fit, subject to such approval of the Central Government as may be necessary in that behalf.</p> <p>c. The remuneration payable to a Managing Director shall be determined by the Board of Directors subject to the sanction of the Company in General Meeting and of the Central Government, if required.</p> <p>d. If at any time there are more than one Managing Director, each of the said Managing Directors may exercise individually all the powers and perform all the duties that a single Managing Director may be empowered to exercise or required to perform under the Companies Act or by these presents or by any Resolution of the Board of Directors and subject also to such restrictions or conditions as the Board may from time to time impose.</p> <p>e. The Board of Directors may at any time and from time to time designate any Managing Director as Deputy Managing Director or Joint Managing Director or by such other designation as it deems fit.</p> <p>f. Subject to the supervision, control and directions of the Board of Directors, the Managing Director/Managing Directors shall have the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties and in relation to the management of the affairs, except such powers and such duties as are required by Law or by these presents to be exercised or done by the Company in General Meeting or by the Board and also subject to such conditions and restrictions imposed by the Act or by these presents or by the Board of Directors. Without prejudice to the generality of the foregoing, the Managing Director/Managing Directors shall exercise all powers</p>

		set out in Article 137 above except those which are by law or by these presents or by any resolution of the Board required to be exercised by the Board or by the Company in General Meeting.
	137	<p>Whole-time Director</p> <p>1. Subject to the provisions of the Act and subject to the approval of the Central Government, if any, required in that behalf, the Board may appoint one or more of its body, as Whole-time Director or Wholetime Directors on such designation and on such terms and conditions as it may deem fit. The Whole-time Directors shall perform such duties and exercise such powers as the Board may from time to time determine which shall exercise all such powers and perform all such duties subject to the control, supervision and directions of the Board and subject thereto the supervision and directions of the Managing Director. The remuneration payable to the Whole-time Directors shall be determined by the Company in General Meeting, subject to the approval of the Central Government, if any, required in that behalf.</p> <p>2. A Whole-time Director shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be Whole-time Director, if he ceases to hold the Office of Director from any cause except where he retires by rotation in accordance with the Articles at an Annual General Meeting and is re-elected as a Director at that Meeting.</p>
	138	<p>Secretary</p> <p>The Board shall have power to appoint a Secretary a person fit in its opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as it may determine. The Secretary shall have such powers and duties as may, from time to time, be delegated or entrusted to him by the Board.</p>
	139	<p>Powers as to commencement of business</p> <p>Subject to the provisions of the Act, any branch or kind of business which by the Memorandum of Association of the Company or these presents is expressly or by implication authorised to be undertaken by the Company, may be undertaken by the Board at such time or times as it shall think fit and further may be suffered by it to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.</p>
	140	<p>Delegation of power</p> <p>Subject to Section 179 the Board may delegate all or any of its powers to any Director, jointly or severally or to any one Director at its discretion or to the Executive Director.</p>
BORROWING	141	<p>Borrowing Powers</p> <p>a. The Board may, from time to time, raise any money or any moneys or sums of money for the purpose of the Company; provided that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set-apart for any specific purpose and in particular but subject to the provisions of Section 179 of the Act, the Board may, from time to time, at its discretion raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company, by the issue of debentures to members, perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities in security of any such money so borrowed, raised or received, mortgage, pledge or charge, the whole or any part of the property, assets, or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or transfer or convey the same absolutely or entrust and give the lenders powers of sale and other powers as may be expedient and purchase, redeem or pay off any such security.</p> <p>Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the</p>

		total amount upto which moneys may be borrowed by the Board of Directors, provided that subject to the provisions of clause next above, the Board may, from time to time, at its discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company as such time and in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by promissory notes or by opening current accounts, or by receiving deposits and advances, with or without security or by the issue of bonds, perpetual or redeemable debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any land, building, bond or other property and security of the Company or by such other means as them may seem expedient.
	142	Assignment of debentures Such debentures, debenture stock, bonds or other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.
	143	Terms of debenture issue a. Any such debenture, debenture stock, bond or other security may be issued at a discount, premium or otherwise, and with any special privilege as the redemption, surrender, drawing, allotment of shares of the Company, or otherwise, provided that debentures with the right to allotment or conversion into shares shall not be issued except with the sanction of the Company in General Meeting. b. Any trust deed for securing of any debenture or debenture stock and or any mortgage deed and/or other bond for securing payment of moneys borrowed by or due by the Company and/or any contract or any agreement made by the Company with any person, firm, body corporate, Government or authority who may render or agree to render any financial assistance to the Company by way of loans advanced or by guaranteeing of any loan borrowed or other obligations of the Company or by subscription to the share capital of the Company or provide assistance in any other manner may provide for the appointment from time to time, by any such mortgagee, lender, trustee of or holders of debentures or contracting party as aforesaid, of one or more persons to be a Director or Directors of the Company. Such trust deed, mortgage deed, bond or contract may provide that the person appointing a Director as aforesaid may, from time to time, remove any Director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such Director. Such power shall determine and terminate on the discharge or repayment of the respective mortgage, loan or debt or debenture or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director on the discharge of the same. Such appointment and provision in such document as aforesaid shall be valid and effective as if contained in these presents. c. The Director or Directors so appointed by or under a mortgage deed or other bond or contract as aforesaid shall be called a Mortgage Director or Mortgage Directors and the Director if appointed as aforesaid under the provisions of a debenture trust deed shall be called "Debenture Director". The words "Mortgage" or "Debenture Director" shall mean the Mortgage Director for the time being in office. The Mortgage Director or Debenture Director shall not be required to hold any qualification shares and shall not be liable to retire by rotation or to be removed from office by the Company. Such mortgage deed or bond or trust deed or contract may contain such auxiliary provision as may be arranged between the Company and mortgagee lender, the trustee or contracting party, as the case may be, and all such provisions shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act. d. The Directors appointed as Mortgage Director or Debenture Director or Corporate Director under the Article shall be deemed to be ex-officio Directors. e. The total number of ex-officio Directors, if any, so appointed under this

		Article together with the other ex-officio Directors, if any, appointment under any other provisions of these presents shall not at any time exceed one-third of the whole number of Directors for the time being.
	144	Charge on uncalled capital Any uncalled capital of the Company may be included in or charged by mortgage or other security.
	145	Subsequent assignees of uncalled capital Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject such prior charge, and shall not be entitled, by notice to the shareholder or otherwise, to obtain priority over such prior charge.
	146	Charge in favour of Director of indemnity If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other person so becoming liable as aforesaid from any loss in respect of such liability.
	147	Powers to be exercised by Board only at meeting a. Subject to the provisions of the Act, the Board shall exercise the following powers on behalf of the Company and the said power shall be exercised only by resolution passed at the meetings of the Board. (a) to make calls on shareholders in respect of money unpaid on their shares; (b) to authorise buy-back of securities under section 68; (c) to issue securities, including debentures, whether in or outside India; (d) to borrow monies; (e) to invest the funds of the company; (f) to grant loans or give guarantee or provide security in respect of loans; (g) to approve financial statement and the Board's report; (h) to diversify the business of the company; (i) to approve amalgamation, merger or reconstruction; (j) to take over a company or acquire a controlling or substantial stake in another company; (k) to make political contributions; (l) to appoint or remove key managerial personnel (KMP); (m) to take note of appointment(s) or removal(s) of one level below the Key Management Personnel; (n) to appoint internal auditors and secretarial auditor; (o) to take note of the disclosure of director's interest and shareholding; (p) to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company; (q) to invite or accept or renew public deposits and related matters; (r) to review or change the terms and conditions of public deposit; (s) to approve quarterly, half yearly and annual financial statements or financial results as the case may be. (t) such other business as may be prescribed by the Act. b. The Board may by a meeting delegate to any Committee of the Board or to the Managing Director the powers specified in Sub-clauses, d, e and f above. c. Every resolution delegating the power set out in Sub-clause d shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the said delegate. d. Every resolution delegating the power referred to in Sub-clause e shall specify the total amount upto which the funds may be invested and the nature of investments which may be made by the delegate. e. Every resolution delegating the power referred to in Sub-clause f above shall specify the total amount upto which loans may be made by the delegate, the purposes for which the loans may be made, and the maximum amount of loans that may be made for each such purpose in individual cases.
	148	Register of mortgage to be kept The Directors shall cause a proper register and charge creation documents to be kept in accordance with the provisions of the Companies Act, 2013 for all

		mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the said Act, in regard to the registration of mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the said Act, in regard to the registration of mortgages and charges therein specified and otherwise and shall also duly comply with the requirements of the said Act as to keeping a copy of every instrument creating any mortgage or charge by the Company at the office.
	149	Register of holders of debentures Every register of holders of debentures of the Company may be closed for any period not exceeding on the whole forty five days in any year, and not exceeding thirty days at any one time. Subject as the aforesaid, every such register shall be open to the inspection of registered holders of any such debenture and of any member but the Company may in General Meeting impose any reasonable restriction so that at least two hours in every day, when such register is open, are appointed for inspection.
	150	Inspection of copies of and Register of Mortgages The Company shall comply with the provisions of the Companies Act, 2013, as to allow inspection of copies kept at the Registered Office in pursuance of the said Act, and as to allowing inspection of the Register of charges to be kept at the office in pursuance of the said Act.
	151	Supplying copies of register of holder of debentures The Company shall comply with the provisions of the Companies Act, 2013, as to supplying copies of any register of holders of debentures or any trust deed for securing any issue of debentures.
	152	Right of holders of debentures as to Financial Statements Holders of debentures and any person from whom the Company has accepted any sum of money by way of deposit, shall on demand, be entitled to be furnished, free of cost, or for such sum as may be prescribed by the Government from time to time, with a copy of the Financial Statements of the Company and other reports attached or appended thereto.
	153	Minutes a. The Company shall comply with the requirements of Section 118 of the Act, in respect of the keeping of the minutes of all proceedings of every General Meeting and every meeting of the Board or any Committee of the Board. b. The Chairman of the meeting shall exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.
	154	Managing Director's power to be exercised severally All the powers conferred on the Managing Director by these presents, or otherwise may, subject to any directions to the contrary by the Board of Directors, be exercised by any of them severally.
MANAGER	155	Manager Subject to the provisions of the Act, the Directors may appoint any person as Manager for such term not exceeding five years at a time at such remuneration and upon such conditions as they may think fit and any Manager so appointed may be removed by the Board.
Common Seal	156	Common Seal The Board shall provide a common seal of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The common seal shall be kept at the Registered Office of the Company and committed to the custody of the Directors.
	157	Affixture of Common Seal The seal shall not be affixed to any instrument except by the authority of a resolution of the Board or Committee and unless the Board otherwise determines, every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by one Director and the Secretary in whose presence the seal shall have been affixed or such other person as may, from time to time, be authorised by the Board and provided nevertheless that any instrument bearing the seal of the Company issued for valuable consideration shall be binding on

		the Company notwithstanding any irregularity touching the authority to issue the same provided also the counter signature of the Chairman or the Vice Chairman, which shall be sealed in the presence of any one Director and signed by him on behalf of the Company.
DIVIDENDS AND RESERVES	158	Rights to Dividend The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the Reserve Fund, shall be divisible among the equity shareholders.
	159	Declaration of Dividends The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
	160	What to be deemed net profits The declarations of the Directors as to the amount of the net profits of the Company shall be conclusive.
	161	Interim Dividend The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
	162	Dividends to be paid out of profits only No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act.
	163	Reserve Funds a. The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit. b. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as Reserve.
	164	Method of payment of dividend a. Subject to the rights of persons, if any, entitled to share with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. b. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these regulations as paid on the share. c. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such shares shall rank for dividend accordingly.
	165	Deduction of arrears The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls in relation to the shares of the Company or otherwise.
	166	Adjustment of dividend against call Any General Meeting declaring a dividend or bonus may make a call on the members of such amounts as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and themselves, be set off against the call.

	167	Payment by cheque or warrant a. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post directly to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or to such person and to such address of the holder as the joint holders may in writing direct. b. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. c. Every dividend or warrant or cheque shall be posted within thirty days from the date of declaration of the dividends
	168	Retention in certain cases The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member in respect thereof or shall duly transfer the same. Receipt of joint holders (A) Where any instrument of transfer of shares has been delivered to the Company for registration on holders, the Transfer of such shares and the same has not been registered by the Company, it shall, and notwithstanding anything contained in any other provision of the Act: a) transfer the dividend in relation to such shares to the Special Account referred to in Sections 123 and 124 of the Act, unless the Company is authorised by the registered holder, of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and b) Keep in abeyance in relation to such shares any offer of rights shares under Clause(a) of Sub-section (1) of Section 62 of the Act, and any issue of fully paid-up bonus shares in pursuance of Sub-section (3) of Section 123 of the Act".
	169	Deduction of arrears Any one of two of the joint holders of a share may give effectual receipt for any dividend, bonus, or other money payable in respect of such share.
	170	Notice of Dividends Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Act.
	171	Dividend not to bear interest No dividend shall bear interest against the Company.
	172	Unclaimed Dividend No unclaimed dividends shall be forfeited. Unclaimed dividends shall be dealt with in accordance to the provisions of Sections 123 and 124 of the Companies Act, 2013.
	173	Transfer of share not to pass prior Dividend Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
CAPITALISATION OF PROFITS	174	Capitalisation of Profits a. The Company in General Meeting, may on the recommendation of the Board, resolve: 1. that the whole or any part of any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Fund or any money, investment or other asset forming part of the undivided profits, including profits or surplus moneys arising from the realisation and (where permitted by law) from the appreciation in value of any Capital assets of the Company standing to the credit of the General Reserve, Reserve or any Reserve Fund or any amounts standing to the credit of the Profit and Loss Account or any other fund of the Company or in the hands of the Company and available for the distribution as dividend capitalised; and 2. that such sum be accordingly set free for distribution in the manner specified in Sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion. b. The sum aforesaid shall not be paid in cash but shall be applied, subject to

		<p>the provisions contained in Subclause (3) either in or towards:</p> <ol style="list-style-type: none"> 1. paying up any amount for the time being unpaid on any share held by such members respectively; 2. paying up in full unissued shares of the Company to be allotted and distributed and credited as fully paid-up to and amongst such members in the proportion aforesaid; or 3. partly in the way specified in Sub-clause (i) and partly in that specified in Sub-clause (ii). <p>c. A share premium account and a capital redemption reserve account may for the purpose of this regulation be applied only in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.</p> <p>d. The Board shall give effect to resolutions passed by the Company in pursuance of this Article.</p>
	175	<p>Powers of Directors for declaration of Bonus</p> <p>a. Whenever such a resolution as aforesaid shall have been passed, the Board shall:</p> <ol style="list-style-type: none"> 1. make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issue or fully paid shares if any; and 2. generally do all acts and things required to give effect thereto. <p>b. The Board shall have full power:</p> <ol style="list-style-type: none"> 1. to make such provision by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions and also; 2. to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid-up of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on the existing shares. <p>c. Any agreement made under such authority shall be effective and binding on all such members.</p>
ACCOUNTS	176	<p>Books of account to be kept</p> <p>a. The Board shall cause proper books of accounts to be kept in respect of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place, of all sales and purchases of goods by the Company, and of the assets and liabilities of the Company.</p> <p>b. All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch as the case may be, with respect to the matters aforesaid, and explain in transactions.</p> <p>c. The books of accounts shall be open to inspection by any Director during business hours.</p>
	177	<p>Where books of account to be kept</p> <p>The books of account shall be kept at the Registered Office or at such other place as the Board thinks fit.</p>
	178	<p>Inspection by members</p> <p>The Board shall, from time to time, determine whether and to what extent and at what time and under what conditions or regulations the accounts and books and documents of the Company or any of them shall be open to the inspection of the members and no member (not being a Director) shall have any right of inspection any account or book or document of the Company except as conferred by statute or authorised by the Board or by a resolution of the Company in General Meeting.</p>

	179	Statement of account to be furnished to General Meeting The Board shall lay before such Annual General Meeting , financial statements made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extension of time as shall have been granted by the Registrar under the provisions of the Act.
	180	Financial Statements Subject to the provisions of Section 129, 133 of the Act, every financial statements of the Company shall be in the forms set out in Parts I and II respectively of Schedule III of the Act, or as near thereto as circumstances admit.
	181	Authentication of Financial Statements a. Subject to Section 134 of the Act, every financial statements of the Company shall be signed on behalf of the Board by not less than two Directors. b. The financial statements shall be approved by the Board before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereon.
	182	Auditors Report to be annexed The Auditor's Report shall be attached to the financial statements.
	183	Board's Report to be attached to Financial Statements a. Every financial statement laid before the Company in General Meeting shall have attached to it a report by the Board with respect to the state of the Company's affairs, the amounts, if any, which it proposes to carry to any reserve either in such Balance Sheet or in a subsequent Balance Sheet and the amount, if any, which it recommends to be paid by way of dividend. b. The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to its business or that of any of its subsidiaries, deal with any change which has occurred during the financial year in the nature of the Company's business or that of the Company's subsidiaries and generally in the classes of business in which the Company has an interest and material changes and commitments, if any, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the report. c. The Board shall also give the fullest information and explanation in its report or in case falling under the provision of Section 134 of the Act in an addendum to that Report on every reservation, qualification or adverse remark contained in the Auditor's Report. d. The Board's Report and addendum, if any, thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not authorised, shall be signed by such number of Directors as is required to sign the Financial Statements of the Company under Article 181. e. The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of Sub-clauses (a) to (e) of this Article are complied with.
	184	Right of member to copies of Financial Statements The Company shall comply with the requirements of Section 136.
Annual Returns	185	Annual Returns The Company shall make the requisite annual return in accordance with Section 92 of the Act.
AUDIT	186	Accounts to be audited a. Every Financial Statement shall be audited by one or more Auditors to be appointed as hereinafter mentioned. b. Subject to provisions of the Act, The Company at the Annual General Meeting shall appoint an Auditor or Firm of Auditors to hold office from the conclusion of that meeting until the conclusion of the fifth Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor so appointed unless he is a retiring Auditor. c. At every Annual General Meeting, reappointment of such auditor shall be ratified by the shareholders.

		<p>d. Where at an Annual General Meeting no Auditors are appointed or reappointed, the Central Government may appoint a person to fill the vacancy.</p> <p>e. The Company shall, within seven days of the Central Government's power under Sub-clause (d) becoming exercisable, give notice of that fact to that Government.</p> <p>f. 1. The first Auditor or Auditors of the Company shall be appointed by the Board of Directors within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.</p> <p>Provided that the Company may at a General Meeting remove any such Auditor or all or any of such Auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any such member of the Company and of whose nomination notice has been given to the members of the Company, not less than 14 days before the date of the meeting; and</p> <p>2. If the Board fails to exercise its power under this Sub-clause, the Company in General Meeting may appoint the first Auditor or Auditors.</p> <p>g. The Directors may fill any casual vacancy in the office of an Auditor, but while any such vacancy continues, the remaining Auditor or Auditors, if any, may act, but where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.</p> <p>h. A person other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless Special Notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 115 of the Act and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act and all other provisions of Section 140 of the Act shall apply in the matter. The provisions of this Sub-clause shall also apply to a resolution that retiring Auditor shall be reappointed.</p> <p>i. The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Act.</p> <p>j. Subject to the provisions of Section 146 of the Act, the Auditor of the company shall attend general meetings of the company.</p>
	187	<p>Audit of Branch Offices</p> <p>The Company shall comply with the provisions of Section 143 of the Act in relation to the audit of the accounts of Branch Offices of the Company.</p>
	188	<p>Remuneration of Auditors</p> <p>The remuneration of the Auditors shall be fixed by the Company in General Meeting except that the remuneration of any Auditor appointed to fill and casual vacancy may be fixed by the Board.</p>
	189	<p>Rights and duties of Auditors</p> <p>a. Every Auditor of the Company shall have a right of access at all times to the books of accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanations as may be necessary for the performance of his duties as Auditor.</p> <p>b. All notices of, and other communications relating to any General Meeting of a Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor, and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.</p> <p>c. The Auditor shall make a report to the members of the Company on the accounts examined by him and on Financial statements and on every other document declared by this Act to be part of or annexed to the Financial statements, which are laid before the Company in General Meeting during his tenure of office, and the report shall state whether, in his opinion and to the best of his information and according to explanations given to him, the said accounts give the information required by this Act in the manner so required and give a</p>

		<p>true and fair view:</p> <ol style="list-style-type: none"> 1. in the case of the Balance Sheet, of the state of affairs as at the end of the financial year and 2. in the case of the Statement of Profit and Loss, of the profit or loss for its financial year. <p>d. The Auditor's Report shall also state:</p> <ol style="list-style-type: none"> (a) whether he has sought and obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof and the effect of such information on the financial statements; (b) whether, in his opinion, proper books of account as required by law have been kept by the company so far as appears from his examination of those books and proper returns adequate for the purposes of his audit have been received from branches not visited by him; (c) whether the report on the accounts of any branch office of the company audited under sub-section (8) by a person other than the company's auditor has been sent to him under the proviso to that sub-section and the manner in which he has dealt with it in preparing his report; (d) whether the company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns; (e) whether, in his opinion, the financial statements comply with the accounting standards; (f) the observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company; (g) whether any director is disqualified from being appointed as a director under sub-section (2) of section 164; (h) any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith; (i) whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls; (j) whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement; (k) whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; (l) whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company. <p>e. Where any of the matters referred to in Clauses (i) and (ii) of Sub-section (2) of Section 143 of the Act or in Clauses (a), (b) and (c) of Sub-section (3) of Section 143 of the Act or Sub-clause (4) (a) and (b) and (c) hereof is answered in the negative or with a qualification, the Auditor's Report shall state the reason for such answer.</p> <p>f. The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.</p>
	190	<p>Accounts whether audited and approved to be conclusive</p> <p>Every account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the accounts shall forthwith be corrected, and henceforth be conclusive.</p>
	191	<p>Service of documents on the Company</p> <p>A document may be served on the Company or any officer thereof by sending it to the Company or officer at the Registered Office of the Company by Registered Post, or by leaving it at the Registered Office or in electronic mode in accordance</p>

		with the provisions of the act.
	192	<p>How documents to be served to members</p> <p>a. A document (which expression for this purpose shall be deemed to included and shall include any summons, notice, requisition, process, order judgement or any other document in relation to or the winding up of the Company) may be served personally or by sending it by post to him to his registered address or in electronic mode in accordance with the provisions of the act., or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.</p> <p>b. All notices shall, with respect to any registered shares to which persons are entitled jointly, be given to whichever of such persons is named first in the Register, and notice so given shall be sufficient notice to all the holders of such shares.</p> <p>c. Where a document is sent by post:</p> <p>i. service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice, provided that where a member has intimated to the Company in advance that documents should be sent to him under a Certificate of Posting or by Registered Post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and such service shall be deemed to have been effected;</p> <p>a. in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the notice is posted, and</p> <p>b. in any other case, at the time at which the letter should be delivered in the ordinary course of post.</p>
	193	<p>Members to notify address in India</p> <p>Each registered holder of share(s) shall, from time to time, notify in writing to the Company some place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.</p>
	194	<p>Service on members having no registered address in India</p> <p>If a member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a document advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.</p>
	195	<p>Service on persons acquiring shares on death or insolvency of members</p> <p>A document may be served by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of deceased or assignees of the insolvent or by any like descriptions at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.</p>
	196	<p>Notice valid though member deceased</p> <p>Any notice of document delivered or sent by post or left at the registered address of any member in pursuance of these presents shall, notwithstanding that such member by then deceased and whether or not the Company has notice of his decease, be deemed to have been duly served in respect of any registered share whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or on her heirs, executors or administrators, and all other persons, if any, jointly interested with him or her in any such share.</p>

	197	<p>Persons entitled to Notice of General Meeting</p> <p>Subject to the provisions of Section 101 the Act and these Articles, notice of General Meeting shall be given to;</p> <p>(a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;</p> <p>(b) the auditor or auditors of the company; and</p> <p>(c) every director of the company.</p> <p>Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.</p>
	198	<p>Advertisement</p> <p>a. Subject to the provisions of the Act, any document required to be served on or sent to the members, or any of them by the Company and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district where the Registered Office of the Company is situated.</p> <p>b. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered in the Register shall be duly given to the person from whom he derived his title to such share or stock.</p>
	199	<p>Transference, etc. bound by prior notices</p> <p>Every person, who by the operation of law, transfer, or other means whatsoever, shall become entitled to any share, shall be bound by every document in respect of such share which previously to his name and address being entered in the Register, shall have been duly served on or sent to the person from whom he derives his title to the share.</p>
	200	<p>How notice to be signed</p> <p>Any notice to be given by the Company shall be signed by the Managing Director or by such Director or officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.</p>
AUTHENTICATI ON OF DOCUMENTS	201	<p>Authentication of document and proceeding</p> <p>Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, or the Managing Director or an authorised officer of the Company and need not be under its seal.</p>
WINDING UP	202	<p>Winding Up</p> <p>Subject to the provisions of the Act as to preferential payments, the assets of a Company shall, on its winding-up be applied in satisfaction of its liabilities pari-passu and, subject to such application, shall, unless the articles otherwise provide, be distributed among the members according to their rights and interests in the Company.</p>
	203	<p>Division of assets of the Company in specie among members</p> <p>If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a Special Resolution, divide among the contributories, in specie or kind, and part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case any shares, to be divided as aforesaid involves a liability to calls or otherwise, any person entitled under such division to any of the said shares may, within ten days after the passing of the Special Resolution by notice in writing, direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable, act accordingly.</p>

INDEMNITY AND RESPONSIBILITY	204	<p>Directors' and others' right to indemnity</p> <p>a. Subject to the provisions of Section 197 of the Act every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses, and expenses (including travelling expenses) which Service of documents on the Company any such Director, officer or employee may incur or becomes liable to by reason of any contract entered into or act or deed done by him or any other way in the discharge of his duties, as such Director, officer or employee.</p> <p>b. Subject as aforesaid, every Director, Manager, Secretary, or other officer/employee of the Company shall be indemnified against any liability, incurred by them or him in defending any proceeding whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 463 of the Act in which relief is given to him by the Court and without prejudice to the generality of the foregoing, it is hereby expressly declared that the Company shall pay and bear all fees and other expenses incurred or incurable by or in respect of any Director for filing any return, paper or document with the Registrar of Companies, or complying with any of the provisions of the Act in respect of or by reason of his office as a Director or other officer of the Company.</p>
	205	<p>Subject to the provisions of Section 197 of the Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company, or for the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any money invested, or for any loss or damages arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part of for any loss or damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own act or default.</p>
SECRECY CLAUSE	206	<p>a. No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or Managing Director or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interests of the Company to communicate to the public.</p> <p>b. Every Director, Managing Director, Manager, Secretary, Auditor, Trustee, Members of a Committee, Officers, 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, or at any time during his term of office sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of duties except when required so to do by the Board or by any General Meeting or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary, in order to comply with any of the provisions contained in these Articles.</p>
REGISTERS, INSPECTION AND COPIES THEREOF	207	<p>a. Any Director or Member or person can inspect the statutory registers maintained by the company, which may be available for inspection of such Director or Member or person under provisions of the act by the company, provided he gives fifteen days notice to the company about his intention to do so.</p> <p>b. Any ,Director or Member or person can take copies of such registers of the company by paying Rs. 10 per page to the company. The company will take steps to provide the copies of registers to such person within Fifteen days of receipt of money.</p>

GENERAL AUTHORITY	208	Wherever in the applicable provisions under the Act, it has been provided that, any Company shall have any right, authority or that such Company could carry out any transaction only if the Company is authorised by its Articles, this regulation hereby authorises and empowers the Company to have such right, privilege or authority and to carry out such transaction as have been permitted by the Act without there being any specific regulation or clause in that behalf in this articles.
------------------------------	------------	--

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the 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 located at Unit No. 2, Sagar Deep Darshan Co-operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai-400092 from date of filing the Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

Material Contracts

1. Memorandum of understanding dated September 08, 2014 between our Company and the Lead Manager.
2. Memorandum of Understanding dated September 08, 2014 between our Company and the Registrar to the Issue.
3. Underwriting Agreement dated December 17, 2014 between our Company, the Lead Manager, and Underwriter.
4. Market Making Agreement dated December 17, 2014 between our Company, Lead Manager and Market Maker.
5. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated November 11, 2014
6. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated November 07, 2014.
7. Escrow Agreement dated November 29, 2014 between our Company, the Lead Manager, Escrow Collection Bank and the Registrar to the Issue.

Material Documents

1. Certified true copy of the Memorandum and Articles of Association of our Company including certificates of incorporation.
2. Board resolution dated August 08, 2014 and special resolution passed pursuant to Section 62 (1) (C) of the Companies Act, 2013 at the AGM by the shareholders of our Company held on September 06, 2014.
3. Special Resolution of the shareholders passed at the Annual General Meeting dated September 06, 2014 authorizing the Issue.
4. Statement of Tax Benefits dated September 24, 2014, issued by our Statutory Auditors, Maharishi & Co, Chartered Accountants.
5. Copy of Restated Audit report from the peer review certified auditor, Maharishi & Co, Chartered Accountants dated November 26, 2014, included in the Prospectus.
6. Copy of Certificate from the Statutory Auditor, Maharishi & Co, Chartered Accountants dated December 02, 2014, regarding the source and deployment of funds as on November 30 2014.
7. Copies of Annual reports of the Company for the years ended March 31, 2014, 2013, 2012, 2011, and 2010 and audit report for the period ended July 31, 2014.
8. Consents of Directors, Company Secretary, Compliance Officer, Statutory Auditors, Legal Advisor to the Issue, Advisor to the Issue, Bankers to our Company, the Lead Manager, Registrar to the

Issue, Underwriter, Market Maker, Bankers to the Issue/Escrow Collection Banks and Refund Banker to the Issue, to act in their respective capacities.

9. Due Diligence Certificate dated January 01, 2015 from the Lead Manager.
10. Copy of resolution dated July 05, 2014 for appointment and agreement of association dated July 05, 2014 fixing remuneration of Mr. Jay Morzaria, Managing Director.
11. Copy of resolution dated July 05, 2014, for re-appointment and agreement of association dated July 05, 2014 fixing remuneration of Mr. Raman Morzaria, Executive Director.
12. Copy of Approval dated December 26, 2014 from the SME Platform of BSE.

Any of the contracts or documents mentioned in the Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XI

DECLARATION

All the relevant provisions of the Companies Act, 1956 / Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 / Companies Act, 2013 (to the extent notified) the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

Signed by the Directors of the Company:

Name	Designation	Signature
Mr. Jay Morzaria	Managing Director	
Mr. Raman Morzaria	Whole Time Director/ Finance Head	
Mr. Jay Somaiya	Independent Director	
Mr. Kaushal Ruparel	Independent Director	

Signed by the Company Secretary & Compliance Officer of the Company:

Name	Designation	Signature
Mr. Ankit Shukla	Company Secretary & Compliance Officer	

Place: Mumbai

Date: January 9, 2015